

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

## **News Monitoring Report No. 134 on Latin America**

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### **Report Summary/Argentina**

#### **Political Issue**

#### **Economic Issue**

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

Europe's oil refinery company Royal Dutch Shell PLC which refines about 15 percent of Argentina's fuel has filed a case in Argentina's federal court. The Shell accuses that the government of Argentina has taken the right from the oil company to increase the prices that is totally against the laws because no law allow the government to take such action or barred the oil company to increase prices. It is said the fight between the government and the Shell is not the new one as it was also continue during the time of Nestor Kirchner and the predecessor of Fernandez Kirchner.

#### **Geostrategic Issues**

Argentina's ambassador to China said both countries are going to talk on the solution of trade rehabilitation between Argentina and China in the last month of this year. Argentina is the largest exporter of soy oil in the world and it is exporting 75 percent of its soy oil to China that costs \$1.4 billion in a year but the soy export has been stop since April when Argentina's government rejected importing garments, clothing and some edibles from China by saying it is what Argentina is producing itself and if it imports from China then its industry will destroyed. The ambassador of Argentina was hopeful that the negotiations between the both governments will be successful in December. Argentina was not only exporting soy oil to China but also fresh fruits and vegetables but bow the trade is freeze between the both countries and it started exporting its soy oil to Bangladesh and India.

## **Report Summary/Brazil**

### **Political Issue**

It is said the campaign of Brazilian elections is becoming more online game as the users of internet are increasing in Brazil where already a number of population have access of TV in the country which is considered the largest medium of campaign. After an online debate between the both presidents last week in which other people also participated intensified the use of internet in the country and now more people are coming for their campaign or against their campaign on internet and both main contenders are using their Twitter accounts continuously and regularly. The online debate was organized by the largest newspaper Folha de Sao Paulo in University of Sao Paulo where 700 people were taking part by sitting there while 50 million people participated online.

Presidential candidate from Worker's Party Ms. Dilma Rousseff claims of having 370,000 followers on her Twitter account while her opponent Mr. Serra claims of having 174,000 followers. But according to Datafolha's poll the users of internet for elections are less than the users in the United States where 20 percent participants of elections use internet as their tool while in Brazil such people are just 7 percent.

As the election is coming closer to this day, the print and electronic media has also taken the attention of people of Brazil. One of the newspaper of Brazil made some cartoons on the present situation of Brazilian politics and showed Lula is taking Rousseff on ride while Serra and the candidate of Greens Party are also sitting on bike while Serra is asking Lula to drive quickly. After the results of the latest poll by The Vox Populi PT candidate Rousseff is increasing the gap with her opponent as she is having 47 percent points while Serra of PSDB attains 30 percent. Some analysts say as the gap is increasing it shows the more chances of Rousseff's win and Serra may has to coordinate with Rousseff. It is also said Rousseff could garner more than 50 percent of the vote on Oct. 3, avoiding a runoff election that could take place on Oct. 31.

A professor of the University of Brasilia has said Mr. Serra is campaigning in TV since 1980 so he has right to be the president as he is well known in Brazil and also he has been involved in politics and mayor of Sao Paulo state, while his opponent is continuously increasing the gap in polls. It is just due to Lula who is most popular personality in Brazil as having more than 80 percent points in polls and he is supporting her.

Brazil's Greens Party's candidate Ms. Marina Silva said though she was attached with Workers' Party for decades and in the cabinet of President Lula but she was not opportunist. She

was criticizing on Lula's administration by saying in politics the government should decrease the gap between the public and government. She also said President Lula is using its full force and campaigning for his presidential candidate Ms. Rousseff that is a wrong tradition.

## **Economic Issue**

The finance minister of Brazil said the inflation can rise in this month but it doesn't mean it will be out of control. He also said economic growth will also rise in the end of this year till 6.5 or 7 percent and the economy of the country will be stronger as compare to the last two years.

## **Social/Humanitarian Issue**

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

Brazilian state –run oil company Petrobras is going to start a massive plan in the deepwater by investing a huge amount. In this massive plan the government will trade up to 5 billion barrels of oil for company shares while private shareholders will buy stock. This deal was delayed due to price settlement between the government and company.

Brazil's national climate fund will receive \$113 million from the government's oil royalties that will help Brazil's environment sector to spend on environment sector to save the environment. some countries like Bangladesh and Indonesia have also established their environment protection funds but Brazil is the first whose revenue is coming from the oil sector. The funds will be served to educate farmers and in the campaign to reduce greenhouse gas emission. In 2008 Brazil starts a campaign to save Amazon and started a fund named Amazon Fund which also attract international donors like Norway.

## **Geostrategic Issues**

Brazil's role was very important in the mediation of Iran and the US and once again for the fourth round of sanctions on Iran once again Brazil has opposed sanctions while China and Russia which were against the sanctions on Iran and now favoring the United States in the UNSC. But it is said President Lula has another chance of getting increase in his and Brazil's prestige as Iran has requested him to mediate between Iran and the Council of Vienna. Council of Vienna is made by the US, France and Russia for another round on nuclear negotiations. And if Lula remains successful in these negotiations as before, it will increase Brazil's importance around the globe and also his handpicked candidate could get benefit of him who she is already getting benefit of Lula's policies.

According to a bi-partisan US Congress report, the economies of the developing countries will grow more as compare to the economies of the developed and industrial countries. Brazil, China and India are specifically mentioned in that report.

South African President Jacob Zuma visited China and requested for South Africa to be the member of BRIC countries. He said BRIC is the group of emerging economies and if no sooner in next 25 years it will be more stronger than G-7. Prior to this he has also visited Brazil, India and Russia and this is his first visit to China.

UNHCR representative in Pakistan said that Brazil has donated \$1.2 million as an aid for the victims of flood in Pakistan through UNHCR and World Food Program. This money will be spent on tents and food. He also said UNHCR is working not only in Afghanistan but in Khyber Pakhtunkhwa, Balouchistan and Sindh and especially for the women and children.

## **Report Summary/Chile**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

Chile has taken the help of NASA to get access of 33 mine workers who are stuck in mines. Now NASA will update government whether they are alive or not. Later the government of Chile announced that mine workers are traced in their location alive with the efforts of President Pinera's push to get them when others were saying they are dead. He read a note in TV before the people of Chile and gave them good news that mine workers are alive. It is said Pinera's this effort will increase his image in the public as Pinera has decreased his image in the public.

Pinera is one of the richest people of Chile who have almost \$2 billion of assets. He has sold his TV channel that is Chilevision to Time Warner due to the pressure of his own party members and also from the opposition.

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

### **Geostrategic Issues**

## **Report Summary/Colombia**

## **Political Issue**

President of Colombia said that he will review the military agreement that is made between the government of Colombia and the United States. Last year Colombian government made an agreement of providing seven of its military bases to the US military to combat with drug related cartels and terrorism in the region. But that agreement is challenged by a constitutional court of Bogota. Now the president said he respect the decision of court but he himself is reviewing the case. Providing of these seven military bases to US caused tensions between Colombia and Venezuela and both countries broke relationships due to this.

Colombian government has said FARC should avoid taking its issue at international level whether should negotiate in the country. The president of Colombia has also offered FARC for peaceful solution of their struggle and demand. FARC leader has recently sent a letter to UNASUR that FARC also want a political and peaceful solution of their demand so it should be considered and on this issue president of Colombia said to FARC to not to take its issue at other forums but should solve in the country. Later FARC sent a message for the government of Colombia that FARC want negotiations with the government but the government said it will not negotiate until FARC do the ceasefire.

## **Economic Issue**

## **Social/Humanitarian Issue**

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

## **Geostrategic Issues**

Colombian police has arrested a Venezuelan businessman who was alleged of drug trafficking to the US. Last year US government added his name in the list of foreigner narcotics smugglers to the US according to the Kingpin Act. He is accused of supplying 10 tons cocaine to the US every month and he is also accused of a murder of a Venezuelan journalist who was unveiling his family business and their links with drugs. But the culprit has accused Venezuelan government of backing his arrest as he said his brother was going to contest mayor elections so to prevent him from elections the government arrested him. He also said he doesn't have trust on government's judiciary that is biased.

Colombian committees met with the Venezuelan committee to restart a plan for a work of mutual work between both of the countries. Colombia's minister of foreign affairs, trade, industry, tourism and infrastructure are the member of committee and also these members are participating from the Venezuelan side. UNASUR played important role in mediation between Colombia and Venezuela and some countries played their role more assertively as Argentina and

Brazil. Now president of Colombia is going to pay his first state visit to Brazil where he will meet his Brazilian counterpart and talk on many regional issues and to increase trade.

Colombia appreciated the Venezuelan step to start a joint monitoring at border by sending Colombian military and National Guards of Venezuela. Colombian government said after our peace negotiations we have settled many plans that we are going to do jointly as border protection. The government also said their jointly effort of monitoring border will decrease the guerrilla activities in the region.

## **Report Summary/Mexico**

### **Political Issue**

El Salvador, Honduras and Guatemalan governments willing to combat drug related gangs where Mexican drug cartels are using ranches of the rural areas to train the local gangs and they have their depots of weapon there. United Nations' data tells that the murder rates in these three nations are the highest in the world with 61 deaths per 100,000 people in Honduras, 52 per 100,000 in El Salvador and 45 per 100,000 in Guatemala, compared to 12 in Mexico and 5 in the United States.

### **Economic Issue**

### **Social/Humanitarian Issue**

Mexican authorities have found 72 corpses including 58 men and 14 women in Tamaulipas that is a northern state of Mexico. Mexican president Calderon has strongly condemned these brutal killings of immigrants and said drug cartels are using immigrants for extortion and kidnappings for money and people because they are lacking of people and use them. The president said it is in the power struggle between the two notorious drug gangs that are the Zetas and the Gulf cartel. Zetas drug cartel is considered as the most aggressive in the killing of innocent people as compare to the others.

Mexican president requested to help other Latin American countries to help in the identification of their citizens in this massacre and later Brazil has found four of its citizens and there is only an Ecuadorian person who is survived among all of them. The survived person told that the drug related persons kidnapped them all illegal immigrants who were from different countries of Central and South America and they were going towards Texas, but the drug persons demanded money from them and when they did not pay them so they started killing them. US and Ecuador have deplored in this horrible and tragic incident that in spite of deploying thousands of federal security personnel such incident took place.

Human Rights Commission of Mexico has said that almost half million migrants are migrating to US from Central America every year. Prior to this tragic incident, 55 bodies were found another state of Mexico that was also targeted by the drug cartels.

A drug trade expert of a Mexican thinktank CIDE has said the Central American governments are not prepared to combat drug cartels and need assistance as Mexico has had by Merida Initiative. He said Mexico is getting most benefit of the funds through Merida Initiative plan of US that is \$1.4 billion while other Central American countries get a few so now Central American is becoming the safe heavens for the Drug cartels.

According to an analysis of an expert on drug trade in huffington post, the legalization of drugs in Mexico can easily collapse the business of drug cartels and their economy that will decrease not only drug users in Mexico but also in other countries like US and which are the main markets of drugs. He actually supported the idea of former president of Mexico Fox who publically asked Mexican government to legalize drugs to collapse their economy. he said in legalization the main hurdles are the US and Britain who they are sponsoring Mexico's drug war and will never allow Mexico to legalize drugs there.

The analyst also said why Mexico is in such troubles where every month a lot of civilians and security personnel are being killed by the drug cartels. He gave a answer that it is just like a balloon effect as when Colombian drug cartels were more powerful than Mexico's and they were supplying drugs to US but when US government sprinkled fatal chemicals in the fields of coca and destroyed the corps then drug cartels shifted to Mexico and Mexico has been its biggest market.

Defense department of Mexico has said that Mexican government has bought 450 drone planes without pilot from Israel at \$23.25 million. The government said these drones would have cameras and can fly for 20 hours continuously and these will be used to locate drug smugglings and drug cartels' activities in Sinaloa, Chihuahua and Durango where access is not as easy.

Mexican authorities have found two dead bodies at the entrance of Chilpancingo which is the city nearest to Acapulco that were hung from their feet at the bridge on the highway. Beltran Leyva gang that is running its network in this area has admitted the responsibility of these killings. Beltran Leyva gang is actually is taking the revenge from the government because its leader Arturo Beltran Leyva was killed in a December shootout with marines in the city of Cuernavaca. He was considered very powerful drug kingpin but his death lost the confidence of the Beltran Leyva drug cartel and it started such actions.

An investigator from the UN and the Organization of American States said that Mexico has been very dangerous for the reporters as almost 60 reporters have been lost their lives while covering the drug war. They said reporters have to censor the report otherwise they have no guarantee of their lives.

The governor of Nuevo Leon state said that he has arrested the murderer of the mayor of a small town Santiago. The mayor was killed last week by the drug cartel and the government has arrested him. His murder was the second high profile murder in this year as before a candidate for the gubernatorial elections was also killed before his house.

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

### **Geostrategic Issues**

Mexican foreign minister Espinosa is going to pay a visit to Bolivia, Ecuador and Venezuela to discuss the issues regarding climate change conference that is going to be held in Cancun state of Mexico. Cancun is a tourist place of Mexico that attracts many tourists around the globe and the conference is going to take place from Nov. 29 to Dec. 10.

