

BUSINESS AND POLITICS IN THE MUSLIM WORLD

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Report Summary/Argentina

Political Issue

Argentine government has found some red coffins and bones of the affected of the so called Dirty War of 1976-1983 that it is sending for its DNA test to a forensic laboratory to the US that is examining DNA of affected people of Argentina's Dirty War that lasted three decades ago. By the advancement of DNA technology in the US, almost 1,200 cases have been traced by their bones. According to Human Rights Organization in Argentina, 3,000 people were abducted and killed in the Dirty War and some high army officials are found involved in the killings but now the relatives of the affected people are starting trials in the court against the military people.

Economic Issue

Social/Humanitarian Issue

Argentina is the largest exporter of beef in the world and JBS is one of the largest beef exporter companies of Argentina, based in Sao Paulo with eight large units and cattle farms in Argentina. Recently it announced that it is closing one of its units and want to sell it due to government policies of increasing tax on cattle and beef export. JBS announced to sell it but due to government polices of tax no company is ready to buy it in such situation. It is said if the situation remains same; it can leave on Argentina's economy.

Food, Environment and Energy Issue

Geostrategic Issues

Argentine government has opened it embassy in Armenia and the foreign minister of Argentina said Armenia is increasing socially and politically and both countries had have a meeting that how can they intensified their relationships.

Report Summary/Brazil

Political Issue

According to the latest Datafolha poll that was conducted Aug. 23-24 among 10,948 voters nationwide shows that PT candidate Rousseff has lead over Serra of PSDB with 20 percent as she has 49% points while Serra has 29%. Even where Serra was leading a month ago and had been state governor of Sao Paulo but his favor decreased and Rousseff is leading even in Sao Paulo with 9% points. It is also mentioned that almost 63% people of Brazil say they will

vote for Rousseff. In the meanwhile the reports of Ibope survey shows the more difference in the gap between both presidential candidates as Rousseff acquired 51% while Serra got 27% points.

So like this Worker's Party candidate Ms. Dilma is having a clear majority and left much behind to the PSDB candidate Mr. Serra. There are much chances of her success in the first term of elections and there would not be need of a run-off elections and she has also pledged to follow the same policies of the present government of president Lula but Mr. Serra has said he will change economic policies as the current government has overvalued the currency so there is need to bring it back to the government's economic policies. He has also said that at social level there is need to reduce pensions plans for the civil servants; and as far as foreign policy is concerned he has already give his stance against Venezuela as it is harboring FARC rebels and he said Petrobras will reduce its works in Venezuela and Bolivia as well whose government is avoiding drug cartels that are coming to Brazil.

President Lula said as he leaves his office on January 1st, he will dedicate himself for political reforms and will advise to the Worker's Party. He has also said and has been said twice before as well that he will also keep visiting African and Latin America countries to give them advise to combat poverty by bringing change in their economic policies.

President Lula has signed on the approval of the contradictory Belo Monte Mega Dam at Xingu River in Amazonian state of Para that is considered even more controversial that China's Three Gorges Dam. It is the largest project of infrastructure of Lula administration that costs \$11 billion and going to be complete in 2015. Amazon's environmental, religious and Indian peoples' organizations have been risen their voice against the construction of this dam because it is said by them the dam will displace 50,000 people and can destroy the land and local environment but the president has said the government will give them adequate compensation on their displacement.

The president has said that the dam will create the jobs for 20,000 indigenous people and like this Brazil will be enter in the 21st century. But the Indigenous leaders have warned that if the dam is constructed, a "war" could start and the Xingu could become a "river of blood." On the other hand with the construction of this it will be world's third largest dam and Brazil will have two gigantic dams as another one is Itaipu Dam that is operational in Parana state at the border of Paraguay. Paraguay wants to get more electricity from it but it is hampered due to inadequate transmission.

Economic Issue

Planning ministry of Brazil reported that the economy of Brazil is growing as it was predicted and there are more chances of growth in 2011. The ministry said there would be 5.5 percent economic growth next year that is less as compare to this year that is 6.5 percent.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

Colombian president Santos visited Brazil and met president Lula here. Both presidents discussed the policies to strength their economic relations, to increase regional stability and South America countries' integration plan. Colombian president said that he has selected Brazil as its first country to visit to show Colombia's less inclination towards United States but in the regional countries. He also met with the presidential candidates of Worker's Party, PSDB and Green's Party. In the meanwhile Chinese Defense Minister is also going to pay a visit to Latin America in the invitation of Mexican Secretary of National Defense, Colombian and Brazilian defense minister.

Russian president to convince that South Africa want to join BRIC. All BRIC countries are agree because South Africa is Africa's leading country and is quickly emerging economy like other BRIC countries. According to Word Bank estimates, the GDP of BRIC's smallest member 'India' is quadruples the GDP of South Africa and also the population of South Africa is three times as less as that of the least populated BRIC member 'Russia'; and also it is having some human rights problems. But in spite of all these South Africa has ability to join BRIC that will change its name as well. And it is said after it Mexico and South Korea can also join BRIC as it is predicted by some economists that in 2050 the economy of BRIC will be more than Western and Japan or G-7.

Brazil and New Zealand has signed an agreement that the citizens of both countries can do business and stay for one year in another country. It is said by making such agreements both countries will develop stronger relationship with each other.

South America president talked to the BRIC countries' presidents and went to Moscow to meet Brazilian president has passed a bill to help the rural sector of the country with the establishment of catastrophe fund that is \$2.27 billion. The fund will cover 35 million hectares of farmland, representing 56 percent of the nation's total cultivated lands.

Report Summary/Chile

Political Issue

Economic Issue

Social/Humanitarian Issue

It is reported that five of the 33 mine workers that are trapped in the mine have been the victims of depression. When they are asked to come before micro camera, they are avoiding and also they are not eating well but their health is better. The health minister of Chile said that they are being cared by a psychiatrist and advised by the camera.

Chilean president Pinera said the government is going to reconstruct the 300,000 houses in the central south part of the country that was affected due to earthquake. The planning

ministry said 270,000 had been affected in the earthquake and six months after the earthquake, 83 percent of the infrastructure and services damages have been fixed.

Food, Environment and Energy Issue

Geostrategic Issues

With the help of New Zealand Chile is trying to get access of its 33 trapped mine workers. One of the former deputy prime minister of UK is also providing a fiber optical cable to Chile that will help Chilean government to talk and see the mine workers easily. The owner of the mines where 33 workers have been stuck has asked for forgiveness from the trapped persons for their anxiety.

Report Summary/Colombia

Political Issue

It is said that Santos has three options now before him regarding the seven military bases that are given to the US military to counter terrorism in the region, first one is to seek congressional ratification to support Washington's 'Plan Colombia', the second one is to renegotiating a pared-down pact with the United States and the third one is letting the whole thing die that means to start a new phase relationships with its neighboring country Venezuela. President Chavez of Venezuela is also doing some diplomatic policies as he has visited twice to Bogota to reestablish diplomatic relationships with Colombia and Santos is also different from Uribe as he has more inclination towards Venezuela instead of US.

Economic Issue

It is said Santos is very optimistic to boost country's economy as he is very confident to bring a boost in the economy due to his economic background. He has planned to create 2 million jobs in the country as well to reduce the unemployment in the country. He started taking such actions to uplift country's economy.

Social/Humanitarian Issue

Food, Environment and Energy Issue

Geostrategic Issues

The foreign ministers of Colombia and Ecuador met and negotiated to restore the diplomatic relations between them that were broke off in 2008. Colombia accused Ecuador of supporting and harboring FARC rebel group in its territory and attacked in the border territory of Ecuador in that caused the death of a FARC leader in 2008. After that incident Ecuador broke up

diplomatic relations but that are going to be restored now by the willingness of the new Colombian government which has also established its relations with Venezuela.

Venezuela's oil and energy minister is going to visit Bogota next month to discuss the oil explorations plan in Venezuela. Colombian government showed its eagerness to explore crude oil with the help of its state run oil company Ecopetrol in the Orinoco Belt of Venezuela that is a joint venture between the two oil companies Ecopetrol and PDVSA of Venezuelan government and this business is going to be start after a long time as the relationships between the two countries were freeze.

Secretary General of OAS visited Bogota and said to the Colombian president Santos that the government should come towards negotiations with FARC who already has requested OAS for negotiation. He also said president Chavez has done very good by offering FARC at the table of negotiations. But on the other hand a retired navy admiral of Venezuela said when he was in charge of weapon arsenal, he was asked by the interior minister to handover weapon ships to FARC. It is said by the Venezuelan government that the same admiral was involved in the military coup d'état on 2002 in Venezuela.

Colombia is buying some cargo planes from Brazil's Embreair air jet manufacturer company which is the third largest air plane manufacturing company in the world. Recently Embreair has sold some military planes to Chile as well.

Report Summary/Mexico

Political Issue

Economic Issue

Social/Humanitarian Issue

Due to increasing drug cartels' violence in Mexico, the US State Department has asked its citizens to leave the Monterrey state of Mexico which is also affected state of violence. Monterrey is situated in the northern border of Mexico where a wave of terrorism is prevailing and many local and US citizens have lost their lives. Mexican government has increased the security in the state as more blasts and kidnapping started happening. Salvadorian president has also showed his eagerness to combat drug cartels in Mexico.

United Nations' Human Rights representative gave a morning letter for the death of 72 migrants in a northern state of Mexico and said she wants Mexico to identify the dead bodies so that the returning process of it to their guardians could be started. She also said Mexico should start a quick and transparent inquiry of this incident and involved people must be sentenced to stop such crimes in future. It is a report of UN special reporter on the human rights of migrants that almost 400,000 migrants transit through Mexico every year.

Drug related people have blasted two cars with explosives before two different police stations. It is said Zetas gang could be behind this blasts which is considered more violent. Such blasting are more dangerous which are taking more lives in blasts and drug cartels have adopted this strategy now. These were fourth car bomb blasts in Mexico in the same month. After the blasts the president hold a press conference and said the representative of the government who was doing inquiry of massacre of 72 immigrants is missed since very first day and it is thought that he is kidnapped by the drug cartel; and there is no news of him whether he is alive or dead.

Mexican resident has launched a campaign against the money laundering in Mexico prior to the drug cartels. He said it is more important that cartels are using money by the source of money laundering and according to sources cartels obtain \$10 billion every year by this business. In the meanwhile Mexico's transportation and labor minister told in a joint press conference that Mexico's largest airline Compania Mexicana de Aviacion is going to shut down its business due to heavy debt on it.

One of the mayors of Tamaulipas state of Mexico has been killed by the drug cartels and his daughter got injured in the same attack. It is the same state where massacre of 72 people happened a few days ago and another mayor was killed in another city of this state that is also close to this town. There is hostility between two opposite drug cartels that are Gulf cartel and the Zetas cartel. Mexican president said on his murder that drug cartels cannot force or stop crackdown of government by such killings and the fight against the drug cartels will remain continue.

Mexican federal police has captured a drug kingpin who is name 'the Barbie' and he is considered the responsible of many deaths by hanging people and security personnel; and trafficking drugs into the United States. President Felipe Calderon has said it is the big achievement of the government against the drug cartels as he was among the most wanted drug lords of Mexican drug leaders. Few months back Mexican security forces have also captured another drug kingpin who was considered the main person involved in violence in central and southern Mexico.

Mexico's religious society challenged the decision of the mayor of Mexico City to legalize gay marriage in the city in the Supreme Court. Mexico is 90% Catholic society and belonged to Roman Catholic Church but the powers of church are curtailed after the Mexican Revolution of 1910 and in Mexican constitution there is one specific article 130 that prohibited members of the Church from participating in any political activities, interfering in any government matters, or campaigning for or against any candidate. Tensions have increased between the Catholic church and the mayor of Mexico; and the Catholic church has said to the Mexican people not to vote for the left-wing PRD.