## **Report Summary/Venezuela**

### **Political Issue**

According to the result of a poll in Venezuela, there is a great decrease in the popularity of the president Chavez. Only 36 percent people of Venezuela wants Chavez once again in power and it is said Chavez may lose his strength in the national elections that are going to be held on Sep. 26 so he will not be able to make a government once again in the National Assembly. It is criticized by the opposition that Chavez is taking advise from his mentor Fidel Castro as recently he met with Castro and his brother Raul Castro and their meeting continued for five hours in which both leaders discussed many issues.

As elections are coming near the United Socialist Party of Venezuela (PSUV) of Chavez has started campaigning in the country to get favor of the people once again but it is said Chavez's popularity has decreased due to a plenty of shortcomings in his government. On the other hand Democratic Unity Table (MUD) and other opposition parties have made a united forum against Chavez's Socialist Party and they are contesting to defeat Chavez. The opposition parties are mentioning the power shortfall, Chavez's crackdown on some private business properties as malls and restaurant by the name of rotten food and an increasing violence in the country are the part of the agenda of opposition's campaign. Venezuela is among the world's highest murders' rate country.

### **Economic Issue**

Venezuela's central bank reported that the economy of Venezuela shrunk 3.5 percent in this year as compare to the previous year and it is due to decline in oil sector and private sector. Economy declined 1.9 percent in the second three months of this year. The critics on the decline

of the economy are that it is due to the socialist oriented economic policies of Chavez that are continuously pushing country towards downwards.

### **Social/Humanitarian and Health Issue**

The Network of Scientific Medical Societies in Venezuela has reported that dengue fever is increasing quickly in Venezuela and mostly it is affecting the babies which are under age of one year. The report also tells that 3,000 cases of dengue are seen every week and it increased last week more quickly so the government's health department should care more to overcome this pandemic. This pandemic has taken the lives of 25 persons that mostly are babies.

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

#### **Geostrategic Issues**

United Nations has slam on the action of Venezuelan government that has banned on media as newspapers who are not allowed to publish a photograph of violence. Venezuelan government has been criticized by the UN and the US media associations on its bias declaration on ban on publishing news that are elated to violence.

New York Times' article with a title of "Venezuela, More Deadly Than Iraq, Wonders Why," by Simon Romero has become a controversial issue between Washington and Caracas. In this article the reporter has written that some here in Caracas it's a joke that they might be safer if they lived in Baghdad. The Venezuelan government has showed its angriness to the government of USA.

President Chavez said he is sending his foreign minister to Colombia with the minister of trade, commerce, industry, infrastructure and tourism and they will hold talks with the government of Colombia to make relationships better than before. He said both countries will start their relationships in a new phase.

### **Detailed Report/Argentina**

#### **Shell Takes Argentina to Court Over Rescinding of Increases in Fuel Prices**

Royal Dutch Shell Plc, which refines about 15 percent of Argentina's fuel, is waging a court battle against a government ban that prevents fuel producers from increasing prices in the South American country.

Shell's federal court complaint was filed yesterday following a government order on Aug. 18 mandating oil companies to lower fuel prices to a pre-Aug. 1 level, the Court Information Center said on its website. Gasoline prices in Argentina rose about 21 percent in the first half of 2010,

according to data compiled by Montamat & Asociados, a Buenos Aires-based energy research company.

“Over the past year fuel prices have had continuous increases, which have had a negative impact on different sectors of the economy,” the government resolution said. Controlling fuel prices is a “key component in the government’s objective to ensure economic growth.”

Shell and the Argentine government have battled over fuel prices in the last few years. In 2005, then-President Nestor Kirchner asked consumers to boycott Shell for raising prices. In 2007, the government closed a Shell refinery because of alleged environmental concerns. A year later, the government banned Shell from exporting refined fuel. The ban lasted about a month, until Shell reduced its fuel prices.

Kirchner’s term ended in 2007. He was replaced by his wife, Cristina Fernandez de Kirchner.

Repsol, Exxon Mobil

Shell, Europe’s largest oil company, is one of Argentina’s four biggest gasoline station operators. The others are Spain’s Repsol YPF SA, Exxon Mobil Corp., the world’s largest oil company, and Oil Combustibles SA, which bought Petroleos Brasileiro SA’s gasoline stations earlier this year.

Shell owns a refinery in Argentina with the capacity to process about 113,000 barrels a day of diesel and naphtha fuels.

Shell confirmed the federal court filing by e-mail and declined additional comment. Shell’s complaint will be reviewed by Judge Pablo Cayssials, the Court Information Center said.

### **Argentina Urges Talks on China Soy oil Export Ban**

Beijing, Aug 19 - Argentina hopes to begin talks with China later in the year to help resolve a tit-for-tat trade dispute that ended with the ban of Argentinean soy oil shipments in April, the country's ambassador to Beijing said on Thursday.

China suspended Argentinean soy oil deliveries in April in response to a series of anti-dumping measures against Chinese steel, shoes and textile products, but Argentina has invited a Chinese delegation to visit the country in November and try to ease the frictions, Cesar Mayoral told Reuters in an interview.

"Our main objectives are to create a good and new environment for bilateral trade," he said.

"We'd like to create a mechanism to talk about everything -- market, prices and anti-dumping too of course -- to resolve exports of soy oil. We are awaiting the answer from the Chinese government."

He said he hoped the problems could all be resolved by the end of the year.

Argentinean President Cristina Fernandez failed to get Beijing to lift a ban on Argentine soy oil exports worth \$1.4 billion a year, during a visit to China last month.

Argentina has sought to protect its economy by limiting imports, upsetting major trading partners such as China, Brazil and the European Union.

Mayoral did not go into details about the subjects to be discussed in November, but he defended his country's policies, saying they were responsible for its strong economic growth.

"China has to understand our position. We are not against Chinese goods: we are in favor of national industry," he said.

"It is impossible to open our markets to China. If we open completely, our industries will disappear and we will have lots of unemployment."

He said while China's exports to Argentina account for only a small part of the total, 75 percent of China's soy oil comes from Argentina.

Due to limited farmland, China cannot produce enough oilseeds to meet rising demand for cooking oil. China is already the world's largest buyer of soybeans, which is crushed into soy meal and soy oil.

Because of the suspension of trade with China, Argentina has shifted its exports to other countries, including India and Bangladesh. Buenos Aires has also raised the blend requirement for biodiesel to 7 percent from 5 percent, which will increase its own domestic soy oil demand, Mayoral said..

Traders say China can at least guarantee soy oil supplies for the rest of the year by increasing soybean imports. The government also holds a large amount of soy oil and rapeseed oil reserves.

But a recent rise of domestic edible oil prices, as China moves into a peak consumption period before October, could indicate supply problems later this year.

Mayoral said Argentina was also promoting other agriculture products to China, including beef, fresh fruits as well as grains.

"We have a very good relationship with China in everything -- maritime affairs, at the security council of the U.N. and on the environment at the (climate change) conference in Copenhagen ... It is a pity that with this small problem in trade we do not come to a complete solution."

## **Detailed Report/Brazil**

### **"Dilmaboy" and Twitter - Brazil election goes online**

Complete with its own version of "Obama Girl," Brazil's election has moved firmly into the Internet age this year as candidates battle for votes and clicks among a surging number of computer users.

The two main contenders to succeed President Luiz Inacio Lula da Silva have become avid tweeters, invested in websites that can gather donations, and on Wednesday took part in the country's first online presidential debate.

The debate among the ruling coalition's Dilma Rousseff, her chief opponent Jose Serra and trailing Green Party candidate Marina Silva provided the sharpest exchanges of the campaign so far and was streamed live on networking sites Twitter and Facebook.

While TV remains the most powerful medium in the vast country of 190 million people, the Internet is rapidly growing in importance as millions of consumers get a foothold in the middle class every year and buy their first computer.

The two main parties are trying to import aspects of the strategy that helped Barack Obama win the U.S. presidency in 2008 by leap-frogging the mainstream media, organizing supporters, and gathering record online donations.

The number of Internet users in Latin America's largest economy hit 72 million in 2008, according to the World Bank, doubling from four years earlier. Once they get online, Brazilians tend to stay there, racking up more time surfing per month than any other nationality, one survey showed.

"This is the first stage of a new thing that's happening," said Joe Rospars, a founder of the Blue State Digital firm that devised Obama's game-changing Internet strategy and which has been hired to do the same job for Rousseff.

"As more critical mass of voters and people get online, the more they are going to do and demand from campaigns and the more campaigns will be looking to do with them."

The race has already had its first YouTube hit reminiscent of the video "I got a crush on Obama" featuring "Obama Girl" that went viral ahead of the 2008 U.S. election.

As "Dilmaboy," already watched nearly a quarter of a million times, university student Paulo Reis dances and croons his admiration of Rousseff, telling her opponent:

"The people are hungry and want to eat. Sorry Serra, but you're going to lose."

The video is a rare moment of comic relief for voters in Brazil, where TV and radio stations are legally banned from poking fun at candidates in the run-up to the election.

Serra, a former Sao Paulo state governor, has used his Twitter page since last year to form a direct link with voters, combating his somewhat stiff and aloof image with light-hearted musings on football and his daily routine.

While he trails Rousseff in opinion polls ahead of the October 3 vote, he at least has a bigger Twitter presence with more than 370,000 "followers" to his rival's 174,000.

Lack of Passion?

The popular Lula has yet to follow Venezuelan counterpart Hugo Chavez by opening his own Twitter page but a video message from him was posted on Rousseff's page this week urging Internet users to help make her Brazil's first woman leader.

"Each Internet user is an opinion former," said the ex-union boss, who last year signed a law permitting Internet campaigning.

As in the United States, Brazilian parties are aiming to use the Internet as an organizing and funding tool, targeting enthusiastic voters who can spread the word about a candidate.

"At the moment only militants seem interested, but we think a lot of people will go online near the election day to look for information about the candidates," said Danielle Fonteles, the director of Pepper Communications, a Brazilian firm that is working with Blue State Digital on Rousseff's campaign.

Skeptics say the engagement of Brazilians on networking sites such as Twitter is shallow and unlikely to translate into passionate grass-roots activism in a race between two largely uncharismatic candidates with similar backgrounds.

Only 7 percent of voters get their campaign information from the Internet, compared to more than 20 percent in the United States, a recent Datafolha survey found.

"The parties are still learning how to use this medium so there's a lot of uncertainty over its impact," said Rafael Cortez, a political analyst at Tendencias consultancy in Sao Paulo.

### **Emerging nations growth to be stronger than industrial economies: Report**

The growth in emerging economies like India, China and Brazil, is expected to be much stronger than the industrial economies', an independent bi-partisan US Congressional report has said.

"Economic growth in many emerging economies, including Brazil, China, and India, is expected to be much stronger than that in most industrial economies, but that growth will boost US exports only moderately because the US sends only a modest share of its exports to those countries," the bi-partisan Congressional Budget Office (CBO) said in its budget and economic outlook update.

In its report released yesterday, the CBO projected that the Federal Government's budget deficit for this year would be USD 1.34 trillion. Though, the figure is slightly below last year's total, the agency warned that policymakers face daunting challenges in the years ahead in trying to return the US to fiscal sustainability. On international trade, the CBO said net US exports declined sharply in the first half of this year.

"The average pace of economic recovery among US trading partners, weighted by their shares of US exports, is expected to be weak, dampening demand for US exports. In the euro zone economic growth is hampered by various factors...", it said. Growth prospects for other industrial countries, such as Japan and the UK, are also weak, CBO concluded.

CBO said net exports are also likely to decline in the near term because of the increase in foreign demand for US financial assets stemming from the fiscal crisis in some European countries. "That increase in demand pushed up the net inflow of foreign capital and boosted the real exchange value of the dollar, which rose more than 7 per cent against the currencies of major US trading partners on a trade-weighted basis in the first half of this year before declining in July," it said.

A sustained appreciation of the dollar tends to dampen net exports by making US goods and services more expensive in foreign currencies and by making foreign goods and services cheaper in dollar terms, CBO said

### **Scenarios-Brazil state oil company Petrobras' capital plan**

Aug 20 (Reuters) - Brazilian state energy company Petrobras is preparing a massive stock offering linked to an oil-for-shares swap with the government that will be crucial to the firm's plan to develop deep water reserves.

Petrobras (PETR4.SA) in September hopes to launch the complex plan, in which the government will trade up to 5 billion barrels of oil for company shares while private shareholders will buy stock.

The transaction, which could be worth as much as \$85 billion, hinges on the price per barrel of the crude to be used in the exchange.

A prolonged dispute between Petrobras and the government over the price of the oil to be used means the company could either pay too much for the oil reserves or be forced to delay the operation.

Here are some scenarios for the transaction.

#### **Oil Price above \$7/BBL:**

The two sides agree to an oil price above \$7 per barrel, which is higher than the price of \$5 to \$6 that markets see as fair. This leaves private investors concerned that Petrobras is overpaying for the offshore development rights, possibly diluting shares.

That reduces the amount of cash that Petrobras can raise in the offering and possibly leaves it without enough money to move forward with a \$224 billion five-year business plan.

The company said earlier this year it could raise as much as \$25 billion from the transaction.

#### **Oil Price below \$7/BBL:**

A price below \$7 per barrel pleases private investors and helps the company raise more cash in the offering, but possibly sparks political accusations of oil being given away and possibly leads to legal challenges.

In a politicized environment leading up to the October presidential elections, opposition politicians could accuse the government of selling the country's oil reserves for too little in order to benefit foreign investors.

It could also lead to lawsuits that could slow the operation. One federal prosecutor has already opened an inquiry into the operation.

#### Price Wrangling Delays Offer:

The government and Petrobras struggle to reach a price per barrel agreeable to both sides, which could require the company to delay the transaction again after having postponed it in June for two months.

Markets and sources close to the company believe Petrobras will push for a price close to \$6 per barrel. Haroldo Lima, head of Brazil's ANP energy regulator, told Reuters in August that the price should be set at \$7 to \$8 per barrel.

One local newspaper reported that a consulting firm hired by the ANP has valued the oil reserves at \$10 to \$12 per barrel.

#### **Brazil's Lula not on ballot but star of election**

Rio de Janeiro/Brasilia, Aug 20 (Reuters) - Brazilian President Luiz Inacio Lula da Silva is quickly becoming the main act in this year's presidential election campaign -- even though he is not on the ballot.

Lula's anointed successor Dilma Rousseff, who noticeably lacks the former metalworker's charisma and stage presence, has built her campaign largely around the popular incumbent -- putting Lula at the center of the campaign.

But opposition candidate Jose Serra, who trails by a wide margin in opinion polls before the Oct. 3 election, is now following suit.

He surprised audiences this week with television advertisements playing up his ties to Lula with images of two together.

"It's only natural to latch on to an incumbent president in the context in which (Lula's) administration is so popular," said Christopher Garman, chief Latin America analyst for the Eurasia Group in Washington.

"It's really a sign of lack of good options for the Serra campaign, given that voters want more of the same."

A Serra campaign ad shown on Thursday night included several images of Serra exchanging pleasantries with Lula, who is barred by the constitution from seeking a third term.

A voice-over in the background intoned "Lula and Serra, two men of history, two experienced leaders."

"At first it may be a bit surprising, but in truth Serra is the best person to continue" Lula's policies, said Senator Sergio Guerra, coordinator of Serra's campaign.

A cartoon in Brazil's O Globo newspaper on Friday shows Serra trying to hitch a ride on a motorcycle being driven by Lula, who is already carrying Rousseff and Green Party candidate Marina Silva.

In the caption, Serra is saying, "I'm not going to miss out on this bonanza: speed up, Lula!"

But the cartoonists are not the only ones chuckling.

"If things continue the way they're going, Serra's next TV ads are going to show him as a coordinator for the Lula government," said Jose Eduardo Dutra, head of the ruling Worker's Party.

The ad came on the heels of Serra attacks on Lula's government for maintaining heavy taxation and for seeking to clamp down on the country's media.

Brazilian voters widely credit Lula for Brazil's strong economic growth in recent years, which has helped millions enter the middle class.

Benefiting from the backing of a popular president and a booming economy, Rousseff erased the 20 percentage point poll lead that centrist opposition candidate Serra had held at the beginning of the year.

She raced to her biggest lead yet on Tuesday as a new poll showed her 16 percentage points ahead of Serra. The Vox Populi poll showed her with 45 percent to Serra's 29 percent.

If no candidate obtains more than 50 percent of the vote, a runoff election would be held on Oct. 31.

### **Far behind, opposition presidential candidate links himself to popular Brazilian president**

Sao Paulo (AP) — Brazil's opposition presidential candidate is plummeting so fast in the polls that he's running television ads linking himself to the nation's popular president — who backs his rival.

TV spots show Jose Serra with President Luiz Inacio Lula da Silva as a voice that sounds much like the president's intones, "Serra and Lula, two men of history. Two experienced leaders."

Only problem: Silva wants to make history with his own candidate, Dilma Rousseff, his former chief of staff.

Leaders of Silva's Workers Party said Friday they would file a complaint before the Brazilian Supreme Electoral Court, which enforces election laws.

"I think it's odd for a candidate to try, in a way that is often pathetic, to link his name to President Lula," Rousseff told a meeting of Brazilian journalists in Rio de Janeiro on Thursday. "He's opposed Lula's government during his entire time in office."

Serra — a centrist from the Brazilian Social Democracy Party who was trounced by Silva in the 2002 presidential election — argues that Rousseff is taking undue credit for Brazil's advances during Silva's two terms. He has a campaign jingle that urges her to "take her hands off of Lula's work."

Polls show that Serra has good reason for unorthodox campaign moves.

A survey released by the Ibope research institute this week showed Rousseff with a commanding 43 percent to 32 percent lead, up from 39-34 two weeks ago. The Aug. 12-15 poll of 2,506 voters has a margin of error of 2 percentage points.

Some analysts say Rousseff could garner more than 50 percent of the vote on Oct. 3, avoiding a runoff election.

With Silva's approval ratings hovering near 80 percent, it makes sense for Serra to boldly link himself to his old rival.

But Brazil's electoral law prohibits political candidates from appearing in a TV or radio spot with members of a rival party or coalition.

Analysts say Serra is trying to distance Rousseff from Silva' golden touch — a difficult task since Silva is campaigning hard for his candidate.

Serra, who is widely seen as an academic elitist lacking charisma, also wants to lure votes from Brazil's poor masses by broadcasting images of himself standing shoulder-to-shoulder with Silva, Brazil's first working-class president.

Few think either strategy will work.

"Serra should have more charisma at this point. He is so experienced and has been campaigning on TV since the 1980s," said David Fleischer, a political scientist at the University of Brasilia. "Of all the candidates, he is most experienced and should be a better communicator. But why isn't he? Just part of his nature, I guess."

### **Rousseff widens lead in Brazilian presidential poll**

Aug 21 (Reuters) - Ruling party presidential candidate Dilma Rousseff extended her lead in a poll over rival Jose Serra, taking advantage of free broadcast advertising, a poll showed on Saturday.

Rousseff, President Luiz Inacio Lula da Silva's former chief of staff, jumped to 47 percent of voters' support from 41 percent last week -- her biggest lead yet in a Datafolha poll.

Serra, former Sao Paulo state governor and health minister, fell 3 percentage points to 30 percent of voter intention.

The 6-point surge for Rousseff in advance of October's election was mostly credited to increased exposure after the presidential candidates took to the airwaves on Tuesday with free television and radio advertising, Datafolha said.

"TV proves once again its power to reach and penetrate into the most diverse levels of the Brazilian population, including those where access to information is scarce," Datafolha directors Mauro Paulino and Alessandro Janoni said in an article in Folha de S.Paulo newspaper detailing the poll results.

The figures followed other poll results during the week showing Rousseff with more than the 50 percent needed for a first-round victory if abstentions and blank votes are excluded, as they are in the election.

Former environment minister Marina Silva garnered 9 percent of votes in the poll, down from 10 percent in the last survey.

Datafolha polled 2,727 people nationwide on Aug. 20. The poll has a margin of error of plus or minus 2 percentage points. (Reporting by Elzio Barreto;

### **Brazil's inflation under control: finance minister**

Brazil's inflation rate would rise in the upcoming months, but wouldn't get out of control, Finance Minister Guido Mantega said Friday.

Inflation in the next months would be somewhere between 0.15 percent and 0.3 percent, leading to a consumer price increase of about 5 percent for 2010, Mantega said.

However, Mantega said "we still have inflation under control."

Mantega believed inflation wouldn't surpass the government's target of 4.5 percent with a tolerance of 2 percentage points for this year, which means the rate can't exceed 6.5 percent. In the past few months, Brazil's inflation has stabilized -- the country registered zero inflation in June and a rate of 0.01 percent in July.

Inflation accumulated in the first 7 months of 2010 reached 3.1 percent, while from August of 2009 to July of 2010 the accumulated rate reached 4.6 percent.

Meanwhile, the finance minister made a prediction of economic growth, reaffirming his belief in high growth of GDP this year.

"We will end this year with a very good binomial -- a strong growth rate between 6.5 percent and 7 percent, and an inflation rate of 5 percent," he said.

### **Brazilian presidential candidate says politicians divorced from masses**

Brazil's politicians have lost touch with the Brazilian masses, a candidate in the country's upcoming presidential election said Friday.

Politicians needed to inspire Brazilians into getting involved with the political process, the Green Party's candidate for the Brazilian presidency, Senator Marina Silva said while campaigning here.

"Brazilian politics need, more than ever, inspiration," she said. "Politics has become commonplace. The link between politics and society is being lost."

Commenting on the government's sanitation policies, the candidate said the last administration couldn't meet people's needs. She called for partnerships with the private sector to expand the sanitation network in the country.

Senator Silva also urged reform of the public security sector, with more training and better working conditions for the police force.

"It is not good. We need to change and improve, it is necessary to reform the public security," she said.

Meanwhile, the candidate criticized the excessive use of President Luiz Inacio Lula da Silva's image in the campaign, even by the opposition. She said she would not use the President's image indiscriminately, but would not hide the fact that she was affiliated to Lula's party for decades and held the post of his administration's Environment Minister for five years.

"In 30 years, my story has been connected to President Lula. I was his minister for five years," she said. "But I will be careful not to be opportunistic."

### **The About Face in Iran-Brazil Relations**

Brazil's president has pushed hard to unravel the diplomatic conundrum between Washington and Tehran, yet despite any perceived failures, he will leave Brazil with a much higher level of international respect than when he entered office eight years ago.

Brazilian President Luis Inacio "Lula" da Silva signed a decree on 10 August to add his country's support to the latest round of United Nations Security Council sanctions against Iran. This about face in Iran-Brazil relations is an indication of how far Brazil is willing to risk its international reputation by supporting Iran's pursuit of nuclear technology.

President Lula and his likely successor, former chief-of-staff Dilma Rousseff, both agree that Brazil's hopes of UNSC reform rest more soundly on Brazil's relationship with permanent Security Council members than with Iran, still largely considered a rouge state by most western countries.

On 9 June, when the Security Council met to vote on this latest round of sanctions, Brazil and Turkey were the only two countries to vote in favor of Iran. At the time, both Turkey and Brazil reveled in a 17 May breakthrough uranium-swap agreement with Iran to fuel a scientific research reactor in Tehran. This agreement raised the international profile of Brazil's negotiation prowess, but since the June sanctions vote and August signature, which will bring the sanctions into force, Brazil's most high-profile negotiation agreement has clearly garnered little to no traction in the larger international community.

Brazil's relationship with Iran, while argued to be mutually beneficial inside Brazil, is built on the back of President Lula's relationship with Iranian President Mahmoud Ahmadinejad, and, more importantly, Lula's desire to promote Brazil as the world's conflict resolution specialist. For the better part of Lula's last year in office, he has courted Iran, seen as an opportunity to raise

Brazil's status from regional leader and mediator to an international player - one that can unravel the world's most pressing diplomatic conundrum.

As much as Brazil would like to promote itself as an international force for mediation, the choice of Iran was more fraught with potential failure than success - and perhaps more an indication of how strongly Lula believed in his own negotiation prowess than the reality of Brazil's ability to break the squared-off stance between Washington and Tehran.

Still, Brazil has another chance. Iran has requested that Brazil intermediate between Iran and the Council of Vienna - a group formed by the US, France and Russia - for another round of nuclear negotiations. This will likely be Lula's final chance to promote Brazil on the world stage before October presidential elections, when his handpicked successor Dilma Rousseff is expected to win.

Rousseff, while in alignment with most of Lula's foreign and domestic priorities, does not enjoy nearly the international respect of her former boss. Under her leadership, Brazil could easily slide back into its comfortable position of South America's regional leader and mediator - to stand between Colombia and Venezuela - despite Lula's attempts to pull Brazil out of this traditional geopolitical rut.

Despite this possibility, as well as Lula's slim chances of a successful mediation between the Vienna Council and Iran at the end of August, Brazil retains some respect for shrewd negotiation, whether at the table with Iran and Turkey or at the World Trade Organization. As Lula moves into the next phase of his career, he will likely downplay any relations with Iran as he continues to promote Brazil as a global power vis-à-vis improving relations with the old guard at the Security Council - regardless of any perceived failure with Iran during the last year of a largely successful eight years in office.

### **Brazilian Oil Royalties to Fund Energy, Climate Research**

Brazil will set aside hundreds of millions in government oil revenue to pay for efforts to reduce carbon emissions and adapt to climate change.

Brazil's national climate fund, signed into law in 2009, will receive \$113 million next year, Brazilian officials said, and could eventually spend about \$500 million annually, with about half of the cash coming from government royalties on oil production.

Several developing nations, including Indonesia and Bangladesh, have established domestic climate funds, but Brazil's is the first to be financed with oil money. "It's something novel because it sends a price signal by taxing the emitting fuel," says Clifford Polycarp, a policy expert at the World Resources Institute in Washington, D.C., who works on climate financing mechanisms.

The money will be available to researchers studying the impact of climate change, as Brazil tries to map where effects will be greatest. The fund will also pay to educate farmers about potential changes in rainfall and weather, in addition to efforts to reduce greenhouse gas emissions.

Until now, developing nations have primarily vied for ways to capture cash from rich donor nations. In 2008, for instance, Brazil launched the Amazon Fund to pay for efforts to slow deforestation, the source of half the country's carbon emissions. That effort is financed by foreign donors, including \$107 million given by the government of Norway.