Mexican president has started a training and recruitment plan for the federal police officers. In the training they are trained physically and morally because many of the police agents are considered the moonlight hit man of drug cartels. In this training program 3,200 Mexican federal police officers that are nearly a tenth of the force have been fired this year under new rules designed to weed out crooked cops and modernize law enforcement, 465 federal officers have been charged with breaking the law, and 1,020 others face disciplinary action after failing screening tests.

Mayors and public officials have been assassinated in northern Mexico (especially the murder and crime rate is the highest) in this, and a former presidential candidate was kidnapped in May (he's still missing). Open air gun battles and car bombings are becoming an alarmingly common occurrence. Headless corpses show up alongside highways, and just last week, a mass grave of 70 Central American migrants was uncovered-purported victims of the Zetas, one of Mexico's most vicious cartels.

Food, Environment and Energy Issue

Geostrategic Issues

State Department of US had already deployed more personnel at its southern border with Mexico, especially at California, Texas and Arizona and the surveillance is going to start in September by the unmanned aerial vehicle (UAV) and Predator B Drone planes to stop the illegal immigration. Now Mexican government is also getting these Drone pilotless planes from Israel for the surveillance of its northern border to stop illegal activities from the border.

US government is very conscious about Mexico's war against drug cartels and worried about the increasing sphere of influence of drug cartels. It is said by the US authorities that Iraq war was away from US land but Mexico is at the door step of US and its influence can increase more that will be dangerous from the US. As Ciudad Juarez that is situated at the northern border of Mexico and shares border with Texas, was recently safer than most American cities of comparable size (just over a million people); now it knows a murder rate of 2000 per year that is ten times that of Houston.

Mexico's foreign minister visited Austria and met with her Austrian counterpart. Both foreign ministers discussed the issues of climate change and the 16th climate change conference that is going to be held in Cancun, Mexico in this year. After this meeting Espinosa will visit the International Atomic Energy Agency, the Organization of Petroleum Exporting Countries and the United Nations Office on Drugs and Crime, all of which are headquartered in Vienna. She will also participate in an international conference on fighting corruption there.

Mexican foreign ministry has said that the government of Mexico and US government have started a joint plan named the two nations' joint 1.4-billion anti-organized crime plan to counter drug activities and illegal immigration. The Bilateral Oversight Office (OBS) will bring together public officials and technical staff.

Report Summary/Venezuela

Political Issue

Hugo Chavez scoffed at the rumor that he is suffering in cancer and said his squalid opponents want to kill him but he pray for their long life. He rejected he is suffering in cancer and he also said his mentor Fidel Castro is also in good health now as he met him a few days back in Havana. He said he is very optimistic about 26 September elections because his

opponents are not doing good for Venezuela. Elections campaign started in Venezuela from August 25th and will remain continue until September 23rd.

A total of 1,548 candidates (main candidates and substitutes) for 110 nominal seats; 845 candidates in party lists for 52 seats to be elected in this modality (to be chosen in the 24 Venezuelan states); and 37 candidates (main candidates and substitutes) for the three indigenous seats in dispute will participate in the electoral campaign. Further, 276 people (main candidates and substitutes) will participate in the election of 12 seats in the Latin American Parliament (Parlatino).

People from the United Socialist Party of Venezuela (PSUV) are wearing red shirts in support of them with Chavez while his opponents have slogans at their shirts that we do not want Chavez to show their anger against Chavez. Voting system will be electronic that will detect the finger prints of the voters. National Electoral Council said it will not regulate the social networking such as Twitter or Facebook so that people do not propagate about the results before the original result declares.

President Chavez has said to re examine the body of Bolivar's sister in forensic labs to judge whether they were murdered or died of a disease. The historians say Bolivar was died of tuberculoses while Chavez said he was murdered by his opponents and the enemies of him and Bolivarian Republic of Venezuela. Critics say Chavez has been just scratching the case without any reason.

Economic Issue

Social/Humanitarian Issue

A farmer in Venezuela who was at hunger strike due to the land nationalization policies of the Venezuelan government passed away due to hunger. Brito was in a military hospital and was not granted land as government sources told he was not fit mentally while opponent says Chavez is running the government at the Cuban style to depress the people of the country and where they cannot do according to their will. Critics also say Chavez, is not turning Venezuela into a Cuban-style regime but also wrecking the economy of Venezuela. One of the prisoners of Cuba died in the prison of Cuba after the hunger strike of 85 days because he protested to uplift prison conditions in the country.

Food, Environment and Energy Issue

Geostrategic Issues

President of Cuba and the political mentor of Chavez said that president Chavez of Venezuela is doing his best efforts to make good relationships with Colombia. He also said that he is very optimistic about his success in next parliamentary elections due to his services and care for the people of the country.

Venezuela's energy minister said that Venezuelan government has signed an agreement with the government of China by which china will invest USD 28 billion to increase Venezuela's electricity generation by about 2,750 megawatts in Venezuela.

Detailed Report/Argentina

DNA Helps Resolve Crimes of Argentina's Dirty War

Buenos Aires (Reuters) - Small red coffins are stacked inside a bleak office just blocks from Argentina's Congress, a chilling reminder of the thousands of people kidnapped and killed during the bloody 1976-1983 dictatorship.

Inside the boxes are the bones of recently identified victims of the so-called Dirty War, waiting to be picked up by relatives for a proper burial three decades after they were murdered by their own government.

Identifications have sped up in the last 2-1/2 years, thanks to improved DNA technology and a public campaign urging relatives of the disappeared to donate blood samples.

Forensic anthropologists have identified 120 Dirty War victims since 2007, about a third of the total identifications made in the last 27 years, enabling families to finally find closure and bring human rights abusers to justice.

French activist Yves Domergue, whose remains were identified this year, was 22 when he disappeared in 1976. His family had been looking for answers since.

"Now we can properly mourn and also begin new trials against those responsible," his brother Eric Domergue said.

Human rights groups estimate as many as 30,000 people were abducted and killed during the military dictatorship. Many were anonymously buried in local cemeteries while others were pushed from military aircraft into the sea.

"The perpetrators thought that even if we discovered the bones of the people they threw into the sea or buried in the ground, we'd never know who they were," Domergue said. "It's thanks to science that we got Yves back."

Anthropologists found Yves Domergue's body in an unmarked grave in Santa Fe province last year and matched DNA from his bones with blood samples his parents and brother provided.

Spurred by a campaign that started in 2007 and was relaunched last week, about 3,000 families have so far donated blood to a DNA database managed by the Argentine Forensic Anthropology Team, a nongovernmental

group.

"The database means the families will have the possibility of getting answers practically forever," said Luis Fondebrider, one of the team's founding members.

This week his team is sending 600 bone fragments and 900 blood samples to a private U.S. lab that helped identify victims of the 9/11 attacks on the World Trade Center, hoping their sophisticated software system will find matches.

Detective Work

DNA technology has improved significantly over the last few years, making the identification process faster and more accurate, said Ed Huffine, an executive at the Bode Technology Group, the U.S. lab that analyzes the Argentine DNA.

Ever-smaller DNA samples can be detected and extracted from degraded remains, meaning bones that could not tell a story before, now can.

But the process of identifying victims and building a case against those responsible is an arduous one that begins long before samples are sent for costly DNA analysis.

The bones can reveal the age, sex and diseases a person suffered, but about half the Argentine Forensic Anthropology Team's work is following the paper trail.

This involves trawling through cemetery, police and military records and conducting interviews with survivors, former military officials and family members.

"It's part historian, part science, part detective work," Fondebrider said.

Without an identified body, the suspected killers cannot be put on trial for murder.

Earlier this month, Fondebrider testified in the trial of two former top army officials charged with five murders based on identifications he made.

The five identified were among eight bodies found in cement-filled drums in October 1976.

For families, it is finally knowing what happened that provides the most relief. When remains are identified, relatives are invited to the anthropologists' offices in Buenos Aires for a viewing.

"Many ask, 'How do you know this is my loved one?'" Fondebrider said. "Because they are not looking at flesh and blood ... they need to know for sure."

Argentine Foreign Minister praised Armenian community for engagement in social and political life of the country

Pan Armenian.Net - The delegation of ARF Dashnaksutyun bureau in South America led by Mario Nalbandian met with Argentinean Foreign Minister Hector Timerman.

Argentina's former Minister of Justice Leon Carlos Arslanian also attended the meeting.

Welcoming the opening of Argentina's Embassy in Armenia, members of ARFD bureau expressed gratitude for assistance to Armenia and Armenian nation.

Intensifications of Armenian-Argentine diplomatic relations were discussed, with Armenian side voicing concern over the current situation in Caucasus.

Mr. Timerman, in turn, emphasized the important role of Armenian community in social and political life of the country, ARFD press service reported.

Update 1-JBS seen struggling to sell Argentine beef plants

Aug 31 (Reuters) - JBS (JBSS3.SA), the world's top beef producer, could struggle to sell three of its Argentine plants due to government policies that have depleted cattle stocks and hurt profits, a trade group said on Tuesday.

"It will take four to five years to recover the volume of cattle needed to meet domestic and export demand," said Miguel Schiariti, president of Argentina's Meat Industry and Trade Chamber (CICCRA). He said the business would remain unprofitable for several years because of government policies.

JBS, based in Sao Paulo, Brazil, told Brazilian regulators on Sunday that it may sell some of its eight Argentine slaughterhouses because of "scarce livestock and export restrictions."

Argentine President Cristina Fernandez's administration has imposed export quotas on beef and some grains to guarantee domestic supplies and tame prices.

A source based in Buenos Aires who is close to the potential sale said on Tuesday that JBS was trying to sell three plants that were "nearly paralyzed" because rising cattle prices had reduced profits.

The source said this decision was made "in desperation," although he said the company does not want to leave Argentina altogether but would rather reduce its holdings in the country until market conditions improve. The source asked not to be named because the person is not authorized to speak to the press.

Brazilian newspaper O Estado de S. Paulo, citing unnamed sources, reported on Tuesday that potential buyers would probably be discouraged by the extent of government restrictions, which have included export curbs and price caps.

Estado also reported that Argentine Domestic Commerce Secretary Guillermo Moreno had offered local industry leaders state loans to finance the purchase of JBS' units.

"Moreno wants to find someone (to buy the units). He's offering state loans," Schiariti said. "But there's nothing concrete. These are just promises."

JBS' media office declined to comment on the Estado story, and officials at Argentina's Domestic Commerce Secretariat did not immediately return calls for comment.

Argentina is traditionally a leading beef exporter, but shipments have been disrupted because of government regulations.

Increasing numbers of Argentine ranchers are turning fields over to more lucrative soybeans, pushing up beef prices and triggering state intervention to limit price increases of the nation's favorite food.

Livestock slaughter is quickly declining and Argentines are eating less beef, with annual per capita consumption falling nearly 17 percent in the first half of this year to 56.7 kilograms.

Detailed Report/Brazil

Factbox-Key political risks to watch in Brazil

Brasilia, Sept 1 (Reuters) - Ruling party candidate Dilma Rousseff looks set to win Brazil's presidential election next month and is expected to hold in place most economic policies, but she could strengthen the state's role in specific sectors. Heavy government spending, oil policies and the new balance of power in Congress after the presidential election are among the risks to watch in Brazil over the next year.

Presidential Election

Opinion polls show Rousseff likely to comfortably win the Oct. 3 election over the main opposition candidate, former Sao Paulo state governor Jose Serra of the centrist opposition PSDB Party.