But international donors and climate funds, such as the U.N.'s Global Environment Facility, have been slow to pass on resources.

That has led some poor countries to start committing their own resources. In July, for instance, India launched a \$1-a-ton tax on coal production that could raise \$535 million for a green energy fund.

"We have not seen this kind of money flow from international sources, so the Brazilian and Indian efforts are very sizeable," Polycarp says.

Brazilian officials announced the funding last week at an international meeting on semi-arid regions held in Brazil's poor northeast region, where officials said climate change is expected to increase flooding and droughts.

### **Brazil contributes \$ 1.2 million to the flood victims in Pakistan**

Islamabad, 23 August 2010 (UNHCR) – UNHCR welcomes the Government of Brazil's support to Pakistan's flood victims through UNHCR and WFP programs, totaling \$1.2 million.

The refugee agency has received \$ 500,000 for its relief efforts and the donation is earmarked for the provision of shelter and the rehabilitation of schools to reach the most vulnerable individuals. A few days earlier, Brazil had given \$ 700,000 to UNHCR's sister agency, the World Food Program.

"I wish on behalf of the High Commissioner, to express my sincere gratitude to the Government of Brazil for its ongoing support to UNHCR's activities worldwide", said Panos Moutziz, the Head of the Donor Relations and Resource Mobilisation Service.

"With this welcome donation we can give tents to more than 2,300 families or family kits of relief items like mosquito nets, plastic sheets and cooking sets to improve conditions for the flood victims until they can return home," said Mengesha Kebede, UNHCR representative.

"This important contribution to Pakistan in her hour of need shows an excellent example of 'south-to-south solidarity' and cooperation," Kebede said.

"I am deeply saddened by the great number of deaths and the extent of the damage caused by the catastrophic floods, which have affected Pakistan. The people and government of Brazil are

sending an additional assistance to show their solidarity with the flood victims," said H.E. Alfredo Leoni, the Ambassador of Brazil in Islamabad.

UNHCR is providing tents and other shelter materials to Pakistanis, Afghan refugees and the internally displaced people who were already sheltering in camps from conflict in the north-west of the country.

While UNHCR is focusing in Khyber Pakhtunkwa and Balochistan where we have a strong field presence, the agency is also assisting in Sindh province -- sending shelter supplies and technical specialists to help local officials manage temporary camps. In addition, UNHCR is concerned to support the protection needs of those displaced by flooding throughout the country.

"One of our key concerns is to protect the vulnerable groups, especially women, children and people with special needs, who may lack enough community support having been displaced from their homes," Kebede added.

### **Online Presidential Debate in Brazil Draws 50 Million**

Less than two months before ballot day, October 3, three major candidates for the Brazilian presidency joined the first online debate, which was followed by an estimated 50 million people.

The debate went on for over two hours, and included Dilma Rousseff from the ruling Workers' Party, José Serra from opposition Brazilian Social Democracy, and Marina Silva from the Green Party.

The original way of debating was organized by Brazilian newspaper Folha de S. Paulo, and Internet giant UOL. It took place at the São Paulo Catholic University, where more than 700 people have attended to presence the action while 50 million Brazilians followed it online.

Besides the online streaming, net surfers could also follow the discussions on Twitter and other social networks.

The debate was divided in three main blocks. In the first three, candidates exchanged questions: one minute for the question and two to reply.

Both candidates then had an extra minute and a half if they wanted to continue the exchange.

The three blocks were designed so candidates rotated in making the questions and in replying.

In the fourth and fifth blocks, twelve questions from on line public were selected, with two for each of the candidates, also with the rotation pattern.

Finally in the last block the candidates replied questions from three different journalists, with two minute time for their answers.

The debate ended with three minutes for the final considerations from each of the candidates: first incumbent Dilma, followed by Marina and José Serra.

"It was a democratic festivity", said Dilma Rousseff at the end of the debate.

"It's better than television, with more time for the replies" was the comment from José Serra.

Primary surveys showed former Environment Minister Marina Silva as the best positioned given her conciliatory and emotional approach. "Opposition for mere opposition is not useful" she underlined.

According to the latest public opinion polls Dilma Rousseff leads with 43% to 45% of vote intention, while her main contender José Serra figures with 32% to 29% and Ms Silva ranges between 8% and 10%.

To win next October 3 presidential elections the successful candidate needs 50% of ballots plus one. Given the latest polls and not including blank or destroyed votes, Ms Rousseff would just squeeze in with 51%, thus avoiding a run off at the end of October and ensuring the continuation in power of President Lula's Workers Party coalition.

### **Zuma: SA wants to join so-called BRIC nations**

South Africa wants to be considered among the leaders of the developing world along with Brazil, Russia, India and China, its president said Wednesday, pushing for membership of a grouping that has growing global influence.

President Jacob Zuma told reporters during a state visit to China that South Africa has discussed its interest in joining the informal grouping of the four major developing nations, known as BRIC, with each member government.

The four nations work to boost trade with each other and have called for developing countries to have bigger role in major global financial decisions, primarily within institutions such as the International Monetary Fund.

Some analysts expect the combined economies of Brazil, Russia, India and China to be larger than the Group of Seven developed economies that includes the U.S. within 25 years if not sooner, making them the dominant global force in everything from trade to finance.

Zuma has already visited Brazil, Russia and India to lobby for a role in the group, which could help raise South Africa's political and economic clout.

"We believe they will take a favorable decision," Zuma said. "We think that the BRIC expresses a very important grouping in a changing world today."

Zuma said there is currently no African member in the informal group. South Africa's "participation in BRIC would mean that an entire continent that has a population of over 1 billion people is represented," he said.

China's foreign ministry had no immediate response to Zuma's comments.

Zuma is on his first visit to China since taking office in May last year and is accompanied by 13 Cabinet ministers and a delegation of 370 business people.

Trade ties between Beijing and Johannesburg have grown rapidly in recent years, with China last year overtaking the United States as South Africa's largest export destination.

South Africa also imports more from China than it does any other country, and last year recorded a \$2.7 billion trade deficit with the Asian manufacturing giant - a gap Zuma will be looking to narrow.

South Africa provides iron ore and other vital resources for China but also offers a strategic link to the rest of Africa, where China has been investing heavily in recent years.

On Tuesday, Zuma met with Chinese President Hu Jintao and they signed a "comprehensive strategic partnership" that Zuma said was aimed at balancing trade between the countries and increasing investment in South Africa's manufacturing industry and cooperation in renewable energy.

South Africa says it wants to broaden the relationship with its biggest trade partner from resource exports to partnership in infrastructure and green industries. Companies from both sides signed 12 agreements ranging from memorandums of understanding to possibly develop power grids to memorandums of cooperation to set up a cement plant in South Africa.

Government officials Tuesday signed memorandums of understanding on mining and energy cooperation and transport, among other agreements.

### **Detailed Report/Chile**

#### **Analysis - Chilean miracle may help Pinera's royalty push**

Chilean President Sebastian Pinera may enjoy more public support and sway in Congress after his government successfully located 33 miners alive 17 days after a tunnel they were in had collapsed.

The miraculous turn in a drama that most analysts thought would end in tragedy could strengthen Pinera's hand as he prepares to send a bill to Congress this week to temporarily raise royalties for mines in the world's top copper producer.

Pinera -- who became a protagonist in the story when he appeared on TV reading a note that the trapped miners had attached to a drill bit on Sunday to tell loved ones they were alive -- says higher royalties are needed to help rebuild the country, which was hit by a massive earthquake in February.

"The president took a big risk because he bet the miners would be found alive, when all other studies said that was unlikely. The bet paid off very well," said Patricio Navia, a political scientist at New York University.

Pinera, who has a personal fortune of more than \$2 billion (1.29 billion pounds), has struggled with sagging popularity since he took office five months ago. His approval rating is below 50 percent, the lowest level for any leader since the country returned to democratic rule in 1990.

"This pro-active role should be reflected in more support for him," said Gustavo Cuevas, a political scientist at the Universidad Mayor.

Pinera has spent most of his time in office planning efforts to reconstruct infrastructure ruined by the February earthquake.

Now, he may have a chance to put his presidency on a new course.

"I think this will have an enormous impact on public opinion, the government has finally filled its posts and now is at cruising altitude," said Marta Lagos, director of the MORI consultancy in Santiago. "With this, the president will have public opinion in his pocket."

### Royalty Platform

With an improved public standing, Pinera may have a better chance of getting his royalty bill past the opposition in Congress, where he lacks a majority.

The bill proposes a temporary increase in royalties in exchange for a longer period of tax stability in the future for the sector, which includes state-run Codelco and global giant BHP Billiton. Other leading companies include Antofagasta Minerals, Anglo American and Freeport-McMoRan.

Currently, taxes for mining companies are not supposed to change until 2017, unless they voluntarily agree to pay more. After setting a higher royalty, Pinera's bill would extend the period of tax stability to 2025.

Congress rejected an earlier version of the bill shortly after the quake. At that time, opposition lawmakers said changes to the tax regime merited a wider debate and excluded the measures from a broader bill to fund the quake response.

Analysts say the scenario is now more favorable for Pinera and there is an outpouring of goodwill for workers and less support for mining companies.

"The centre-left opposed the new royalty but now it will be difficult for them to oppose," Cuevas said. "I think the rescue effort of the miners could favour the bill's chances."

### **Chilean President sells TV channel to Time Warner**

Santiago, Aug 25 : Chilean President Sebastian Pinera sold his television channel, Chilevision, to Time Warner for around USD 160 million, the US media giant said Wednesday. The sale, which had long been demanded by politicians in both the ruling party and in the opposition, sought to prevent Pinera from having a conflict of interest, since as president he names television industry regulators.

Pinera is one of the richest people in Chile and has had to carry out several of these sales since he was inaugurated in March.

"It would be good, for the sake of transparency, to know where the more than USD 1 billion are which the president has obtained from these sales," business leader Roberto Fantuzzi said Wednesday.

--IANS

### **Space age technology could help Chilean miners survive**

NASA has been asked to help the 33 miners trapped more than 2,300 ft underground.

Rescuers are using plastic supply tubes, called "doves", to deliver supplies to the miners, who were trapped in a 500 sq ft passage by a rock collapse in the San Jose gold and copper mine in Chile.

The men have lost significant weight since being trapped on Aug 5 with only limited food supplies but were said to be good spirits and optimistic after rescue teams made contact.

As doctors warned of the miners' fragile psychological state, NASA was contacted to help with technology and rations that could help the miners remain healthy. The U.S. space agency was said to be considering the plea. Experts said such cramped conditions were similar to those experienced by astronauts on the International Space Station.

Psychiatrists also began detailed assessments using relations and medical files to try to build a profile on the miners.

Relief crews attempting to bore an extraction hole down the shaft of the mine, near the city of Copiapo, 530 miles north of Santiago, delivered glucose gel to help digestive systems, hydration tablets, oxygen and other medications.

Through newly installed communication equipment, the trapped miners applauded, cheered and sang the national anthem when they were first reached.

The miners, who alerted the world to their survival at the weekend by passing a note through a shaft, had survived on two mouthfuls of tuna, a biscuit and half a glass of milk every 48 hours.

The group asked for "food, toothbrushes and something for their eyes", as well as beer and peaches, when rescuers made contact.

Officials warned of a long and technically complex rescue operation. Engineers have been working to reinforce the six-inch wide borehole that broke through to the miners' refuge during an operation hindered by the risk of cave-ins. Using a long hose, they coated the walls with a metallic gel to decrease the risk of more rock falls.

"They need to understand what we know up here at the surface, that it will take many weeks for them to reach the light," Jaime Manalich, Chile's health minister, said.

## **Detailed Report/Colombia**

### **Colombia president says to evaluate possibility of sending military agreement to Congress**

Colombian President Juan Manuel Santos said on Thursday he will see if it is worth of sending the military agreement signed between Bogota and Washington to Congress, which was declared unconstitutional by the Constitutional Court.

The president said that he "respects the decision made" by the court, which declared the military agreement unconstitutional Tuesday. The agreement would allow American soldiers and advisers to use seven military bases in Colombian territory.

"We are going to evaluate this. Maybe we can agree on a few procedures, including those more ambitious with the United States, which could lead the agreement to the Congress," the president told journalists in San Andres' Island.

The head of state said he will evaluate together with the administration of the U.S. President Barack Obama.

"There is also tranquillity in the sense that we will continue receiving the help we have got in the last years from the United States," said the president.

"The important thing is that cooperation will continue. The fight against drug trafficking and the fight against terrorism. The court's decision does not affect what we have been receiving," he added.

The agreement was signed in August of last year by the previous Colombian government and it has caused controversy in the region, especially for Venezuelan President Hugo Chavez, who considered it harmful for his country.

According to the Colombian government, the military agreement is not a new agreement but is an extension of the agreements signed between both countries.

### **Colombia captures top suspected Venezuelan trafficker**

Colombian police on Thursday captured a Venezuelan businessman accused by U.S. officials of being a major global drug trafficker, just as the two Andean countries were mending broken diplomatic and trade ties.

Colombian police arrested Walid Makled, who last year was included in a U.S. list of accused major drug barons, in Norte de Santander, close to the Venezuelan border, a police official said.