Rousseff, President Luiz Inacio Lula da Silva's former chief of staff, has surged in polls in recent weeks on the back of a booming economy and Lula's enormous popularity. Unlike previous races, there is no clear market favorite because neither of the main contenders is expected to break with the mostly market-friendly policies in place for the past decade.

Still, Rousseff and Serra both favor strong government and could heighten state intervention in various parts of the economy.

Eager to win over centrist voters and avoid unsettling investors, Rousseff has emphasized market-friendly macroeconomic policies. But she would heighten the role of state enterprises in strategic industries such as oil, telecommunications, and power.

Serra, on the other hand, has suggested a bigger government role in monetary and currency policies, raising concern in financial markets.

As a result, equity investors in strategic industries could face larger risks with Rousseff, while fixed-income and currency investors could see more change with Serra.

Uncertainty over the state's role under Rousseff could undermine investor appetite for planned equity issuances, including a massive capitalization plan by Petrobras.

Serra has called for lower interest rates and said the currency was overvalued and that the central bank needed to follow the government's economic policy.

Rousseff, a former left-wing activist, has praised the central bank and pledged continuity. She has said the bank should keep focusing on controlling inflation in coming years before it could consider economic and job growth when setting

monetary policy.

There is also some doubt about how firmly the candidates would push for a second generation of structural reforms to ensure Brazil's international competitiveness if elected.

Both agree on the need to overhaul Brazil's complicated tax system to encourage investment but have provided few details.

Serra wants to reform the pension system by cutting benefits for some civil servants, while Rousseff has played down the need for far-reaching reforms any time soon.

Neither proposes nationalizing private companies but Rousseff's proposal to strengthen state firms could weaken private sector participation in banking, oil and utilities.

Rousseff has said growth of state banks would not infringe on private banks, which she said were necessary to drive economic expansion and spur competition.

Government plans to use state-owned telephone company Telebras (TELB4.SA) to expand broadband Internet access have moved its shares and could also affect share performance of private telecoms depending on their participation in deals.

Lula also wants to strengthen state-owned power company Eletrobras (ELET6.SA), though the intent may be to expand mostly abroad.

Serra is widely believed to be the tougher of the two main candidates on fiscal discipline.

Rousseff has pledged an ambitious primary budget surplus target of 3.3 percent of GDP but, wary of risking her large poll lead, has been noncommittal on unpopular budget cuts.

Government Spending

The government is maintaining a high level of spending before the election, potentially fueling inflation and forcing the incoming president to adopt austerity measures.

Public spending rose sharply in 2009, eroding the primary budget surplus to an eight-year low of 2 percent of gross domestic product. Finance Minister Guido Mantega has pledged to pursue a surplus of 3.3 percent of GDP in 2010 but in the 12 months to July it was only 2.03 percent.

Oil and Gas

Uncertainty has grown over an oil-for-shares swap linked with a massive stock offering by Petrobras (PETR4.SA)(PBR.N) scheduled for September.

The government has been at odds with Petrobras over the price of the oil it would transfer as part of the capitalization program.

For Petrobras, which needs cash and the oil to undertake an

ambitious plan to tap billions of barrels of oil in deep-sea ocean waters, a price higher than \$6 could make the venture costly and risky and send its shares lower.

Already, the government's legislative framework to tap the new-found oil riches has been held up in the Senate and won't be voted on until after the election.

The proposal aims to increase state control over some of the world's biggest recent oil finds and ensure their proceeds help bankroll state investments in areas like infrastructure, education and poverty-reduction programs.

If approved, the measures will likely reduce competition in the sector while boosting the role of state energy giant Petrobras, offering fewer but still attractive opportunities for foreign investors.

Critics say the laws threaten the efficiency of Brazil's successful oil sector by stifling investment and increasing the dangers of political interference and corruption.

Congressional Support

Rousseff's coalition is expected to win a clear majority in Congress and advance her legislative agenda. But progress will depend on how well the inexperienced Rousseff can deal with often unruly allies.

If Serra were to win the election, the Lula administration could lose its majority in Congress as "swing" legislators migrate to the president-elect's camp. This could create a hung parliament with little chance of approving major bills before Lula leaves office on January 1.

Corruption

Mud-slinging and corruption scandals tend to surface during Brazilian election campaigns and have the potential to paralyze Congress and harm the leading candidates. Lula himself came close to facing impeachment proceedings in 2005 when his party was involved in an illegal campaign-financing scandal.

Foreign Policy

If elected, Serra is likely to cool ties with some of Lula's left-wing allies in Latin America. That could affect energy investments in Bolivia and Venezuela, where Lula had prodded Petrobras to invest to foster regional integration. Serra recently accused the Bolivian government of turning a blind eye to cross-border drug trafficking. He has also criticized Venezuela for allegedly harboring Colombian rebels. Some analysts think Serra could take a harder line in trade disputes with Argentina and the South American trade block

Mercosur.

Rousseff, by contrast, has pledged to continue current foreign policy and could name the current deputy foreign minister, Antonio Patriota, as Brazil's top diplomat.

Colombian, Brazilian presidents to discuss economic ties

Visiting Colombian President Juan Manuel Santos and his Brazilian counterpart Luiz Inacio Lula da Silva will focus on economic ties when they meet here Wednesday, diplomats said Tuesday.

Topics such as South American integration and regional stability will also be discussed, according to the Colombian Embassy in Brasilia.

Santos arrived here Tuesday afternoon, heading a delegation that seeks new business opportunities in Brasilia and Sao Paulo.

The Colombian president will also meet Brazil's leading presidential candidates: Dilma Rousseff from the Workers' Party, Jose Serra from the Brazilian Social Democracy Party, and Marina Silva from the Green Party.

Analysts said the fact that Santos chose Brazil as the destination of his first overseas trip as president suggests a change in the Colombian foreign policy once criticized for being too much pro-United States.

Lula attended Santos' inauguration in Bogota on Aug. 7 and the two presidents held a meeting during which Lula expressed his willingness to conduct a dialogue with Venezuelan President Hugo Chavez, in order to end a diplomatic crisis triggered by allegations that Venezuela would shelter members of Colombian guerrillas in its territory.

Brazilian president says to dedicate himself to political reform after stepping down

Brazilian President Luiz Inacio Lula da Silva said Tuesday that he will dedicate himself to the discussion of major political matters of the country, such as the political reform, after his term ends in January.

Lula will hand over the presidency on Jan. 1 after two consecutive four-year terms.

"When I am out of the presidency, I will dedicate my body and soul, through PT (the Workers' Party) in agreement with other parties, to the effort of promoting a reform that represents modernization in our political practices," Lula said in his weekly newspaper column.

Lula said that he also intends to take the knowledge acquired in the implementation of Brazil's successful social programs to other countries in Africa and Latin America which still suffer from hunger.

It is not the first time President Lula expresses his wish to keep on working to fight poverty after leaving office. Last month, at a meeting on the National Family Agriculture Program, he stressed his intention to travel to African and Latin American countries to share Brazil's expertise in the combat against hunger.

Lula's parting gift is a controversial dam

Brasilia, Brazil, Aug. 27 (UPI) -- Brazilian President Luiz Inacio Lula da Silva signed his approval for a huge new hydroelectric dam that is set to be more controversial than China's Three Gorges Dam, which it will surpass in size and volume when completed in 2015.

Lula gave the go-ahead for the Amazonian dam in the midst of a heated election campaign for the October presidential election his Workers Party nominee Dilma Rousseff is widely tipped to win.

Lula's approval for the dam relieved the incoming president of a potentially embarrassing confrontation with vociferous environmental, Indian and religious campaigners who argue the Belo Monte hydroelectric project on the mouth of the Xingu River will devastate vast regions in the Amazonian state of Para.

The dam will also displace 50,000 indigenous inhabitants, who are poorly represented in the Brazilian political mainstream, and irreversibly play havoc with flora and fauna of the region.

Lula said the revised blueprint for the dam would be less aggressive in its impact on the environment and promised adequate compensation for the communities facing ruin.

In a bid to mollify critics, Lula aides said the construction over the next four years will create 20,000 jobs and transport the region into the 21st century. Environmentalist backers say the Amazonian communities want none of that, and would prefer to have development without the dam.

In April, "Avatar" director James Cameron and two members of the film's cast, Sigourney Weaver and Joel David Moore, took part in marches in Brasilia to support grassroots groups that oppose construction of the dam complex.

With Lula's signature firmly fixed on the deal, the die is cast, however. A consortium of 18 companies and investment and pension funds will have rights to exploit the river's hydroelectric potential for 35 years.

Whether the project includes jobs for the local inhabitants facing eviction and how the damming of the water will affect the river downstream remains unclear, but critics warn of an impending human tragedy and huge losses to the ecology of a vast area in northern Brazil.

Silva Telles of the Instituto Socioambiental non-governmental organization said the dam poses a direct threat to two tribes that subsisted on the river's resources. He said once completed the dam will dry up about 80 miles of the Xingu River, "which holds three times as many species as the whole of Europe."

About 56 environmental, social and religious organizations joined a letter campaign warning the dam will be a "death sentence" for the Xingu.

"International agreements are being violated, like Convention 169 of the World Labor Organization, the United Nations' Declaration on the Rights of Indigenous Peoples and the Convention on Biological Diversity," the letter said. The letter followed about 15 lawsuits challenging the Environment Ministry over the project.

When fully operational the plant will have the capacity to generate 11,233 megawatts of electricity.

Analysts said the current estimated cost, \$11 billion, was likely to be exceeded before the project goes on stream. It is the largest project in Lula's infrastructural development program but also the most controversial.

Critics said Brazil, currently on a winning streak with a booming economy, would likely exhaust the dam's capacity in the foreseeable future with the current level of unplanned urban growth, a huge amount of waste or inappropriate use of electricity.

Brazil already operates another gigantic dam, the Itaipu complex on the Parana River, which it shares with Paraguay. Brazil's landlocked neighbor has been trying to get more of Itaipu electricity deployed for its modernization but is hampered by inadequate transmission facilities.

Before the dam becomes a reality, however, Lula will be gone at the end of his two terms after this year's election and the task of dealing with the environmental and human-rights issues raised by the project will be left to his successor.

Critics said the Bel Monte project fulfills Lula's desire, first expressed in an interview in 2007, to reach the end of his term "in a strong position in order to influence the succession."

BRIC to Finally End Its Virtual Era

BRIC - the organization that unites Brazil, Russia, India and China - may soon change its name as it prepares to welcome another member - the South African Republic, the most developed country on the African continent. The organization has accepted the bid from South Africa's President Jacob Zuma; most likely, the answer will be positive.

Russia's Dmitry Medvedev said during Jacob Zuma's recent visit to Moscow that it could be possible to develop relations with South Africa via BRIC.

It goes without saying that other countries' intentions to join the organization seem flattering to Russia, as well as to other BRIC members. However, it brings up a logic question: what does South African Republic need from the virtual organization and what can BRIC members gain from cooperating with South Africa? The meetings of BRIC leaders occur on rare occasions. More importantly, those meetings do not decide anything.

The name of the organization was invented by Jim O'Neill, a leading economist with Goldman Sachs Group Inc., in 2001. The specialist predicted that by 2050 the volume of BRIC economies would exceed the economies of the leading countries in the West and Japan (the Group of Seven).

It is not ruled out that Jacob Zuma hopes to obtain commercial preferences through BRIC membership. As for Russia, it considers South Africa an important and perspective partner. Russian official believe that South Africa's membership in BRIC would be highly productive.

This virtual organization has been more relevant economically rather than politically: it represents cooperation between the world's dynamically developing economies. South Africa has a fast developing economy too, although it can not be compared to the economies of other BRIC members. According to Word Bank estimates, the GDP of BRIC's smallest member - India - quadruples the GDP of South Africa. There are other restrictions, which do not allow Africa's most powerful state reach the level of BRIC members. Human resources is a serious issue, for example. The population of South Africa is three times as less as that of the least populated BRIC member - Russia.

South Africa leaves BRIC members behind on other indexes, though. For example, its GDP per capital in 2009 made up \$10,300 vs. the same index for Brazil - \$10,100, China - \$6,600 and India - \$3,100. To crown it all, South Africa comes 39th on the list of the countries comfortable for business activities, according to Forbes magazine.

Experts of Russia's Supreme School of Economics believe that one additional member is not going to change anything in the structure of BRIC.

BRIC gathered for its latest session in April in Brazil. The leaders only released a number of meaningless statements and signed a memorandum of cooperation. The document stipulates joint efforts in the banking sphere regarding the issues of financial support in the field of high technologies, innovations and energy saving. The appeals from the BRIC leaders to find a new alternative to the US dollar as a reserve currency still look good only on paper.

The next summit of the organization will take place in China. It is not ruled out that South Africa will be invited for the event too. However, if a new member appears indeed, one may expect other countries to follow South Africa's example. International economists believe that Mexico and South Korea have very good chances to join the organization.

Brazil to establish catastrophe fund for rural sector

Brazilian President Luiz Inacio Lula da Silva signed Thursday a bill into law on the establishment of a catastrophe fund for the rural sector.

The government will invest 4 billion reais (2.27 billion U.S. dollars) in the catastrophe fund, which aims to ensure complementary coverage of farmers against such natural disasters as drought and flood.

The fund will cover 35 million hectares of farmland, representing 56 percent of the nation's total cultivated lands.

With the fund, the Brazilian government expects to offer insurance coverage in the areas most liable to disasters.

The fund is a partnership with private sector, and its management will be run by both government and private representatives.

Agriculture Minister Wagner Rossi said the fund would increase to 50 billion reais (28.4 billion dollars) in a decade.

Brazilian ruling party candidate widens lead in presidential race

Brazilian ruling party candidate Dilma Rousseff pulled further ahead of her rivals in the presidential race, according to a Datafolha poll released on Thursday.

Rousseff, well-polished in recent TV ads as a competent caretaker for the nation's prosperity, now has 49 percent of support against major opposition candidate Jose Serra's 29 percent and Green Party candidate Marina Silva's 9 percent, according to the survey.

Null votes amounted to 4 percent and 8 percent of poll respondents remained undecided.

In the previous poll released last week, the support rating for the top three candidates was 47 percent, 30 percent and 9 percent, respectively.

Support for Rousseff increased by 13 percent over the past month while Serra's fell 8 percent and Silva's down 1 percent.

With only valid votes counted, Rousseff would have 55 percent of voting intentions. Serra would have 33 percent, and Silva would have 10 percent. In other words, should the election be held now, Rousseff would have been elected in the first round of voting.

The latest poll also indicated Rousseff now has the lead in several regions where Serra had advantage before. In Sao Paulo state where Serra was once the governor, Rousseff has 41 percent of voting intentions, up from 34 percent last week, while Serra has 36 percent, down from 41 percent last week.

Rousseff is ahead in all five Brazilian regions: in the northeast, the difference between her and Serra reaches 39 percentage points. In the southern region, where Serra was ahead in the beginning, Rousseff now has a 7-point lead. In the northern and midwestern regions, Rousseff has a 21-point lead, and in the southeastern region she has a 12-point lead.

When asked who they believe will win regardless of who they will vote, 63 percent respondents say that would be Rousseff.

The Datafolha poll was conducted Aug. 23-24 among 10,948 voters nationwide, with an error margin of 2 percent.

Working visas for Kiwis in Brazil

Young New Zealanders can spend a year working in Brazil under a new working holiday scheme, Foreign Minister Murray McCully announced today.

The agreement will allow 300 people to work, study and travel in Brazil and the same number of Brazilians can come to New Zealand.

It comes into force on Wednesday and is open to people aged 18 to 30-years-old.

"The scheme will see a growing group of young Brazilians developing a real affinity and understanding of New Zealand, which will have a positive impact at a time when the relationship between our two countries is steadily gaining in importance at political, commercial and cultural levels," Mr McCully said.

Poll: 51% Support Rousseff in Brazil's Presidential Elections

Dilma, Rousseff, the Brazilian presidential candidate of Bulgarian origin, has 24% more backers than her major rival in the race for Brazil's Presidential Elections in October.

According to a Ibope survey, Rousseff, who is the Brazilian ruling party candidate, has 51% support vs. 27% for her major opponent Jose Serra, former Sao Paulo state governor.

In the previous Ibope poll, published on August 16, President Lula da Silva's former chief of staff was supported by 43% vs. 32% for Serra.

On Thursday, another survey, conducted by the Datafolha Institute, showed that Rousseff had a 49% approval.

At the beginning of August, she had a public support of 39% vs. 34% for her major Serra. At the beginning of the year, she was lacking 20% behind her major rival, but she managed to advance in only a few months.

The economist and leftist, whose father was a Bulgarian immigrant first in Argentina and then in Brazil, has been put forth by Brazilian President Lula da Silva as the candidate for his Brazilian Workers' Party, after she worked closely with him as the head of his cabinet.

Brazil's president signs "death sentence" for Amazonian river

Brazil's President Luiz Inácio "Lula" da Silva has signed a contract allowing the construction of the hugely controversial Belo Monte mega-dam on the Amazonian Xingu River to go ahead. Lula said, "I think this is a victory for Brazil's energy sector." Belo Monte, if built, will be the third largest dam in the world. It will devastate the local environment and threaten the lives of the thousands of indigenous people living in the area, whose land and food sources will be seriously damaged.

Experts have warned that the project has serious design flaws. It was described by Walter Coronado Antunes, former environment secretary of São Paulo state, as "the worst engineering project in the history of hydroelectric dams in Brazil, and perhaps of any engineering project in the world."

Indigenous leaders, together with human rights and environmental organizations, have traveled to Brazil's capital, Brasília, to protest against Lula's signing of the contract. They said, "The government has signed a death warrant for the Xingu river and condemned thousands of residents to expulsion."

Brazilian and international organizations have published a declaration against the Belo Monte dam, describing the signing of the contract as a "death sentence for the Xingu River," and a "scandalous affront to international human rights conventions, Brazilian law and the Brazilian constitution."

Marcos Apurinã of the Coordinating Body of Indigenous Organizations of the Brazilian Amazon (COIAB), said, "Our government is presenting itself as an example to the world. But here in Brazil, at least for indigenous peoples, it is not exemplary at all!" Indigenous leaders have warned that if the dam is constructed, a "war" could start and the Xingu could become a "river of blood."

They have organized several protests against the project. Hundreds of Indians are currently participating in a protest, alongside experts, human rights and environmental organizations, and Brazil's Public Ministry, against the Belo Monte dam, as well as the dams on the Madeira, Teles Pires and Tapajós rivers. (Survival International, Aug. 27)

Chinese defense minister leaves for visit to Latin America

Beijing - Chinese State Councilor and Defense Minister Liang Guanglie left Beijing Monday for an official good-will visit to Mexico, Colombia, and Brazil.

Liang made the visit at the invitation of Mexican Secretary of National Defense Guillermo Galvan Galvan, Colombian Defense Minister Rodrigo Rivera and Brazilian Defense Minister Nelson Jobim.

Update 2-Brazil 2011 budget foresees 5.5 pct economic growth

Brasilia, Aug 31 (Reuters) - Brazil's economic growth will probably slow by a full percentage point next year, according to government budget estimates for 2011, reflecting the impact of higher borrowing costs and a global slowdown.

Latin America's largest economy will probably expand 5.5 percent in 2010, less than the 6.5 percent growth the government estimates, the Planning Ministry said on Tuesday in its 2011 budget proposal.

Investors and analysts are expecting growth to top 7 percent this year, the fastest annual expansion in more than a decade.

Yet the projection in the budget estimates for 2011 is more optimistic than those of market analysts in a weekly central bank survey, who see Brazil's economy growing 4.5 percent in the coming year.

The government also expects to spend 52 billion reais in investments (\$29.6 billion) next year, according to the budget. Last year, the 2010 budget was reported as earmarking 46 billion reais for investment spending, excluding that for state-run companies.

The budget predicts the Selic, or the central bank overnight lending rate, will end 2011 unchanged from its current 10.75 percent, the ministry said.

The central bank announces its interest rate decision on Wednesday but is seen keeping borrowing costs on hold, ending a 200-basis point tightening cycle that began in April.

Gross domestic product data for the second quarter on Friday will give a glimpse on the extent the economy slowed in the second quarter, following extraordinary growth in the first three months of the year.

Next year's targeted primary budget surplus, a key measure of the government's ability to service its debt, is to reach 125.5 billion reais (\$71.56 bln).

Unlike previous years, the government announced a target in nominal terms and not as a percentage of gross domestic product.

If the economy grows faster than 5.5 percent, the target would fall below its equivalent of 3.2 percent of GDP, the Planning Ministry said.

But the move was no indication of easing budget discipline, he added.

"If GDP grows more, the target will be smaller. But if it grows less, it'll be bigger," he said.

Brazil's government is targeting a primary surplus of 3.3 percent of GDP this year, more than a full percentage point above the 2.03 percent for the surplus in the 12 months through July.

Detailed Report/Chile

Trapped miners suffer from depression

Copiapo: Five of the 33 Chilean miners trapped deep underground for 22 days suffer from depression and will be treated remotely by a psychiatrist, Health Minister Jaime Manalich said yesterday.

“Five of the miners are isolated, are not eating well and do not want to appear on camera” after some of their colleagues filmed a video with a micro-camera and sent it back up a narrow shaft, Manalich said.

“This is what we call depression.”

The depressed miners were due to speak with a psychiatrist yesterday, the minister added.

But Manalich also noted that the miners’ health overall had made “significant progress.

“We have successfully hydrated them. They are not suffering from thirst, their urine is normal, they no longer have diarrhea,” Manalich said.

Meanwhile, rescuers prepared yesterday to start drilling an escape shaft down to 33 trapped miners who filmed a video showing morale was high despite knowing salvation was months away.

A big hydraulic bore, an Australian-made Strata 950, would begin excavating “between Sunday and Monday,” the engineer in charge of the operation, Andre Sougarret, told reporters at the mine in northern Chile.

It was estimated it could take up to four months for the machine to complete its task, because it drills at a maximum rate of 20 meters (66 feet) per day, and its initial narrow shaft will have to be doubled in diameter to permit a man to be pulled through it.

The miners, who have already spent three weeks trapped underground since an August 5 collapse in the mine, are in a shelter 700 meters (2,300 feet) under the surface.

As the machine was being readied, video footage shot by the miners was broadcast around the world, showing them in good spirits despite conditions in the hot and dank underground shelter.

“We’ve organized everything really well down here,” one of the miners, sporting a scraggly beard and pointing to a corner reserved for medical supplies, said in excerpts of the 45-minute video first aired on Chilean television on Thursday.

Chile launches new housing project in quake zone

President Sebastian Pinera Friday launched the construction of 300,000 new homes in central south part of country which had been devastated by a megaquake in February.

Pinera initiated the project during a trip to Concepcion, one of the hardest hit cities in the 8.8 magnitude quake on Feb.27.

The project is part of the "Let's build up Chile" post-quake rebuilding plan with a total investment of 8 billion U.S. dollars.