The capture came as Colombian and Venezuelan officials were holding talks to repair diplomatic and trade relations after last year when the two countries clashed over a Colombian plan to allow U.S. troops more access to its bases.

Until 2008, Makled and his brothers ran an airline and part of the country's port, Puerto Cabello, from where U.S. prosecutors charge he exported 10 tons of cocaine each month.

In 2008, police arrested Makled's three brothers after finding 300 kilograms of cocaine on a family ranch. The Makleds say the arrest was politically motivated and the Venezuelan government wanted revenge against one of the brothers who was planning to run for mayor in a local election.

U.S. officials described the arrests as a rare high-level blow against trafficking organizations in Venezuela.

Walid Makled last year said Venezuela's justice system was too politically biased to guarantee him a fair trial.

Authorities also accuse him of being behind the murder of journalist Orel Sambrano, who wrote articles linking the Makled family to illegal activities including drug trafficking.

In 2009, U.S. President Barack Obama placed Makled on a list of significant foreign narcotics traffickers under the Kingpin Act, denying him access to the U.S. financial system.

### **Colombia-Venezuela committees start meetings**

The Colombian delegation, led by Minister of Foreign Affairs María Ángela Holguín, is also composed of the ministers of National Defense, Rodrigo Rivera Salazar; Trade, Industry and Tourism, Sergio Díaz Granados and Transportation, Germán Cardona Gutiérrez. Since 10:00 a.m. the five committees aimed at fully restoring Colombia-Venezuela relations, as agreed during the presidential meeting in Santa Marta last August 10, would start operating at the Venezuelan Foreign Office.

The committees are intended to solve the issue of payment of the debt and reactivation of trade relations; draft an agreement on economic complementarities; develop a work plan on social investment on the border; jointly develop infrastructure works and create a security committee.

The Colombian delegation, led by Minister of Foreign Affairs María Ángela Holguín, is also composed of the ministers of National Defense, Rodrigo Rivera Salazar; Trade, Industry and Tourism, Sergio Díaz Granados and Transportation, Germán Cardona Gutiérrez.

The Venezuelan delegation, headed by Minister of Foreign Affairs Nicolás Maduro, includes the following members, among others: Trade Minister Richard Canan; Food Minister Carlos Osorio; Manuel Barroso, president of the Foreign Exchange Administration Board (Cadivi).

### **FARC shouldn't present its opinion at regional summit: Bogota**

The Revolutionary Armed Forces of Colombia (FARC) shouldn't present its opinion on the country's decades-long armed conflict at a regional summit, the government said Monday.

Vice President Angelino Garzon told reporters here he does not think the FARC rebels should present their position on the country's internal conflict at an international level.

"President Juan Manuel Santos has said that to build peace roads we do not need mediators," he added.

Garzon also urged the FARC to directly acknowledge that its conduct of violence "is not justified."

The FARC said it intends to seek a political solution to the conflict in Colombia, but wants to explain their proposal at an upcoming summit of the Union of South American Nations (UNASUR).

In a letter addressed to UNASUR, the group says it is ready to explain its "vision of the armed conflict in Colombia."

### **FARC calls on Colombian president to engage in peace talks**

Colombia's largest guerilla force called on the new administration on Monday to sit down for talks on how to resolve the country's long-running conflict.

The Revolutionary Armed Forces of Colombia, or FARC, said in a statement on an affiliated website that it is willing to "search for a peaceful way out of the conflict."

It offered to discuss its ideas before presidents whose countries belong to the Union of South American Nations, or UNASUR.

But the government rejected the idea of any intermediaries and repeated its stance that negotiations will happen only if FARC agrees to a ceasefire.

Colombia last held peace talks with the guerillas from 1999 to 2002, when the government agreed to establish a demilitarized zone the size of Switzerland in territory held by FARC.

Negotiations fell apart when former president Alvaro Uribe stepped up a US-backed counterinsurgency campaign against the rebels.

### **Colombia welcomes Venezuela's move to strengthen border security**

Colombia on Tuesday welcomed the decision of the Venezuelan government to reinforce its military presence along the border between the two countries.

"It is pleasing for us and is going to lead to the strengthening of the security on the border," Colombian Defense Minister Rodrigo Rivera told reporters at the headquarters of the Defense Department, west of Bogota.

Venezuelan Defense Minister Carlos Mata has announced recently that Venezuela's National Guard and intelligence services will do major presence along the border between the two countries.

The Colombian-Venezuelan border, some 2,200 km long, is frequented by different armed groups from guerrillas to drug traffickers.

Rivera voiced his hope that the steps to strengthen the border security would produce positive results in the fight against crimes.

He also said that he hoped to fix the date for a meeting with high-ranking military officers and policemen from both countries to discuss cooperation in fighting the rising armed crimes.

Rivera met with Mata in Venezuela last Friday. Rivera said that Venezuela had agreed to cooperate with Colombia in all areas, including jointly cracking down on cross-border crimes.

Colombian Foreign Minister Maria Angela Holguin also told the parliament that officials would

discuss not only the alleged existence of guerrilla camps in the neighboring country, but also the new routes for drug trafficking.

She said that Colombian President Juan Manuel Santos and Venezuelan President Hugo Chavez would meet soon.

### **Colombia's Santo announces first overseas tour to Brazil**

Colombian President Juan Manuel Santos announced Thursday that his first international tour as head of state will be a visit to Brazil in September.

Santos, who was sworn in as president on Aug. 7, said the visit to Brazil will be on Sept. 1 and 2, during which he "will be accompanied by numerous delegations of businessmen" from his country.

"We give great importance to this visit. President Lula very nicely has insisted for Santos to visit his country as president of the Republic first. I do it because Brazil is very important for us," he affirmed.

The president noted that Brazil's investment in Colombia "has grown and will continue growing."

### **Bogotá seeks Caracas support to fight against the FARC**

The two countries would work together against the guerrilla group in the military and police fronts

Colombian Defense Minister Rodrigo Rivera said that Colombia hopes to work jointly with Venezuela to fight the guerrilla groups, according to an interview published by the Colombian newspaper El Tiempo.

"The agenda will be an understanding on all areas, including the military and police fronts, against all forms of crime," Efe reported.

On the alleged presence of members of the Revolutionary Armed Forces of Colombia (FARC) and of the National Liberation Army (ELN) in neighboring countries, Rivera believes that the fight against them "is not a responsibility of a State, but it includes efforts from the entire world community."

## **Detailed Report/Mexico**

### **Mexican officials blame migrant killings on drug gang**

Blame for the killing of 72 presumed migrants at a ranch in Mexico fell on the Zetas drug gang Thursday, as President Felipe Calderon condemned the murders and cartel attacks on migrants.

"President Felipe Calderon strongly condemns the acts in which 72 people, presumed migrants, lost their lives in Tamaulipas state," the presidency said in a statement, blaming the massacre on a violent power struggle between the Gulf gang and its former allies the Zetas.

Drug gangs are using "extortion and kidnapping of migrants as a means for financing and recruitment because they are struggling to get money and people."

An injured Ecuadoran man claiming to be the sole survivor of a massacre alerted the military and told police the group had been kidnapped and killed by members of the Zetas for refusing to work for the cartel.

Mexican marines announced the discovery of the corpses of 58 men and 14 women early Wednesday at a ranch near the town of San Fernando after a clash with a suspected drug gang.

The Reforma daily Thursday published a photograph of bodies lined against a wall, blindfolded and bound at the hands.

Calderon attributed the cartels' struggles to what it claimed was the success of a controversial government clampdown on organized crime, which has seen thousands of soldiers deployed but also a spike in violence, with more than 28,000 deaths in three and a half years.

The presidency said it sought help from El Salvador, Honduras, Ecuador and Brazil to identify some of the bodies. Diplomats whose nationals were feared to be among the dead headed to Tamaulipas, across from the US state of Texas, to join the grim task.

Brazil has said at least four of its nationals were believed to be among the dead.

The case "will turn into an emblem of the capacity or incapacity of Mexican officials to face up" to migrant abuses, Alberto Herrera, director of Amnesty International Mexico, told AFP on Wednesday.

Around half a million clandestine migrants cross Mexico each year, mostly from Central America, according to Mexico's Human Rights Commission.

Some 10,000 undocumented migrants were abducted in Mexico over six months from September 2008 to February 2009, the commission reported last year.

Tamaulipas has recently seen scores of brutal clashes between the Gulf gang and the Zetas over control of trafficking routes into the United States.

The Zetas include Mexican elite military deserters and the US government has called them the most dangerous organized crime syndicate in Mexico.

Marines said they took fire as they approached the ranch where the victims were found with ground and air support.

They captured one "underage suspect," but the rest of the surviving gunmen escaped.

The US State Department on Wednesday deplored the "horribly tragic" killings.

Ecuador's Foreign Minister Ricardo Patino called the crimes "very serious and regrettable."

The grisly discovery was the latest mass dumping of bodies in recent months, which authorities have blamed on warring drug gangs.

In June, 55 bodies were removed from an abandoned mine near Taxco in the southern state of Guerrero.

In July, investigators found 51 corpses in a residential area on the outskirts of Monterrey, capital of the northern state of Nuevo Leon.

Last week Calderon accused the US government of failing to tackle drug addiction in the United States and neglecting to rein in the arms industry -- the main supplier of weapons to Mexico's drug gangs.

### **Mexican Drug Cartels Expand Reach in Central America**

Guatemala City (Reuters) - Central America is struggling to contain rising violence as powerful Mexican drug cartels, facing an escalating government crackdown at home, expand southward and intensify operations in neighboring nations.

For years Central America has been a transit route for cocaine trafficked north from the Andes, but analysts and officials say Mexican cartels are now buying up land, storing arms and drugs, and hiring members of local criminal networks in Central America to help them move and sell drugs.

The southward push comes as Mexican President Felipe Calderon vows to push ahead with his military campaign against drugs and as turf wars between Mexican cartels turn bloody. More than 28,000 people have died in drug violence in Mexico since late 2006.

It is also driven by the sheer profitability of a business believed to bring Mexican cartels up to \$40 billion a year.

A report released in May by the Woodrow Wilson Center, a U.S. thinktank, and the University of San Diego showed that the Zetas, a brutal spinoff group of Mexico's Gulf cartel, were recruiting in Central America and training new members in camps in remote areas of Guatemala near the Mexican border.

The report said members of the Sinaloa cartel, another major Mexican gang, were operating along Guatemala's Pacific coast and western border with Mexico, while the Zetas had set up bases along the Caribbean coast of Honduras and Guatemala.

"They've subcontracted existing networks who are already involved in other kinds of trafficking - of contraband, pirated DVDs and clothing," said report editor Eric Olson.

### **Safe Havens**

While local criminal gangs have long collaborated with Mexican or Colombian drug traffickers, Central American officials and analysts say that over the past few years Mexican cartels have

established more permanent operations and laid claim to swathes of remote areas strategic to drug smuggling.

Last year, Guatemalan police found ski masks, grenades and rifles at a ranch they said Zetas had used to train recruits.

Authorities believe that dozens of rural farms in Guatemala and Honduras are being bought up by drug gangs to use as safe havens and as depots for drug and arms.

One official from the U.S. State Department speaking on condition of anonymity said the battle among rival Mexican cartels, whose feuds have intensified as respective leaders have been taken down by the government, has forced some cartels to relocate parts of their operations to Central America.

Calderon has sent tens of thousands of soldiers and police across Mexico since he launched his military campaign on drugs when he took office in late 2006, and some officials suggest Central America may represent a safe haven for drug gangs.

"I think because of the extent of the Zetas that are down in Central America, they've been able to provide reinforcements to the North as well," the State Department official said.

Others speculate the cartels have expanded their geographic reach for the same reason big multinational firms do -- because they stand to make more money that way.

#### Gangs Already a Scourge

Whatever its reasons, the phenomenon is fueling bloodshed in Guatemala, Honduras and El Salvador, where governments are already struggling to contain violence from criminal gangs like the notorious Mara 18 and its rival, Mara Salvatrucha.

Murder rates in those three nations are among the highest in the world, with 61 deaths per 100,000 people in Honduras, 52 per 100,000 in El Salvador and 45 per 100,000 in Guatemala, compared to 12 in Mexico and 5 in the United States, according to the most recent United Nations data available from 2008.

The highest incidence of murder in those countries, the UN says, is found in rural provinces with ports or border crossings of strategic significance to drug cartels.

"The death count has risen over time, as a growing share of cocaine trafficking is conducted through this region," a UN report released earlier this year said.

Central American street gangs, which include thousands of young men, have long extorted small businesses and staged robberies in Central America. But now they appear to be working as guns-for-hire for Mexican cartels.

In a plot foiled earlier this year, Honduran police said Zetas hired Mara 18 hitmen to kill Honduran Security Minister Oscar Alvarez, who was working to disrupt drug trafficking.

"The presence (of the cartels) has worsened violence as they dispute trafficking routes in Central America and the Caribbean," said Alfredo Landaverde, a former advisor to the Honduran ministry of security.

It may be hard for cash-strapped Central American states to fight sophisticated cartels without more outside help.

The United States has pledged \$1.4 billion over three years to fight the drugs in its Merida initiative, but most of the funds are earmarked for Mexico. Less than a fifth goes to Central America and the Caribbean.