The plan also includes public infrastructure reconstruction and the restructuring of replacement of the Emergency National office (Onemi).

"We are going to make a complete restructuring of the Onemi, creating a National Agency of Emergencies, for Chile to have an efficient early alert system," Pinera said.

He also said he will increase the royalties for the mining companies, which will bring in one extra billion dollars for the rebuilding efforts.

The government said six months after the earthquake, 83 percent of the infrastructure and services damages have been fixed.

The Planning Ministry said among the 261,000 houses damaged in the earthquake, 15 percent got definite solutions and the rest temporary ones.

Kiwi works on project to help trapped miners

A former British deputy prime minister, John Prescott, will make a formal offer to Chilean authorities to supply Chinese fibre-optic technology to make longterm links to the 33 miners trapped 700m underground in Chile, says a New Zealand mining engineer.

The Kiwi's involvement comes as engineers begin drilling a rescue shaft to the trapped miners, as loved ones sought to boost their morale for the gruelling months ahead.

The giant Strata 950 machine will bore a 33-cm pilot hole that must then be widened by a special drill bit. The drilling process is not expected to be complete until New Year or Christmas at the earliest.

Dave Feickert, from Wanganui, who is working in China to improve its accident-prone mines, said today he had met engineers from the Shandong-based Micro Sensor Photonics (MSP) company in Beijing to discuss how they might be able to help in the rescue effort.

"Chinese application of fibre-optics in underground mines is more advanced than in other major mining countries," Mr Feickert told NZPA.

"This rescue is a major test for the world mining industry and requires all skills to be mobilized".

MSP is a subsidiary of British company Intelligent Sensor Systems (ISS), headed by Dr Andrew Rickman, founder of a fibre optics company, Bookham, but based in the Shandong provincial government's academy of sciences at Jinan.

"MSP can offer a package of fiber optics-based monitoring, communication and control systems which could help the rescue team and the trapped miners deal with some of the difficulties they face," he said. These systems were already in use in underground coal mines in China.

"This is a three-country approach in fact in the sense that the company is Chinese, with a UK parent and I am a Kiwi working with them," Mr Feickert said.

Mr Prescott had good links in China at a high level and a lifetime interest in occupational safety and would put the formal offer to the Chileans.

"This technology is not expensive but the cost will come in getting the Chinese engineers on site," said Mr Feickert. "We have a major safety and health program about to begin in China in the high risk industries, starting with coal mining - nine million euros - and I hope the EU will fund this out of its emergency fund."

A hybrid cable - metal and fiber optic elements together, with low-voltage electricity - was thinner than a pencil and could also be used to provide some lighting.

And, depending on the availability of small screens that could be sent down a borehole, the lightweight cable and an audio feed could provide video for entertainment and educational purposes for the trapped men, and more men could chat to family at a time, with better privacy.

"They will need to stay active and organise each day to try to mimic their normal lives ... video/DVD and other multi-media will help here," he said.

Communication, including video links, with the rescue team and their families was very important.

Mr Feickert said the Chinese technology was good, and the first in the global mining sector to integrate all sensor and communication systems in mines, including methane and seismic monitors.

Australian mining companies had not yet succeeded with complete integration of communications down mines, and there was scope for the systems to be used on both sides of the Tasman, he said.

Chile mine owners ask for forgiveness from trapped men

Owners of the Chilean mine where 33 workers face months awaiting rescue have appealed to the trapped men for forgiveness.

Alejandro Bohn, a co-owner of the San Esteban mining company, which owns the San Jose mine, faced questioning from a government committee investigating safety failures that led to the accident.

Speaking about those presently underground, Bohn said: "The pain caused by this unwanted, unforeseen situation warrants we ask they forgive us for the anxiety they have suffered these days. It has been a terrible situation and we hope it ends very soon."

His remarks came as NASA medical advisers told the miners they should not be given any alcohol, for now, to help make their plight less uncomfortable. Cigarettes seem likely to be banned for the duration of the rescue.

The NASA team, who recently arrived in Chile and have studied videos of the men, said celebrities and even astronauts might be called in to help boost their spirits. Food, dry clothes, sleeping mats, medical supplies, projectors, videos and games have all been sent down narrow boreholes since the men were found alive 10 days ago.

The priority is to nourish the miners, who have lost an estimated 10kg (22lbs) each during the 17 days they lay undiscovered after a tunnel collapse. High-calorie, high-protein nourishment is needed, as the men will have to move thousands of tons of rock to help their own rescue before they can be lifted back to the surface.

"From the alcohol standpoint, we need to first get their nutrition up before we make any considerations there," said James Michael Duncan, Nasa's deputy chief doctor, according to Reuters news agency.

Some of the men have also asked for cigarettes, and health officials have sent them nicotine patches and gum as substitutes. "It's an environment that's pretty enclosed and we don't want to contribute to any of the problems within the atmosphere of the mine," he said at a press conference in Santiago.

There was a need to increase the miners' calorific intake, get them on a regular sleep schedule and ensure they remained optimistic. Duncan said: "These miners showed us tremendous strength in surviving as long as they did without any contact with the surface. What we want to try to avoid is any kind of situation of hopelessness on the part of the miners."

The men have moved to a drier spot 200 metres down a tunnel from their previous camp. Constant humidity has made sleeping difficult and led to severe skin infections. With signs that they are susceptible to ailments ranging from depression to extreme weight loss, the ministry of health has established a strict daily routine.

"We provide medication, we do tests – measure their blood pressure, temperature and waistline every day," said the health minister, Jaime Mañalich. "We vaccinated them, and established an adequate daily supply of water and food so they can begin to recover."

In what he called an end to a period of "stabilisation", Mañalich announced the priority was now to keep the men under constant medical supervision during their estimated three-month wait for rescue.

The machine used for drilling the escape tunnel is expected to advance six metres a day. The Chilean president, Sebastian Piñera, has named the rescue mission Operation San Lorenzo, in honour of the patron saint of miners.

Detailed Report/Colombia

U.S.-Colombia base pact on the rocks

Cartagena, Colombia - In the hemispheric fight against drugs and terrorism, the best thing Barack Obama and Colombia's newly inaugurated president, Juan Manuel Santos, can do next is back out of a year-old military agreement between their two countries.

This might raise some knee-jerk hawkish reactions. But killing the agreement would help Colombia win sorely needed cooperation from its neighbors, especially Venezuela's president, Hugo Chávez. Leftist FARC guerrillas use Venezuela as a haven and, with other Colombian criminals, run drugs and arms through there, Ecuador and Brazil.

The military pact, which governs U.S. use of seven Colombian bases, is seen by Chávez -- whether rationally or not -- as a threat. He almost went to war over it last year, and it also has cost Colombia support in the rest of the region. All this damages our interests against drugs and terrorism.

Happily, we have an unexpected chance at a do-over. Colombia's Constitutional Court suspended the pact last week, ruling it a treaty that must be approved by the Colombian Congress, and Bogota and Washington have started actively considering ending the agreement.

Santos has three options: seeking congressional ratification, renegotiating a pared-down pact with the United States or letting the whole thing die. People close to him say he is leaning toward the latter, and should do so. Preexisting agreements, some dating to 1939, were doing the job just fine.

Chastened by the reaction in Latin America over the past year, the U.S. State and Defense departments are not resisting burying the pact, and may even welcome doing so.

As one State Department official told me: "We're confident that in the intermediate period, or if there is no agreement for whatever reason, our older, existing agreements will permit us to continue our robust and effective cooperation with the Santos administration on counterterrorism and counternarcotics."

Chávez, meanwhile, is being unusually diplomatic, too. In the past two weeks, he has come to Colombia to meet with Santos, reestablished diplomatic relations, set up five joint commissions with Colombia that quickly started meeting to improve economic and security relations, and declined to crow about the court ruling, calling it an "internal" Colombian matter.

Most important, he promised: "I don't tolerate and will not tolerate the presence of the guerrillas in Venezuelan territory."

The new Santos government has few illusions about how trustworthy Chávez might be. Santos, as defense minister under his predecessor, Álvaro Uribe, frequently butted heads publicly with the Venezuelan leader. The new Colombian foreign minister, Maria Angela Holguin, was an ambassador to Caracas.

But Santos, unlike the more ideologically conservative Uribe, is a pragmatist. Santos and Chávez privately agreed in their meeting to disagree on ideology. The new administration doesn't expect Chávez to prosecute the guerrillas but will be grateful if he stops actively supporting them.

The new military agreement was one of the more ham-handed misfires of United States policy in Latin America.

Colombia receives the most U.S. military aid and troop training outside Iraq, Afghanistan and the Middle East. Under "Plan Colombia," the country has received \$7 billion in military aid since 1999, according to the State Department. The U.S. Congress set a cap of 800 soldiers and 600 civilian contractors at any one time in the country. Recently, the number has been running around 250 and 130 respectively as Plan Colombia winds down, a State Department official said.

The agreement was the brainchild of Pentagon bureaucrats and Uribe, who saw a chance to lock in the United States against the guerrillas and Chávez. At Colombian insistence, it was negotiated in secret, a major blunder that fueled mistrust.

In the United States and Latin America -- from right to left and by the mainstream media -- the agreement is still presented as either creating "U.S. bases" in Colombia or giving the United States "access" to bases, as if it were something sought primarily for U.S. aims.

Chávez called the bases "seven daggers" aimed at Venezuela, and won wide South American sympathy. As Brazil's foreign minister, Celso Amorim, said, "Just because someone is paranoid doesn't mean that they aren't being followed."

Colombia, Ecuador FMs discuss normalization of ties

Colombian Foreign Minister Maria Angela Holguin and her Ecuadorian counterpart Ricardo Patino began on Thursday a meeting aimed to restore the diplomatic ties between the two countries, which were severed in March 2008.

The meeting began at 9:50 a.m. local time (1450 GMT), and was held in surrounding areas of Rumichaca Bridge, a border point where the customs controls between the two countries are located.

Among the topics to be discussed by both ministers are security in the border and the infrastructure's development of communications and energy.

Colombia's ambassador to Quito, Ricardo Montenegro, said to local media that the agenda will pick up the results of the work tables between the two countries, which started on Wednesday.

Montenegro added that "the issue of displaced people is not on the agenda. Only the positive agenda will be treated. They also will not talk about the request made by the Revolutionary Armed Forces of Colombia (FARC) to speak in the Union of South American Nations (UNASUR)."

Montenegro said that the issue of the infrastructure development of the creation of hydroelectric plants in surrounding areas of Chiles Volcano, which has already been checked by the managers of the energetic portfolios of both countries, is part of the agenda.

Montenegro also said that there will be a great impulse to cultural agreements and that the Colombian Culture Minister Mariana Garces will offer to turn Custom houses in the zone into houses of bi-national culture.

Tensions between Colombian former President Alvaro Uribe and Ecuadorian President Rafael Correa led to the break off of the diplomatic ties between the two countries, which only until 2009 were recovered at a business level.

On Aug. 7, after new Colombian President Juan Manuel Santos took charge, Ecuadorian President Correa had a meeting with him in which many of the relations' impasses were discussed and the normalization of diplomatic ties were back on track.

Ecopetrol and PDVSA talk Orinoco

Ecopetrol, Colombia's state-controlled oil company may study whether to explore and produce crude with PDVSA, Colombia's energy minister said today.

A bilateral energy committee formed by the two South American countries may encourage an agreement between the companies to explore in Venezuela's Orinoco belt, Bogota-based La Republica reported today, citing an interview with the Colombian energy and mines minister Carlos Rodado.

Venezuelan oil minister Rafael Ramirez, who also is president of the Venezuelan state-oil company known as PDVSA, will visit Colombia next month in an effort to discuss a possible accord, the newspaper said, citing Colombian foreign minister Maria Angela Holguin.

"The news that Ecopetrol is in negotiations with PDVSA to explore for oil in the Orinoco belt is what is making shares rise today," Natalia Agudelo, a Medellin-based analyst at Celfin Capital told Bloomberg today in a telephone interview.

"This would help Ecopetrol reach its production goals, but we have to see how the negotiations with Venezuela go."

An Ecopetrol spokesman in Bogota declined to comment in an e-mail.

Alfredo Carquez, a PDVSA spokesman in Caracas, said he could not comment.

The Secretary General of the OAS paid a visit to Bogotá

Insulza highlights Chávez's call to the FARC to end conflict in Colombia. OAS Secretary-General said that the proposal made by the rebel FARC to the presidents of the Union of South American Nations (UNASUR) in order to voice their stance regarding a peace process in Colombia is unlikely to succeed.

Secretary General of the Organization of American States (OAS) José Miguel Insulza highlighted Venezuelan President Hugo Chávez's move to suggest Colombian guerrilla groups to abandon armed struggle and begin a peace process.

"What President Chávez has done recently, -a formal request to the FARC to lay down their weapons- is very important," Insulza told Colombian newspaper El Tiempo, as reported by DPA.

Insulza, who on Wednesday ended a two-day visit to Bogotá, said that Colombia needs a peace process to put an end to nearly five decades of internal armed conflict.

Further, Insulza said that the proposal made by the rebel FARC to the presidents of the Union of South American Nations (UNASUR) in order to voice their stance regarding a peace process in Colombia is unlikely to succeed.

Ex national security adviser reports Venezuelan arms shipment to the FARC

Retired Venezuelan Navy Rear Admiral Carlos Molina Tamayo said that former Minister of Interior Ramón Rodríguez Chacín asked him to hand over rifles to the guerrilla rebels when he was in charge of the military arsenal.

Former Rear Admiral Carlos Molina Tamayo, who used to be a National Security Adviser during Hugo Chávez's administration, witnessed some of the first attempts of the Venezuelan government to illegally supply weapons to members of the Revolutionary Armed Forces of Colombia (FARC), according to an interview published on Monday by The New Herald.

Molina, in exile in Europe after taking part in the failed coup d'état in 2002, said that retired Navy Captain Ramón Rodríguez Chacín, an aide of President Chávez, asked him to hand over rifles to the guerrilla rebels when Molina Tamayo was in charge of the Armed Forces arsenal, Efe reported.

Colombia sees more tax revenue via economic growth

The Colombian government forecasts strong growth this year. But in the first seven months of 2010, tax revenue rose only 0.03 per cent to \$22 billion, compared with the same period a year earlier.

Colombia, thanks to stronger domestic demand, is recovering from the global economic crisis. But demand from its major trading partners, the United States and Europe, remains sluggish, and a diplomatic dispute restricts trade with neighboring Venezuela.

The previous government said it expected next year to dismantle the economic stimulus that allowed Colombia to weather the global crisis with growth of 0.8 per cent. It was one of the few countries in the region to register growth.

At the same time, Colombia urgently needs to overhaul a bankrupt health system, and some experts see a need to reform a distorted tax system. They also say the country should address restrictive laws requiring transfer of central government funds to local and regional authorities.

Colombian President Juan Manuel Santos could find himself in a fiscal straitjacket after vowing not to raise taxes to preserve growth, while simultaneously risking a deeper public deficit by boosting spending.

Santos, a British and US-trained economist who came to office this month, promised to leave taxes untouched because his government estimates economic growth of more than 6 per cent will cover state spending.

But experts debate whether Santos has slammed the door on a vital option to finance government programs that stimulate development, especially as the Andean country plans reforms in health, infrastructure, education and justice.

“In any presidential campaign there are phrases that end up with unforeseen consequences,” local analyst Mauricio Reina wrote in a newspaper column. “In the case of Santos, the tax promise has become a straitjacket in one of the key challenges of the government: public financing.”

“I think the government has got itself into problems by promising not to raise taxes,” said Camilo Perez, director of economic investigations at Banco de Bogota. “Most of the measures announced by the government are orientated toward more spending and less taxes.”

Locomotives of growth

The government says its program will stimulate growth and generate more than 2 million jobs. Santos is pushing a “fiscal rule” to oblige the state to save money and cut debt during boom times and build reserves to weather economic slowdowns. A few days after taking office, Finance Minister Juan Carlos Echeverry announced he would adjust the 2011 budget to redirect \$1 billion to stimulate the “locomotives” of growth - housing, infrastructure, education and agriculture.

Those finances will be obtained through domestic debt swaps, which will reduce the state’s obligations and free up more resources.

Colombian, Brazilian presidents to discuss economic ties

Visiting Colombian President Juan Manuel Santos and his Brazilian counterpart Luiz Inacio Lula da Silva will focus on economic ties when they meet here Wednesday, diplomats said Tuesday.

Topics such as South American integration and regional stability will also be discussed, according to the Colombian Embassy in Brasilia.

Santos arrived here Tuesday afternoon, heading a delegation that seeks new business opportunities in Brasilia and Sao Paulo.

The Colombian president will also meet Brazil's leading presidential candidates: Dilma Rousseff from the Workers' Party, Jose Serra from the Brazilian Social Democracy Party, and Marina Silva from the Green Party.

Analysts said the fact that Santos chose Brazil as the destination of his first overseas trip as president suggests a change in the Colombian foreign policy once criticized for being too much pro-United States.

Lula attended Santos' inauguration in Bogota on Aug. 7 and the two presidents held a meeting during which Lula expressed his willingness to conduct a dialogue with Venezuelan President Hugo Chavez, in order to end a diplomatic crisis triggered by allegations that Venezuela would shelter members of Colombian guerrillas in its territory.

Embraer Surges Most in Two Weeks on Potential Colombia Aircraft Contract

Empresa Brasileira de Aeronautica SA, the world's fourth-largest plane maker, surged the most in two weeks after Brazil's Defense Minister Nelson Jobim said Colombia may buy cargo planes.

Embraer, as the company is known, jumped 3.5 percent to 11.18 reais at 11:10 a.m. New York time. Earlier it rose 4.4 percent, the biggest gain since Aug. 18. The Bovespa stock index rose 2.5 percent.

Colombia and Brazil will sign a memorandum of understanding today, Jobim said in an interview in Brasilia.

"News of new possible contracts is always positive for the company," said Juliana Vasconcelos Noe, an analyst at Agora Corretora in Rio de Janeiro. Contracts with defense ministries "is a new model the company is developing and there has been increasing interest in Latin America."

Embraer said on Aug. 24 that it is in talks to sell six KC-390 military cargo aircraft to Chile's air force. The Sao Jose dos Campos, Brazil-based company said that the defense ministries of Brazil and Chile signed an accord through which the Brazilian company and Chile's Empresa Nacional de Aeronautica will develop the aircraft in partnership.

Empresa Nacional de Aeronautica SA, Chile's state-owned aeronautics company, may build parts for Empresa Brasileira de Aeronautica SA's KC-390 military transport planes as part of an agreement signed last week by the governments of Chile and Brazil, El Mercurio reported.

The contract, which needs to be ratified, would be worth \$600 million over 10 years, the Santiago-based newspaper reported, citing Enaer executive director Pedro Bascunan. Enaer signed two weeks ago a separate \$100 million contract to build frames for Embraer's Phenom and Legacy jets, El Mercurio said.

Detailed Report/Mexico

U.S. diplomats told to send their children out of Monterrey

(CNN) -- The State Department told U.S. government employees in Monterrey, Mexico, on Friday to send their children elsewhere because of heightened security risks related to drug violence.

The order is the first of its kind in any Mexican city, said Brian Quigley, a spokesman for the U.S. Consulate General in Monterrey, adding it reflects an increasingly violent and insecure reality. Monterrey is located in northern Mexico.

The travel warning was issued after an August 20 shooting in front of the American Foundation School in Monterrey, said the State Department. The high incidence of area kidnappings was also cited as a motive behind the move.

"U.S. government personnel from the Consulate General in Monterrey have been advised that the immediate, practical and reliable way to reduce the security risks for children of U.S.

government personnel is to remove them from the city," the State Department said in a statement.

The new rule will take effect on September 10 and affect roughly 25 families, Quigley said.

In a separate message, also issued on Friday, the U.S. consulate in Monterrey said adequate safeguards simply do not exist to protect the children of U.S. employees.

"Local police and private patrols do not have the capacity to deter criminal elements from areas around the schools attended by the children of U.S. personnel assigned to the consulate," read the statement from Monterrey.

The authorized departure of family members of U.S. government personnel from consulates in the Mexican cities of Tijuana, Nogales, Ciudad Juarez, Nuevo Laredo, Monterrey and Matamoros remains in place, the State Department said.

The United States has a travel warning issued for Mexico because of drug-related violence, particularly in the northern border areas.

UN human rights chief calls for urgent measures in wake of latest Mexico killings

Geneva, Aug 27 (KUNA) -- The UN High Commissioner for Human Rights Navi Pillay strongly condemned on Friday the killing of 72 migrants in the North of Mexico. "I am deeply shocked about these killings, which highlight the critical situation of migrants in the country," she said in press release launched today. "I recognize the Government of Mexico has made strong efforts to curb the growing climate of violence," Pillay said. "Nevertheless, due to the dire circumstances I call on the authorities to undertake all necessary steps to protect the life and integrity of migrants, in particular women and children, in line with Mexico's international obligations." She added.

The High Commissioner also called on the authorities "to conduct as a matter of urgency a thorough, transparent and independent investigation into these killings, and to preserve the dignity of the victims by ensuring their identification and return to their families." She also urged them to prosecute and punish those responsible and adopt preventive measures. "Ensuring that there is no impunity is crucial to avoid a repetition of such a heinous crime," she said. According to government reports, on 24 August the Mexican Navy discovered a site which contained 72 corpses, including 14 women, who had apparently been executed by members of organized crime. The victims were reported to be undocumented migrants from Central and South America.

Last year, the UN Special Reporter on the human rights of migrants indicated that an estimated 400,000 migrants transit through Mexico each year, most of them victims of trafficking by transnational gang networks also involved in smuggling and drugs. Many never reach their destination. In a recent public hearing the Inter-American Commission on Human Rights was informed that the number of kidnappings of migrants in transit through Mexico has neared 18,000 during 2009, mostly for extortion purposes. The majority of them are women, girls and boys".

Violence targets police, media in Mexico massacre

Reynosa, Mexico – A car explodes outside a police station, another outside a television station. A gang is suspected of massacring 72 migrants. A prosecutor investigating those deaths suddenly disappears. Mexico's drug cartels seem to be adopting the tactics of war zones half a world away.

The violence appears to have contributed to fewer migrants crossing the border into the U.S., officials say, as they have to traverse some of Mexico's most dangerous territory to get to Texas. Mexican officials, meanwhile, warned that there likely will be more in the coming months.

"Violence will persist and even intensify," President Felipe Calderon said at a forum on security where he vowed he would not back down.

If authorities confirm the explosions were car bombs, it would mean a total of four such explosives have been used this year in Mexico — a new and frightening tactic that officials say the cartels are using in the escalating drug war.

No drug gangs claimed responsibility for Friday's violence in the northern state of Tamaulipas.

A survivor of the massacre, however, said the killers identified themselves as Zetas, a group of former Mexican army special forces who are now a lethal drug gang that has taken to extorting migrants.