"The governments of Central America are not prepared to confront the problem," said Jorge Chabat, a drug trade expert at Mexican think tank CIDE. "They need the kind of external help that Mexico has had."

### **Mexican president strongly condemns migrant massacre**

Mexico City (AFP) – Mexican President Felipe Calderon on Thursday strongly condemned the massacre of 72 people, believed to be migrants who refused to work as hitmen for drug traffickers.

"President Felipe Calderon strongly condemns the acts in which 72 people, presumed migrants, lost their lives in Tamaulipas state," a statement said.

Drug gangs are using "extortion and kidnapping of migrants as a means for financing and recruitment because they are having trouble getting money and people," the statement said, attributing the difficulties to the government's fight against them.

### **The Only Thing Drug Gangs and Cartels Fear Is Legalization**

To many people, the "war on drugs" sounds like a metaphor, like the "war on poverty." It is not. It is being fought with tanks and sub machine guns and hand grenades, funded in part by your taxes, and it has killed 28,000 people under the current Mexican President alone. The death-toll in Tijuana -- one of the front-lines of this war -- is now higher than in Baghdad. Yesterday, another pile of seventy mutilated corpses was found near San Fernando -- an event that no longer shocks the country.

Mexico today is a place where the severed heads of police officers are found week after week, pinned to bloody notes that tell their colleagues: "This is how you learn respect." It is a place where hand grenades are tossed into crowds to intimidate the public into shutting up. It is the state the US Joint Chiefs of Staff say is most likely, after Pakistan, to suffer "a rapid and sudden collapse."

Why? When you criminalize a drug for which there is a large market, it doesn't disappear. The trade is simply transferred from off-licenses, pharmacists and doctors to armed criminal gangs. In order to protect their patch and their supply routes, these gangs tool up -- and kill anyone who gets in their way. You can see this any day on the streets of a poor part of London or Los Angeles, where teenage gangs stab or shoot each other for control of the 3000 percent profit margins on offer. Now imagine this process taking over an entire nation, to turn it into a massive production and supply route for the Western world's drug hunger.

Why Mexico? Why now? In the past decade, the US has spent a fortune spraying carcinogenic chemicals over Colombia's coca-growing areas, so the drug trade has simply shifted to Mexico. It's known as the "balloon effect": press down in one place, and the air rushes to another. When I was last there in 2006, I saw the drug violence taking off and warned that the murder rate was going to skyrocket. Since then the victims have ranged from a pregnant woman washing her car

to a four year-old child to a family in the "wrong" house watching television to a group of 14 teenagers having a party. Today, 70 percent of Mexicans say they are frightened to go out because of the cartels.

The gangs offer Mexican police and politicians a choice: plata o plomo. Silver, or lead. Take a bribe, or take a bullet. President Felipe Calderon has been leading a military crackdown on them since 2006 -- yet every time he surges the military forward, the gang violence in an area massively increases. This might seem like a paradox, but it isn't. If you knock out the leaders of a drug gang, you don't eradicate demand, or supply. You simply trigger a fresh war for control of the now-vacant patch. The violence creates more violence.

This is precisely what happened -- to the letter -- when the United States prohibited alcohol. A ban produced a vicious rash of criminal gangs to meet the popular demand, and they terrorized the population and bribed the police. Now a thousand Mexican Al Capones are claiming their billions and waving their guns.

Like Capone, the drug gangs love the policy of prohibition. Michael Levine, who had a thirty year career as one of America's most distinguished federal narcotics agents, penetrated to the very top of la Mafia Cruenza, one of the biggest drug-dealing gangs in the world in the 1980s. Its leaders told him "that not only did they not fear our war on drugs, they actually counted on it... On one undercover tape-recorded conversation, a top cartel chief, Jorge Roman, expressed his gratitude for the drug war, calling it 'a sham put on the American tax-payer' that was 'actually good for business'.

So there is a growing movement in Mexico to do the one thing these murderous gangs really fear -- take the source of their profits, drugs, back into the legal economy. It would bankrupt them swiftly, and entirely. Nobody kills to sell you a glass of Jack Daniels. Nobody beheads police officers or shoots teenagers to sell you a glass of Budweiser. And after legalization, nobody would do it to sell you a spliff or a gram of cocaine either. They would be in the hands of unarmed, regulated, legal businesses, paying taxes to the state, at a time when we all need large new sources of tax revenue.

The conservative former President, Vicente Fox, has publicly called for legalization, and he has been joined by a battery of former Presidents across Latin America -- all sober, right-leaning statesmen who are trying to rationally assess the facts. Every beheading, grenade attack, and assassination underlines their point. Calderon's claims in response that legalization would lead to a sudden explosion in drug use don't seem to match the facts: Portugal decriminalized possession of all drugs in 2001, and drug use there has slightly fallen since.

Yet Mexico is being pressured hard by countries like the US and Britain -- both led by former drug users -- to keep on fighting this war, while any mention of legalization brings whispered threats of slashed aid and diplomatic shunning.

Look carefully at that mound of butchered corpses found yesterday. They are the inevitable and ineluctable product of drug prohibition. This will keep happening for as long as we pursue this policy. If you believe the way to deal with the human appetite for intoxication is to criminalize and militarize, then blood is on your hands. How many people have to die before we finally make a sober assessment of reality, and take the drugs trade back from murderous criminal gangs?

## **Mexico buys drones, may use for marijuana search**

Mexico City Aug 24 (Reuters) - Mexico has purchased Israeli-made unmanned drone aircraft, the government said, which may be used for spotting remote drug fields as officials fight powerful cartels.

Mexico's defense ministry said it bought an unspecified number of Hermes 450 drones last year from Israel's Elbit Systems Ltd (ESLT.TA) (ESLT.O) for \$23.25 million, according to a filing seen by Reuters on Tuesday.

The defense ministry declined to say how it would use the drones.

But Javier Oliva, a security analyst at the National Autonomous University of Mexico, said the military was likely using the remote-controlled drones, which can fly for 20 hours and are equipped with cameras, to locate marijuana and opium in the northwestern states of Sinaloa, Durango and Chihuahua.

"These are areas that are very difficult for troops to reach," Oliva said, adding that the military had started to use the planes over the past five or six months.

## **Mexican FM to visit Bolivia, Ecuador, Venezuela**

Mexican Foreign Minister Patricia Espinosa will start her official visit to Venezuela, Ecuador and Bolivia on Tuesday due to the upcoming UN climate conference, the country's foreign ministry said on Monday in a statement.

The main purpose of the visit is to discuss issues concerning the Cancun climate conference in Mexico, according to the statement.

Authorities said Espinosa would meet with her counterparts and other government officials during the visit.

Cancun climate conference will be held from Nov. 29 to Dec.10 this year in Cancun, a famous tourist city located in eastern Mexico.

## **2 bodies hung from bridge on road to Acapulco**

Acapulco, Mexico – The dismembered bodies of two men were hung from a bridge Tuesday on a highway leading to Acapulco, the second such discovery in three days in a region where two drug lords are fighting for control of their divided cartel.

The men were hung from their feet at the entrance of Chilpancingo, the city nearest to Acapulco along the highway connecting the Pacific coast resort to Mexico's capital, according to police in the state of Guerrero, where Acapulco is located.

Their arms had been cut off, and a message was left threatening extortionists, kidnappers, police and the Mexican army, according to the police report, which had no information on the identity of the two men.

Mexican authorities say the region southeast of Mexico City has been besieged by fighting between two factions of the Beltran Leyva gang, whose leader, Arturo Beltran Leyva, was killed in a December shootout with marines in the city of Cuernavaca.

On Sunday, four decapitated bodies were found hanging by their feet from a bridge in Cuernavaca, a popular weekend getaway just south of Mexico City. The faction led by Hector Beltran Leyva, brother of Arturo, claimed responsibility in a message left with the four bodies. It threatened allies of its rival — U.S.-born kingpin Edgar ValdezVillarreal.

No gang took responsibility in the message left Tuesday with the two bodies in Chilpancingo. The corpses were taken down before dawn.

Meanwhile, in northern Mexico, Nuevo Leon state Attorney General Alejandro Garza y Garza told reporters that an attack on guards from the FEMSA bottling company was a case of mistaken identity.

The U.S. consulate in Monterrey said in a statement Monday that the attack, which occurred outside a private school attended by many Americans, may have been an attempted kidnapping. The consulate said that it appeared no U.S. families were targeted but that it was temporarily pulling diplomats' children out the school as a precaution.

Garza y Garza said the guards were attacked by members of the Zetas drug gang who thought they belonged to a rival cartel. Two FEMSA security guards were killed, three were wounded and four were taken hostage and later released unharmed.

Garza y Garza said the four kidnapped guards told police their captors apologized before releasing them.

FEMSA has said the guards were on standard patrols in the area when the gunmen attacked. The company has said it the shooting did not appear related to any attempt to kidnap a relative of one of the company's executives.

Companies based in Monterrey, a business hub that is Mexico's most prosperous city, have tried to protect areas where their employees work, live or go to school amid a rising tide of drug-fueled violence.

### **Mexico most dangerous for press, says UN**

Mexico City: Mexico is the most dangerous country in the Americas for journalists and the violence against reporters may increase, investigators from the United Nations and the Organization of American States (OAS) said on Tuesday.

UN investigator Frank La Rue and Catalina Botero of the OAS said organized crime has become the biggest threat to Mexican journalists, many of whom have had to censor themselves because of fear for their lives.

More than 60 reporters have been killed in Mexico since 2000, according to the government's National Human Rights Commission, and many more have been harassed and threatened by drug gangs.

La Rue and Botero, who were in Mexico for two weeks to investigate violence aimed at journalists, recommended that Mexican authorities establish a way to protect reporters and prosecute those who attack them.

“Due to the serious situation facing freedom of expression and journalists in the country, it is urgent that the Mexican government adopt a comprehensive policy of prevention, protection and law enforcement,” the investigators said in a preliminary report released on Tuesday.

### **Survivor tells story of migrants massacred by Mexican drug gang**

Mexico City - A survivor of a massacre in northern Mexico told investigators that the 72 people found dead at a ranch were undocumented migrants who were kidnapped by a drug gang on their way to the U.S. border.

Mexican authorities discovered the bodies late Tuesday about 100 miles south of Brownsville, Texas, near the town of San Fernando. The surrounding state of Tamaulipas is the scene of a vicious struggle between rival drug mafias and Mexican forces that has left hundreds dead and important trade cities besieged by gun battles, kidnapping and extortion.

The bodies of 58 men and 14 women were discovered after Mexican marines manning a checkpoint were approached by a wounded man who said he had been held hostage and shot by gang gunmen at a nearby ranch.

The survivor, who has been hospitalized and said he was originally from Ecuador, told his story to state prosecutors, according to a report Wednesday on the Web site of the newspaper Reforma.

The witness said about 75 migrants from Central and South America were traveling together toward the Texas border when they were kidnapped by armed men, who authorities suspect may work for the paramilitary drug cartel known as the Zetas.

The survivor said that when the migrants refused to pay money, their captors began shooting them. When Mexican forces arrived at the scene, the assailants scattered and fled. No arrests have been announced. It was unclear whether the dead had been shot all at once or over several days.

Illegal migrants traveling through Mexico on their way to the United States often face a harrowing journey - robbed, raped and sometimes murdered by smugglers and crime gangs, who often work alongside corrupt police.

Mexico detained and deported more than 64,000 illegal migrants last year, according to the National Migration Institute. Many more make it across the U.S. border. The National Commission on Human Rights, a government agency, estimates that 20,000 are kidnapped in Mexico each year.

While they are held for ransom, migrants are routinely tortured - threatened with execution, beaten with clubs and shocked with electricity.

As Mexico's U.S.-backed, military-led war against criminal organizations rages on, leaving more than 28,000 dead, authorities are discovering mass graves.

In July, investigators found 51 corpses near a trash dump outside the northern city of Monterrey. Many of their identities remain unknown.

In May, authorities discovered as many as 64 bodies in a ventilation shaft for a shuttered mining operation near the tourist town of Taxco. Many of the bound and gagged victims were alive when they were thrown down the hole.

### **Mexico arrests six for high-profile mayor murder**

Mexican state police have arrested six police officers for the murder of Edelmiro Cavazos, a mayor whose high profile murder was publicly mourned by the president this week, the state governor told broadcasters on Friday.

"We have arrested suspected in the commission of the crime," said Rodrigo Medina, governor of the state of Nuevo Leon, where Cavazos was mayor of the small town of Santiago. Cavazos had been kidnapped on Sunday and his body found on Wednesday.

During the same press conference, the state's attorney, Alejandro Garza, said that the suspects were five state police and one traffic police officer. He did not name the officers, but said that one of them was a bodyguard who had been kidnapped at the same time as Cavazos but released shortly afterwards.

Four more arrests may take place shortly, he added.

Following Cavazos' murder, Mexico's President Felipe Calderon ordered the nation's interior minister, Jose Francisco Blake Mora, to review security in the area alongside the regional government. It is the second high-profile political murder this year.

In late June, gunmen killed Roldolfo Torre Cantu, a candidate for governor in northern Mexican state Tamaulipas.

In response to the earlier killing, Calderon called for a national debate on how to better tackle organized crime, which has been held all this month in the Campo Marte military base in central Mexico City.