Kidnappings and attacks on government security patrols are rampant in the highways surrounding San Fernando, where the bodies of the 72 Central and South American migrants were discovered on a ranch Tuesday, bound, blindfolded and slumped against a wall.

Last month, the bodies of 15 people were dumped in the middle of the highway from San Fernando to Matamoros, a city across the border from Brownsville, Texas.

The violence extends from Matamoros along the Texas border to Ciudad Juarez, across from El Paso, Texas.

The two car explosions happened less than 45 minutes apart in Ciudad Victoria, the Tamaulipas state capital, the Attorney General's Office said. The first exploded in front of the offices of the Televisa network and the second in front of transit-police offices.

There were no injuries, though both caused some damage to buildings and knocked out the signal of the Televisa network for several hours.

The network described the explosion as a car bomb, but the state attorney general's office said the cause of the explosions have not been determined.

Drug gangs have terrorized news organizations in northern Mexico, and journalists have been killed and newspaper offices attacked to quiet coverage.

In Tamaulipas, many newspapers and television stations have simply stopped reporting on the violence. The day after the massacre was discovered, local newspapers carried headlines about the new school year. Even the national Mexican has covered the story without bylines, as did the Brownsville Herald in Texas.

Investigators have identified 31 of the migrants, whose were taken to Reynosa, a city across the border from McAllen, Texas. Those identified include 14 Hondurans, 12 Salvadorans, four Guatemalans and one Brazilian.

Meanwhile, the bodies of 14 people were found dumped in various locations around the Pacific Coast resort of Acapulco, while the U.S. State Department issued a new warning for Americans living or traveling in Mexico, particularly in border cities.

The State Department told U.S. diplomats in the northern industrial city of Monterrey to remove their children from the area after a deadly shootout last week in front of the American Foundation School, where many American students are enrolled.

The Mexican government, however, continued to stress in the security forum that the violence is limited to certain parts of the country.

Government security spokesman Alejandro Poire broke the wave of violence down to seven conflicts, and said 80 percent of more than 28,000 drug-related killings since late 2006 are confined to just 162 of nearly 2,500 Mexican cities.

Mexico's "increasing insecurity" has contributed to a sharp drop in immigration over the past year, Immigration Commissioner Cecilia Romero said during a conference call with reporters in Mexico City. But she stressed that the U.S. economic slump and tighter border security has been mostly to blame.

Still, the Gulf Coast corridor where the migrants were intercepted is a popular route for people leaving desperate situations in their home countries.

The massacre's lone survivor, 18-year-old Luis Freddy Lala Pomavilla, came from a family in a poor, remote Ecuadorean village and left for the United States to try to support his pregnant, 17-year-old wife, according to reports in the Ecuadorean press. Their first child died at six months, according to El Comercio newspaper.

Lala, who is recovering from a gunshot wound to the neck and is under heavy security protection, told investigators that the migrants were intercepted on a highway by five cars, according to his statement that The Associated Press had access to Friday.

More than 10 gunmen jumped out and identified themselves as Zetas, Lala said. They tied up the migrants and took them to the ranch. There, the Zetas demanded that the migrants work for them. Only one accepted. The rest were blindfolded and ordered to lie down on the ground next to a wall. The gunmen then opened fire.

The fate of the migrant who agreed to work for the Zetas was unclear.

The father of one of the Guatemalan victims said he had received calls in the days before the massacre from "people with Mexican accents" demanding \$2,000 to free his relative, said Andrea Furlan, spokeswoman for Guatemala's foreign ministry.

Lala has been offered a humanitarian visa that would allow him to stay in Mexico, Romero said.

The prosecutor, Roberto Jaime Suarez, disappeared Wednesday in San Fernando, where the bodies of the migrants were found, the state attorney general's office. A transit police officer in the town is also missing.

Calderon said Suarez was involved in the initial investigation of the massacre. The federal Attorney General's Office has since taken the lead in the case.

Mexican immigration agents have rescued 2,750 migrants this year, some stranded in deserts and others who were being held captive by organized crime gangs, Romero added. In Tamaulipas, alone, agents rescued 812 migrants kidnapped by drug gangs, she said. Many of those migrants told authorities the cartels tried force them into drug trafficking.

"We perhaps saved them from being massacred like the 72 that we lost this time," Romero said.

Mexico cracks down on money laundering

Mexican President Felipe Calderon has introduced fresh measures to crack down on money laundering by organized crime syndicates, including a sharp limit on cash transactions.

"We are going to close the path to the money coming from kidnapping, extortion, drug trafficking or any other crime," Calderon said at a public event in which he signed the proposals and sent them to Congress for approval.

The crackdown includes limiting cash transactions to some 7,600 dollars at a time in the purchase of vehicles and jewelry, among other things. The big-ticket items can be bought with a check or a credit card.

The government will also tighten control over real estate companies, companies that issue credit cards, companies in the security business, jewelers, attorneys and accountants, among others.

Mexico will also increase collaboration with foreign police specializing in financial crimes, Calderon said.

Mexican officials estimate that the country obtains some 10 billion dollars in drug proceeds each year.

In mid June the government limited bank cash transactions to 4,000 dollars a month per person, and 7,000 dollars a month per company.

Calderon has made cracking down on illegal drug cartels a priority of his administration.

More than 28,000 people have been killed in drug-related violence since December 2006, when Calderon launched a nationwide crackdown against narcotraffickers.

Mexico's largest airline to shut down on Saturday

Mexico's debt-laden airline Compania Mexicana de Aviacion will cease all operations on Saturday, senior government officials announced Friday.

The largest Mexican air carrier will fly its last plane at midnight Friday, before it grounds its entire fleet by Saturday noon, said Communications and Transportation Minister Juan Molinar Horcasitas at a joint press conference with Labour Minister Javier Lozano.

No sanctions are foreseen against Mexicana, which filed for bankruptcy protection in early August, and its staff's employment contracts remain valid, the two ministers said.

The announcement came after Tenedora K, a private equity firm that has acquired 95 percent of Mexicana's shares, voiced its intention to seek additional investors.

With its debts estimated at over 1 billion U.S. dollars, Mexicana stopped selling tickets three weeks ago, but has kept flying for passengers who had bought tickets in advance.

The closure of the airline also led to the shutdown of its small subsidiary Click and Link, which had been making profits by offering low cost flight services.

Mexico massacre investigator is missing

Mexico City, Aug. 27 (UPI) -- A government prosecutor investigating the massacre of 72 people in northern Mexico is missing, authorities said Friday.

The prosecutor, Roberto Suarez, has been missing since Wednesday, the day after Mexican marines found the bodies of the massacre victims on a ranch near San Fernando in the violence-plagued state of Tamaulipas. A San Fernando police officer was reported missing as well.

Mexican President Felipe Calderon said Friday during a speech on drug violence the body of one of the two had been found -- but after someone handed him a note he clarified his remark, saying the investigator was missing and there was no information on whether he was dead, CNN reported.

There had been reports in Mexican media Friday morning that two bodies -- including that of the prosecutor -- had been found, CNN said.

As of Friday, authorities said they have identified 31 of the 72 massacre victims. They said 14 of those who have been identified came from Honduras, 12 from El Salvador, four from Guatemala and one from Brazil.

Also Friday, two car explosions were reported in Tamaulipas -- one at a TV station in Ciudad Victoria, the capital, and the other outside a police station in San Fernando, the Los Angeles Times reported.

It was not immediately clear whether the cars had been rigged with bombs, the newspaper said.

Mexico to up security in border city after blasts

Nuevo Laredo, Mexico -- Mexico's government on Sunday promised to increase security after a series of explosive devices were detonated in the border city of Reynosa, and officials said they would step up efforts to identify more of the 72 migrants massacred last week in the same state.

The Interior Department said it "energetically condemned" the explosions in Reynosa, located in Tamaulipas state across the border from McAllen, Texas, but did not confirm local media reports that the explosions were caused by three hand grenades and that they had wounded roughly a dozen people.

The department confirmed there were victims, and offered to help them.

The Reynosa city government said on its Twitter site that "an explosive device" detonated downtown near the La Quebradita bar on Saturday, and advised residents to stay out of the area. Cross-border traffic was not affected.

Local media reported that nine of the 12 victims were wounded seriously, though the city could not confirm the reports. The area has been the scene of bloody turf battles between the Gulf cartel and the Zetas, the gang that a survivor named in the migrant slaughter discovered last Tuesday in San Fernando, a town near Reynosa.

The Central and Southern Americans were killed after they refused to work for the gang, according to Mexican officials. Drug gangs have branched out into human trafficking for extortion and to recruit members.

Thirty-five had been identified by Sunday: 16 Hondurans, 13 Salvadorans, five Guatemalans and a Brazilian. Documents belonging to another Brazilian man were found at the scene of the killings, but his body has not been identified. The lone survivor, an Ecuadorean, escaped and reported the slaughter to the Mexican military.

Diplomats from the victims' home countries have traveled to Tamaulipas to get firsthand reports on the identification efforts. Most of those identified so far carried documents. But bodies found without documents present a much bigger challenge.

Guatemala offered to send a plane to pick up five victims identified so far from that country. Families of three said they received telephone calls earlier in the month demanding \$2,000 for their relatives' release. Guatemala's foreign ministry said it was still trying to contact families of the other two dead.

Migrants hopping freight trains through Mexico to get to the United States are often subjected to kidnappings, beatings and extortion along the way.

A group of them protested Saturday in the railroad town of Arriaga in southern Chiapas state, where many Central and South American migrants cross the border from Guatemala.

The Rev. Hayman Vazquez, a Roman Catholic priest who runs the Casa del Migrante shelter in Arriaga, said about 120 people marched along the railroad tracks to the city hall with banners reading "Please respect us," and "The kidnapping of migrants in Mexico is a humanitarian tragedy."

Vazquez said undocumented migrants continued to arrive at the shelter this week. Even when told of the massacre, most said they would still try to reach the U.S. because there are no opportunities in their home countries, he said.

Salvadoran President Mauricio Funes said Saturday he wanted to meet with Mexican President Felipe Calderon to coordinate efforts to combat drug violence. More than 28,000 Mexicans have been killed in drug-related violence since Calderon launched an offensive against the cartels in late 2006.

"This war is not going to be won using the tools and methods traditionally used to fight crime," Funes said. "The challenge posed by the criminals requires other responses, other weapons, and intelligence."

The Mexican army announced Saturday that it had captured Zeta lieutenant Juan Zapata Gallegos, who allegedly oversaw the gang's operations in the northern city of Monterrey, during a raid in that city Friday.

The army said the suspect had confessed to participating in an attack in March that resulted in the deaths of two Monterrey Tech University students.

Mexico's Defense Department has said the students were caught in crossfire between soldiers and gunmen. The army quoted Zapata Gallegos as saying Zetas were trying to free a drug suspect detained earlier with cocaine.

And in the western state of Michoacan, federal police said Sunday they had detained the La Familia cartel lieutenant who allegedly oversaw the gang's operations in the state capital of Morelia.

Suspect Jose Luis Garcia Vazquez and five other alleged gang members were arrested a week ago; police did not say why they had delayed announcing the arrests.

Police said Garcia Vazquez had admitted to participating in two ambush-style attacks that killed a total of 16 federal officers.

In Jalisco state, authorities in a rural town near the resort of Puerto Vallarta reported that the bodies of four men were found with execution-style gunshot wounds to the head.

Mayor in violent Mexican border state killed

Nuevo Laredo, Mexico -- Gunmen killed the mayor of a town in the drug-plagued Mexican border state of Tamaulipas on Sunday in a region where suspected cartel hitmen recently massacred 72 migrants, the government said.