During the debate, government officials revealed that more than 28,000 people had died during the nation's fight against organized crime, which has been a central plank of Calderon's policy since he took power in December 2006.

### **Revelations from 72 Migrants' Deaths in Mexico**

Members of the Mexican military discovered the bodies of 72 men and women in an abandoned building on a ranch 22 km (14 miles) outside of San Fernando, Tamaulipas state, the evening of Aug. 24. A man suffering from gunshot wounds notified Mexican marines manning a

roadside checkpoint near the abandoned ranch building of the location of the bodies and what had happened to him. The Ecuadorian migrant said he was on a truck with 72 other migrants (58 men and 14 women) from Brazil, Costa Rica, Honduras, El Salvador and Guatemala traveling toward the U.S.-Mexico border when members of Los Zetas intercepted the vehicle. The immigrants were taken to the abandoned ranch building and asked if they wanted to work for Los Zetas as hit men for the group or as cooks and maids. The migrants were promptly shot in the back of the head when they refused. The Ecuadorian man survived because when he was shot the bullet entered his neck and exited through his jaw. He played dead, managed to escape and stumbled to the marine checkpoint. The Mexican marines initially believed the injured man was part of an elaborate setup for an ambush. However, after a reconnaissance flight over the area drew ground fire, the Mexican marines mounted an operation and raided the location. One marine and three members of Los Zetas were killed in the subsequent firefight.

While still an incredibly potent and powerful organization, this incident is indicative of the current and seemingly desperate state of Los Zetas in terms of manpower and human resources. The incident has also brought renewed attention to Los Zetas' human smuggling operations and provides an opportunity to examine the success of the group's expanding enterprises despite the loss of control of the organization's home territory.

The Los Zetas organization has been locked in a battle for control of the northeastern Mexico trafficking corridor with an alliance of its rivals, the New Federation (Gulf Cartel, Sinaloa Federation and La Familia Michoacana). Los Zetas has also been the target of several Mexican military and law enforcement operations that have decimated the senior leadership and operational capability of the organization over the past several months. When fighting between the Zetas and the New Federation broke out in the first few months of 2010, several open source reports indicated the group had called in a tremendous number of operatives from other regions of Mexico to act as reinforcements. Soon after, reports began to emerge of Central American gang members (who work with Los Zetas in their home countries) being called upon by the Los Zetas organization to aid in the fight in northeastern Mexico, indicating a significant lack of manpower. This latest incident shows a continued desperation for manpower and ability to put boots on the ground to defend Los Zetas' home territory. Additionally, news of the deaths of nearly all those that refused to work for the Zetas will undoubtedly reverberate throughout the migrant community and could, perhaps, influence others if and when they encounter Los Zetas on their journey to the United States.

Los Zetas members have been involved in the human smuggling trade for several years now. The organization carries tremendous influence throughout the east coast of Mexico from its southern to northern borders. The organization's area of influence not only lies along traditional migrant routes from Central and South America, but also serves as one of the main overland drug trafficking routes to the United States from the Andean region of South America. Los Zetas' human smuggling operations have been a point of contention with other drug trafficking organizations in Mexico and, to a limited extent, an element of the current conflict taking place in northeastern Mexico. Organizations like the Sinaloa Federation and the Gulf cartel have expressed their "displeasure" with Los Zetas' level of involvement in the human smuggling business as it reportedly disgraces the prestige of the drug trafficking business. While these other

organizations can be linked to human smuggling in some fashion, it is not an integral part of their operations as they focus nearly all their efforts on trafficking drugs.

However, Los Zetas' inroads into the human smuggling arena have proved to be profitable and have helped the group become a truly international trafficking organization. The Los Zetas organization has been known to collect \$2,000-\$10,000 per migrant (depending on nationality), making human smuggling an extremely lucrative business. Additionally, with the steady flow of migrants coming from Central and South America, Los Zetas members have been able to forge relationships with other criminal groups in these countries. This has helped the group expand its human smuggling operations as well as its influence in the drug trafficking realm while gaining greater control of the drug supply chain.

While the Los Zetas organization has been able to successfully expand its influence and operations deeper into Central and South America due in large part to heavy involvement in human smuggling operations, the incident in Tamaulipas state and the ultimatums that these 73 immigrants were presented with shows a certain level of desperation within the group. This desperation is perhaps an indicator of the current status of the Los Zetas organization in the broader war with the New Federation and its allies for control of northeastern Mexico.

### **Detailed Report/Venezuela**

#### **Over 3,000 cases of dengue are reported in Venezuela every week**

Hemorrhagic dengue fever affects three times more babies under one year than adults. More than 3,000 new cases of dengue are reported each week in Venezuela. The Ministry of Health admitted that until July 30 there were 68,753 cases of dengue and 30 patients have died. Authorities have confirmed that 25 of the deaths were caused by dengue whereas the other 5 cases are still examined by experts.

The Venezuelan government, through the Ministry of Health, resumed the publication of the Epidemiological Bulletins, although their format was redesigned. This could affect the comparison and monitoring of several epidemiologic diseases. The bulletins have only been updated as of July 30.

According to an analysis conducted by the Network of Scientific Medical Societies in Venezuela, 49.78 percent of dengue cases occurred in the last ten weeks, the highest number of cases per week in the last nine years. According to the network, the results that were released in its 146th Epidemiological Alert show that "the epidemic is in full swing." They added that the figure recorded in the first 30 weeks of 2010 is higher than the total number of cases in 2009 (65,869 cases.)

Based on its figures, the Network of Scientific Medical Societies in Venezuela established that the epidemic hits 18 Venezuelan states. In the last week reported by the bulletin, the states with the highest incidence of the disease are Miranda state (456 cases) Zulia (442), Lara (310), Aragua (303 cases); the Capital District (261 cases), Carabobo (199 cases, the highest in 17 weeks).

According to the network, the highest incidence of hemorrhagic dengue has been observed in babies under one year.

### **Poll: Chavez Less Popular**

A poll that has been published in Venezuela shows that only 36 percent of its citizens are satisfied with President Hugo Chavez. This figure is the lowest Chavez has received since 2003.

The results of the survey suggests that Chavez will find it difficult to maintain control of Venezuela's National Assembly in the elections to be held in the country on Sept. 26.

### **Venezuela vote race starts, Chavez foes eye gains**

Caracas, Aug 25, (Reuters)- Venezuelan President Hugo Chavez and his opponents launched campaigns on Wednesday for legislative elections that test the socialist's support after a year of recession and will give his critics a louder voice.

Buoyant Chavez supporters organized parties and fireworks around Caracas after midnight to kick off a race dominated by criticism of the government's record on tackling Venezuela's appalling murder rate.

"Let's go to battle!" Chavez's campaign chief Aristobulo Isturiz bellowed at one raucous nocturnal rally.

Struggling opposition parties are all but guaranteed gains in the Sept. 26 vote after they boycotted the last election for lawmakers five years ago, leaving parliament in the major U.S. oil supplier entirely in the hands of the president's allies.

The elections -- a barometer of backing for Chavez's policies ahead of a presidential vote in two years -- are also a chance for opponents to take back a little of the power he has accumulated over more than 11 years in office in the OPEC nation.

Despite sky-high crime and economic woes, the ex-soldier who has polarized Venezuela between supporters of his pro-poor policies and those who call him a dictator remains Venezuela's most popular politician.

Opposition parties have fielded unity candidates to increase their chances of denting Chavez's grip on parliament.

They hope to capitalize on his relative weakness after months fighting crises such as electricity cuts and a scandal over rotting food that dragged his ratings below 50 percent.

"This is his worst moment in 11 years," anti-Chavez newspaper editor Teodoro Petkoff said. "But his emotional link with a large sector of the nation remains very powerful."

Most analysts expect Chavez's socialist party to hold a reduced majority in the parliament, helped by changes to electoral districts that critics call gerrymandering.

There is a slim chance the opposition will win the most seats, which would create headaches for Chavez and cause political instability.

Their goal is to win at least a third of seats in the legislature, which would limit the ability of Chavez's socialist party to change major legislation.

### Crime Agenda

Usually an expert at setting the political agenda, especially ahead of elections, Chavez seems to have been caught off balance by a campaign from opposition media to highlight the government's failure to tackle violent crime.

Venezuela has one of the world's highest murder rates with between 13,000 and 16,000 people killed last year according to leaked police numbers and a non-governmental watchdog, respectively. Already-high murder figures have soared since Chavez took office.

Last week a court ordered two newspapers to desist from publishing violent pictures after they printed a gory archive photo of bodies piled up in a morgue.

The government, which also responded angrily to a New York Times story comparing Venezuela violence to Iraq, says it is working hard to bring down crime and that a new national police force has slashed homicide rates in a Caracas pilot project.

A handful of lawmakers who defected from Chavez's ranks in 2007 are the opposition's only presence in the current national assembly parliament, which has given Chavez a legislative carte blanche since 2005.

He has used that power to start remolding one of the continent's most Americanized nations as a socialist society, while expanding his sway over courts and other institutions.

Critics say the 56-year-old ally of Cuba is following his mentor Fidel Castro and installing an autocratic communist dictatorship in the baseball-mad nation studded with fast food restaurants and shopping malls.

Chavez, who has lost just one of over a dozen elections since 1998, says he is a democrat committed to freeing Venezuela from U.S. "imperialism" and local oligarchs.

### **Chávez meets with Fidel, Raúl Castro in Havana**

The Venezuelan President discussed with the Cuban rulers "the serious risks of a nuclear war". Venezuelan President Hugo Chávez met on Wednesday with Fidel Castro, the leader of the Cuban revolution, and his brother President Raúl Castro during a visit that lasted several hours and was not previously announced, several official media reported.

First of all, the Venezuelan ruler, who has already left Havana, had a "moving and fraternal" meeting for about five hours with former president Fidel Castro. Chávez expressed satisfaction about the "excellent health" of Fidel, 84, who has apparently recovered from a serious illness he suffered in 2006.

Both rulers discussed several issues and particularly "the serious risks of nuclear a war which is threatening mankind," Efe reported.

A source said that at a subsequent meeting, Chávez and President Raúl Castro reviewed "the development of the superb political and economic ties" between the two countries.

Chávez's government has been in recent years the main political ally of Cuba and the largest trading partner of the Caribbean island.

### **The New York Times Exploits Own Iraq Death Toll Denial to Trash Venezuela**

It's bad enough that the editors of The New York Times have refused so far to tell the truth about what we know about the magnitude of the death toll in Iraq as a result of the US invasion and occupation of the country since 2003, according to the standards that are used to describe human tragedies for which the US government does not bear primary responsibility. If The New York Times used the same standards of evidence to describe human tragedies regardless of the degree of responsibility of the US government, it would report that "hundreds of thousands of Iraqis have died" as a result of the US war, a fact that we know with the level of confidence that we know similar facts that The New York Times publishes as a matter of routine (such as a recent report that "hundreds of thousands of Iraqis died" - in the Iraq-Iran war.) The New York Times is reluctant to publish this fact about the US war, perhaps, because this fact is awkward to acknowledge for those in Washington who support the status quo policy of permanent war.

But now The New York Times has exacerbated the harm of its denial about the Iraqi death toll, by using its own failure to accurately report the death toll in Iraq as a benchmark for comparison to other human tragedies: in particular, to claim that murder in Venezuela claimed more lives in 2009 than did violence in Iraq. The New York Times editors are like the boy who killed his parents and demanded mercy on the grounds he was an orphan.

In a front page article this week headlined "Venezuela, More Deadly Than Iraq, Wonders Why," New York Times reporter Simon Romero claims:

Some here [in Caracas] joke that they might be safer if they lived in Baghdad. The numbers bear them out.

In Iraq, a country with about the same population as Venezuela, there were 4,644 civilian deaths from violence in 2009, according to Iraq Body Count; in Venezuela that year, the number of murders climbed above 16,000.

Note that the headline and the first two paragraphs of this piece depend crucially on the assumption that the partial tally of Iraqi deaths constructed by the NGO Iraq Body Count by monitoring press reports gives an accurate picture of the magnitude of the Iraqi death toll. If the Iraq Body Count partial tally is not an accurate picture of the magnitude of the Iraqi death toll, if it is too small by several orders of magnitude, then the comparison of the lede and the headline in The New York Times article is baseless.

But we know, by the standards ordinarily used to establish such things, that the Iraq Body Count partial tally is not an accurate measure of the magnitude of the Iraqi death toll.

In January 2008 the World Health Organization (WHO) the results of the "Iraq Family Health Survey," published in the New England Journal of Medicine. The WHO study estimated 151,000 deaths due to violence, with a 95 percent confidence interval of 104,000 to 223,000, from March 2003 through June 2006.

The New York Times, reported at the time

The World Health Organization on Wednesday waded into the controversial subject of Iraqi civilian deaths, publishing a study that estimated that the number of deaths from the start of the war through June 2006 was at least twice as high as the oft-cited Iraq Body Count.

[...]

The Iraq Body Count, a nongovernmental group based in Britain that bases its numbers on news media accounts, put the number of civilians dead at 47,668 during the same period of time as the World Health Organization study, the W.H.O. report said. President Bush in the past used a number that was similar to one put forward at the time by the Iraq Body Count.

About this, the WHO said at the time:

"Our survey estimate is three times higher than the death toll detected through careful screening of media reports by the Iraq Body Count project and about four times lower than a smaller-scale household survey conducted earlier in 2006," added Naeema Al Gasseer, the WHO Representative to Iraq.

The latter reference is to the Johns Hopkins/Lancet study, which estimated a death toll due to violence four times higher, as the WHO official stated. If the Lancet numbers estimate were correct, then the Iraq Body Count number is 12 times too small.

But, here, I emphasize the WHO study because it makes a stronger argument that using the Iraq Body Count partial tally as if it were a picture of the magnitude of the overall death toll is very wrong. The Lancet numbers have been disputed as too high. The WHO numbers have been disputed as too low, but as far as I am aware, no serious critic claims that they are too high.

What does the WHO study tell us about whether the Iraq Body Count tally captures the magnitude of the Iraqi death toll?

It tells us, by the standards ordinarily used in statistics, that it does not.

A 95 percent confidence interval means that you assess a 95 percent probability that that interval covers the true value you are trying to estimate. If the WHO study was correct, then the probability that the true death toll as of June 2006 was 47,668, or any other number less than 100,000, was extremely small, less than 2.5 percent.

In response to my request for a correction or clarification, a New York Times editor wrote that Romero did not

declare the Iraq Body Count correct; he simply used an official figure, even if one subject to debate, to make a comparison with the violence in Venezuela.

But this explanation is inaccurate and does not make sense.

As The New York Times correctly reported in January 2008, the Iraq Body Count partial tally of Iraqi deaths is not an "official figure." It is compiled by "a nongovernmental group based in Britain that bases its numbers on news media accounts." You could say it's "official" because George W. Bush implicitly endorsed it, but I don't think that's a definition of "official" that The New York Times editors would want to try to defend.

And if you want to say that X is bigger than Y, you have to know how big Y is; at least, you must have a handle on how big Y might be. If you want to claim that X is bigger than Y, it makes a big difference if your "subject to debate" way of measuring Y produces a number that is too small by orders of magnitude; certainly if, in fact, the error might be great enough that in truth, Y is bigger than X. According to the numbers given in Romero's New York Times piece, if the Iraq Body Count is only too small as an estimate by a factor of three, then Romero's claim might still be true; but if Iraq Body Count is too small by a factor of four, then Romero's claim is false. If Iraq Body Count is too small by a factor of ten or more, as the Lancet study suggested, then Romero's claim is way off. Thus, to judge the leading claim of Romero's article and The New York Times headline that accompanied it on the front page, you have to make a judgment about the claims about the scale of Iraqi deaths.

Isn't that obvious?

It's true, of course, that the degree to which Iraq Body Count is a poor measure of the magnitude of Iraqi deaths might not be constant over time. You might reasonably expect that it captured a smaller share of deaths at the times of greatest violence, and therefore, that it captured a greater share of deaths in 2009, when violence, by all accounts, was much lower than at the peak of the civil war. (Of course, noting that violence was much lower in Iraq in 2009 suggests Romero's comparison was misleading in another way: when people think of "violent Iraq," they are more likely thinking of Iraq at the height of the civil war than in 2009.) But there is no evidence that the Times made any effort to judge these issues. They just acted as if the Iraq Body Count partial tally was a picture of the magnitude of deaths, which it manifestly is not - unless you're George Bush.

It is reasonable to expect that the overwhelming majority of people who saw and will see the front-page story in The New York Times won't be aware of any of this. They will see the headline "More Killings in Venezuela Than in Iraq," complete with a huge color photo of a funeral with grieving relatives of a murder victim. This will go all over the world, and many people will think, "Isn't that amazing! More killings in Venezuela than Iraq! That Hugo Chavez has really made a mess out of the country."

Arguably, that is the point of such an article, to produce this result.

The publication of this article coincides with an all-out effort to make violence and insecurity in Venezuela the main opposition campaign theme in the September Congressional elections in Venezuela.

Since most of the Venezuelan media, as measured by audience, is controlled by the opposition in Venezuela, that has been the main theme in the Venezuelan media lately. CNN en Espanol contributed their part by showing - four times - a documentary on violence in Venezuela, blaming the government. Now the Times has provided international validation for this campaign. No meetings to establish collaboration are necessary: a New York Times reporter in Caracas seeking to attack the Venezuelan government can easily take his cues from the opposition media.

There has indeed been a large increase in the murder rate in Venezuela over the last decade. There is something to be explained, since poverty, a standard explanation for increased criminal violence, has been sharply reduced in Venezuela during the time.

But Romero offers almost nothing in the way of explanation, and most of what he does offer is wrong or makes no sense:

Reasons for the surge are complex and varied, experts say. While many Latin American economies are growing fast, Venezuela's has continued to shrink.

This could possibly explain some of the crime in the first quarter of 2010, in which the Venezuelan economy did shrink. But Venezuela's economic growth was the fastest in the hemisphere from 2003-2008, so the fact that there was one quarter where most of Latin America was growing and Venezuela was not doesn't explain a ten-year trend.

The gap between rich and poor remains wide, despite spending on anti-poverty programs, fueling resentment.

A few months ago, the UN Economic Commission on Latin America published a report which showed that Venezuela had reduced inequality from 2002-2008 more than any country in Latin America, and now had the lowest level of inequality in the region. Not surprisingly, this has not been reported in the Times.

Police salaries remain low, sapping motivation. And in a country with the highest inflation rate in the hemisphere, more than 30 percent a year, some officers have turned to supplementing their incomes with crimes like kidnappings.

Inflation has averaged about 20 percent annually over the last seven years; however, since nominal incomes grew much more rapidly than this, most people gained quite a bit in real terms, which is what matters.

This has been standard for New York Times reporting on Venezuela over the past seven years: high inflation is reported regularly, but the real income gains have almost never been noted, with the reader left to think that most Venezuelans are worse off each year as inflation erodes their real income: the opposite of what has happened for nearly six of the last seven years.

Would you feel sorry for someone whose cost of living went up 20 percent last year, while they got a 30 percent raise? Then you should feel sorry for someone whose cost of living remained flat, while they got a ten percent raise.

But if you understand that, then you understand that it's meaningless to report high inflation, as if high inflation intrinsically makes people poor, without telling the reader what was happening to real incomes.

Many may say, "so what else is new" regarding the tendency of the Times to slant the news in the direction of a hawkish US foreign policy. But the Times' influence on the US media is so great that the Times affects the thinking of many people who never read it. That's why it's important to call them to account.

Oh the press, the press  
The freedom of the press  
We must be free to say  
Whatever's on our chest....  
... For whichever side will pay the best!  
- Marc Blitzstein, *"The Cradle Will Rock,"* 1936

## **Campaigns for legislative elections start in Venezuela**

The ruling United Socialist Party of Venezuela (PSUV) and the opposition Democratic Unity Table (MUD) began on Wednesday their respective campaigns for the legislative elections to be held on Sept. 26.

The campaigns began at 6:00 a.m. local time (1030 GMT) with the two parties holding different massive events and press conferences in different regions of the country.

Tibisay Lucena, president of the Electoral National Council (CNE), announced on Tuesday night that the electoral campaign was scheduled to close at midnight of Sept. 23.

Lucena called for the political parties to respect the Special Rules on Electoral Campaigns to avoid the spread of "uncertainty" and "fear" among the people.

The PSUV, created by President Hugo Chavez, hosted a fireworks show in the country's 87 electoral districts at midnight local time (0430 GMT) as a symbol of the beginning of the first stage of its campaign called "Demolition Operation."

PSUV Campaign Chief Aristobulo Isturiz said at an event: "We are calling for the revolutionary people, the 1,817 patrolmen and the 36,000 socialist patrols to go out to the streets with passions to touch the people's heart. So we all can conquer the triumph."

Meanwhile, opposition leader Maria Corina Machado said in a press conference in the capital Caracas: "We face the biggest challenge of our generation, the responsibility of beginning the construction of a Venezuela with security, prosperity, justice, peace, democracy and equity."

On Aug. 22, Venezuela hosted a voting drill at 52 pilot centers located in the country's 21 states in order to make the people familiar with the voting system.

More than 17.5 million people have been registered to vote in the 12,562 voting centers across the country.

The Venezuelans will vote to choose 165 deputies for the National Assembly and 12 deputies to the Latin American Parliament (Parlacen).

### **Venezuela economy down 3.5 pct in first half 2010**

Venezuela's economy shrank 3.5 percent during the first half of 2010 compared to the same period a year earlier, the Central Bank said Thursday in a report that revealed a deep recession in this South American nation ahead of legislative elections.

The economy contracted by 1.9 percent in the second three months for the year, dragged down by a 2 percent decline in the oil sector and a 1.8 percent decrease in the private sector, the central bank said. The economy shrank by 5.2 percent in the first quarter of 2010.

It is the fifth straight quarter that Venezuela's oil-dependent economy has contracted. Government officials blame the recession on lower petroleum prices and lingering effects of the world financial crisis.

Venezuela's economy is highly reliant on oil sales -- accounting for 95 percent of the country's export earnings.

Critics argue the government's socialist-orientated economic policies, coupled with less consumer demand and investment, are responsible for the country's economic woes.

The economic downturn coincides with double-digit inflation that has become a major challenge for President Hugo Chavez's government ahead of legislative elections next month. Venezuela has had the highest inflation in Latin America for five years despite government price controls on many foods and other basic goods.

Venezuela has not seen such difficult economic times since 2003, when the economy contracted 26.7 percent in the first quarter of that year in the aftermath of a failed coup attempt against Chavez and an opposition-led strike by oil industry workers.

Chavez didn't comment on the report during a televised speech on Thursday, but he expressed optimism the economy is about to rebound.

The economy contracted 3.3 percent last year.

The government has set a goal of economic growth between 0.5 percent and 1 percent this year, but analysts are predicting the economy will shrink more than 2 percent by the year's end.

### **Chavez says ties with Colombia to improve greatly**

Venezuelan President Hugo Chavez Thursday said his country's relations with Colombia "will be much better than before" after the restoration of diplomatic ties.

Chavez said Colombian Foreign Minister Maria Angela Holguin's ongoing visit to Caracas showed both countries respect each other.

Traveling with Holguin were Colombian Defense Minister Rodrigo Rivera, Trade Minister Sergio Diaz-Granados, Transportation Minister German Cardona, and national planning director Hernando Jose Gomez.

Venezuela severed its ties with Colombia last month after the latter, under then President Alvaro Uribe, accused Caracas of sheltering Colombian guerilla chiefs on its soil.

On Aug. 10, Chavez and newly sworn-in Colombian President Juan Manuel Santos met and agreed to reestablish diplomatic ties.

Holguin arrived in Caracas Thursday for discussions on economic, social and border issues between the two countries, in an effort to implement the agreement reached by Chavez and Santos during their meeting.

Chavez said the border issue was particularly important as there were various problems along their border, including rebels, drug trafficking and kidnapping.

### **UN slams Chavez press ban**

A ban on publishing violent images in Venezuela's press drew condemnation on Thursday by newspapers, media rights groups and UN observers which saw it as a new attack on press freedom by President Hugo Chavez.

The order by a Caracas court came into effect Tuesday and is to last a month, prohibiting the publication of "violent, bloody or grotesque images."

The period coincides with the campaign prelude to September legislative elections.

Major Venezuelan newspapers slammed the measure, with the daily El Universal calling it "an attempt to censor the situation of insecurity."

The French-based media rights group Reporters Without Borders called the injunction "much too broad and imprecise" asking: "Would the photo of an armed policeman in the street, a soldier on maneuvers or a death notice be in breach of this order?"

It called it "a hasty ban that is liable to result in censorship and self-censorship."

UN and Organization of American States representatives tasked with observing press freedom issues distributed a joint statement from Mexico calling for Venezuela to "urgently" revoke the ban.

The representatives, Frank La Rue of the UN and Catalina Botero of the OAS, said the order would "impose prior censorship" and violate freedom of expression.

The court issued the order after one Venezuelan newspaper, El Nacional, last Friday printed unusually graphic photos of corpses in a city morgue to underline a rise in deadly street crime that has made Caracas one of South America's most dangerous cities.

Chavez, whose government has not issued crime data for years, claimed his critics were using "pornographic" images like that to twist public debate on the problem with the aim of destabilizing his authority.

El Nacional complied with the injunction on Wednesday by leaving big blank spaces with the word "Censorship" printed inside instead of photos to accompany some stories.

Street violence is the top-line issue for voters ahead of the 26 September legislative elections.

Unofficial figures from a non-governmental Venezuelan Violence Observatory said there were more than 16 000 murders across Venezuela last year. Caracas is one of Latin America's deadliest cities, with 140 homicides per 100 000 inhabitants — far more than the 18 per 100 000 recorded for Bogota, for instance.

The court ban follows a series of initiatives Chavez has made recently to hem in opposition media outlets.

Licences of anti-government television stations have been yanked and arrest warrants issued against the owners of one of the stations.

On Wednesday, Venezuela's congress approved a government bill blocking media moguls from holding big shares in the country's banks.

The head of the congressional finances committee, Ricardo Sanguino, said the text would prevent a repeat of a government-ordered break-up of one bank owned by a businessman who was also a principal stakeholder in Globovision, the fiercest anti-Chavez network.

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