Hidalgo Mayor Marco Antonio Leal Garcia was the second mayor to be assassinated in the past two weeks in the area, which has become a battleground between the Gulf and Zetas cartels.

President Felipe Calderon condemned the attack on Leal Garcia, which left the mayor's daughter wounded.

"This cowardly crime, and the reprehensible violent acts that occurred recently in this state, strengthen the commitment of the Mexican government to continue fighting the criminal gangs that seek to intimidate the families of Tamaulipas," Calderon's office said in a statement.

Leal Garcia's rural town, Hidalgo, has about 25,000 inhabitants. It lies southwest of a part of Tamaulipas where a massacre survivor said Zetas gunmen killed 72 Central and South American migrants last week.

Hidalgo is also near the border with Nuevo Leon state, where the mayor of another town, Santiago, was found murdered on Aug. 18. Local police allied with a drug gang are suspected in that killing.

There were no immediate details on a possible motive in Leal Garcia's slaying, but Calderon's reference to "criminal gangs" and the nature of the slaying suggest drug cartel involvement. Local media reported Leal Garcia was killed as he left his ranch.

Tamaulipas state security officials did not answer phone calls seeking comment.

Some cartels have been known to carry out targeted shootings that kill the intended victim, but not children riding in the same vehicle. Leal Garcia's daughter was reportedly shot in the leg.

Tamaulipas has seen at least two other killings of political figures this year. Rodolfo Torre, the front-running candidate for the state's governorship, was gunned down on a highway June 28, and in May, gunmen killed a candidate for mayor of the town of Valle Hermoso.

Calderon's administration promised to increase security in the area after a series of explosive devices were detonated in the Tamaulipas capital: Reynosa, across the border from McAllen, Texas.

The Interior Department said it "energetically condemned" the explosions in Reynosa, but did not confirm local media reports that the explosions were caused by three hand grenades and that they had wounded roughly a dozen people. The department confirmed there were some victims, and offered to help them.

The Reynosa city government said on its Twitter site that "an explosive device" detonated downtown near the La Quebradita bar on Saturday, and advised residents to stay out of the area. Cross-border traffic was not affected.

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Mexico's Catholic Church fans flames of gay rights row

Politics, religion and the law can be a potent mixture, but throw in the issue of gay rights and the mixture can become explosive. That is what has happened in Mexico where a row between Catholic Church leaders and Mexico City's mayor over gay rights legislation has also embroiled the Supreme Court.

"Would any of you want to be adopted by a couple of lesbians or queers," said Cardinal Juan Sandoval Iniguez, the Archbishop of Guadalajara, at a recent news conference.

He was reacting to a ruling by the Supreme Court that legislation passed in Mexico City granting equal rights to same-sex couples, including the right to adopt, was constitutional.

Cardinal Sandoval Iniguez's next comments then proceeded to fan the flames of the dispute further.

He alleged that Mexico City Mayor Marcelo Ebrard had bribed the Supreme Court judges to hand down a ruling that supported gay rights.

Tension

Mr Ebrard responded by strenuously denying the allegations and sued Cardinal Sandoval Iniguez for defamation.

A Church spokesman urged Mexican voters to punish the mayor's left-wing PRD party at the next election.

The Supreme Court judges issued a unanimous and unprecedented condemnation of the Archbishop's allegations.

The dispute, which has since taken further twists and turns and drawn in other players, has been closely followed by the Mexican media.

At its heart is the longstanding tension in Mexico between the Roman Catholic Church and the secular state.

The Church's powers, which reached back to colonial times, were curtailed in the mid-19th Century, restrictions that were maintained by a constitution implemented as a result of the 1910 Mexican Revolution.

Secular state

One specific article in the constitution, article 130, prohibited members of the Church from participating in any political activities, interfering in any government matters, or campaigning for or against any candidate.

This is a media war which is being pushed by a government that has deeply damaged the city”

Father Hugo Valdemar

"That article meant not only the separation of Church and state but the subordination of the Church to the state," says Francisco Ibarra Palafox, constitutional expert from Mexico's National Autonomous University (UNAM).

It meant, in effect, that Mexico became one of the most secular states in Latin America.

In 1992, article 130 was modified but the core idea remained that the Church should refrain from political involvement.

But now, amid the gay rights debate, the Church has seemed ready to breach that restriction.

'Media war'

"If we see that something is unfair or contrary to national law, even if the constitution says we can't, we think we have to speak out," Father Hugo Valdemar, spokesperson for the Mexico City Archdiocese told the BBC.

Father Valdemar himself is included in the lawsuit launched by Mr Ebrard.

"No-one is above the law, be it a Cardinal, Archbishop or whatever," Mr Ebrard said.

Father Valdemar appears unwilling to back down.

"This is a media war which is being pushed by a government that has deeply damaged the city," he told the BBC.

He argues article 130 should be reformed yet again, saying that it renders Church leaders "second class citizens" whose freedom of expression is curtailed.

Widening gulf

However some observers say the gay rights row shows how out of step the Church is with significant parts of Mexican society.

"This comes out of the desperation of the Catholic Church hierarchy, who haven't been able to mobilize the population against these reforms," says Roberto Blancarte, a professor of church-state relations at the Colegio de Mexico.

An estimated 90% of Mexicans consider themselves Catholic, but, according to Professor Blancarte, "polls show that, in terms of sexual and reproductive rights, what the hierarchy says is not what Catholics think".

For Professor Blancarte, the row reflects the widening gulf between the Church hierarchy and its flock.

"This is not a crisis of the relationship between the Church and state but a crisis of the Church itself," says Professor Blancarte.

With lawsuits flying around, the dispute is unlikely to disappear.

Father Valdemar says that members of the Church, including himself and Cardinal Sandoval Iniguez, are ready to stand in court to defend their statements.

Predators expand US-Mexico border patrol territory

The US Department of Homeland Security will have the entire US-Mexico border under unmanned aerial vehicle (UAV) surveillance as of 1 Sept., officials say.

The department's Customs and Border Protection agency has been flying Predator B drones since 1 June, with coverage extending from the eastern tip of California to the eastern side of Big Bend National Park in west Texas, in an effort to stop drug trafficking and illegal immigration.

Homeland Security Secretary Janet Napolitano says the flights, which will originate from the naval air station in Corpus Christi, Texas will extend the reach of the agency's UAVs across the length of the nearly 2,000 mile border with Mexico.

"With the deployment of the Predator in Texas, we will now be able to cover the southwest border from the El Centro sector in California all the way to the Gulf of Mexico in Texas, providing critical aerial surveillance assistance to personnel on the ground," Napolitano says.

Under the new certification of operations, the agency will now be able to simultaneously fly two unmanned aircraft over the border, the department says, one out of Arizona and the other out of Corpus Christi. The Predator, built by General Atomics Aeronautical Systems, can loiter on station for around 30 hours at a time.

DHS originally purchased one UAV, designated MQ-9 CBP-101, in 2005, but crashed the aircraft in the Arizona desert in April 2006 after more than 950 hours on patrol. DHS now owns and operates six Predators, four out of an operations centre in Sierra Vista, Arizona; a seventh will be delivered later this year. The border-patrol configuration aircraft is powered by a 950-horsepower turboprop engine and equipped with General Atomics' Lynx synthetic aperture radar and Raytheon's MTS-B synthetic aperture radar.

Earlier this month, President Barack Obama signed a \$600 million to fund the addition of 1,500 more border patrol agents, customs inspectors and other law enforcement officials, as well as two more UAVs, which run about \$20m per system, the agency says.

Additional Guard troops deployed to Arizona border

(CNN) – Additional National Guard troops assigned to the Mexican border under President Barack Obama's border security initiative have started reporting to their posts, officials said Monday.

More than 30 National Guard members have begun their deployment as part of the administration's border protection plan, according to Special Agent Mario Escalante with U.S. Customs and Border Protection.

Troops will continue to arrive over the next two months, with an expected force of 532 members by the end of October, said Lt. Valentine Castillo of the Arizona National Guard.

Top Republicans - including Arizona Sen. John McCain and Arizona Gov. Jan Brewer - have repeatedly accused Obama of failing to provide sufficient security along the U.S.-Mexico border.

Mexico fires 3,200 federal police officers

Hundreds of others face charges or disciplinary action as the government attempts to modernize the force and eliminate corruption, part of its war against drug cartels.

About 3,200 Mexican federal police officers, nearly a tenth of the force, have been fired this year under new rules designed to weed out crooked cops and modernize law enforcement, officials said Monday.

The housecleaning is part of President Felipe Calderon's crackdown on drug cartels, which includes overhauling the 34,500-strong federal police force.

An additional 465 federal officers have been charged with breaking the law, and 1,020 others face disciplinary action after failing screening tests, officials said.

Facundo Rosas, a senior federal police official, said in a radio interview that the 3,200 dismissed officers were removed for substandard performance.

Rosas said the 1,020 officers who failed vetting fell short for a variety of reasons, including suspected criminal links and medical problems. He said failure rates were within "operable limits."

Among the 465 arrested officers were four commanders fired Aug. 7 in Ciudad Juarez after 250 subordinates publicly accused them of corruption.

The new police standards, which took effect in May, are aimed at cleaning up Mexico's graft-plagued police force through lie detector tests, financial disclosure statements and drug testing. The government has sought to improve the caliber of federal officers by boosting wages and requiring that recruits have college degrees.

Eliminating police corruption is a pillar of Calderon's nearly 4-year-old war against drug cartels. Crooked officers tip off drug lords and often moonlight as hit men.

The problem is considered worst at the local level, where fear or low wages prompt many officers to help drug gangs. State and local forces account for the vast majority of Mexico's 427,000 police officers.

The cleanup is to take place nationwide and began with the federal police, the law enforcement agency mainly responsible for fighting the powerful cartels.

The United States has backed the reform push by helping evaluate officers and supplying trainers for a state-of-the-art police academy in the city of San Luis Potosi.

Calderon has rapidly expanded the federal police force, hiring about 10,000 officers during the last two years.

Experts applaud the cleanup as long overdue. Mexicans so mistrust police that they often refuse to report crimes.

But firing suspect or substandard officers also carries risks that they might jump to another department or join the traffickers. Rosas said a new computerized public safety database, called Platform Mexico, would make it easier to monitor former officers.

Mayor Marco Antonio Leal murder 'will not stop drugs battle in Mexico'

The fight against Mexico's rampant drugs cartels will go on in the wake of the assassination of Hidalgo mayor Marco Antonio Leal, the country's president has vowed.

Marco Antonio Leal was ambushed by hitmen who pulled alongside him as he drove through his town.

The murder prompted president Felipe Calderon to pledge to step up efforts to tackle the cartels who have been responsible for thousands of murders.

'This cowardly crime and the reprehensible violent events recently in the region strengthen our commitment to continue fighting the criminal groups that seek to terrify families,' Mr Calderon said.

Mr Leal was shot dead on Sunday in Hidalgo, near the Gulf of Mexico. His four-year-old daughter was hurt in the attack but lived.

Hidalgo is in Tamaulipas state, which has seen some of the bloodiest flashpoints this year as rival gangs fight over smuggling routes to the US.

Two car bombs exploded in Ciudad Victoria on Friday, and there was a grenade attack in Reynosa on Saturday, injuring 14. Last week, marines found the bodies of 72 migrants gunned down at a ranch in the state.

More than 28,000 people have died in drug violence since Mr Calderon launched his war on drugs in late 2006.

Mexican Police Capture Reputed Drug Kingpin 'The Barbie'

Mexican President Felipe Calderon says police have captured one of his country's most-wanted criminals and will hunt down the rest of his gang.

Mexican President Felipe Calderon says police have captured one of his country's most-wanted criminals and will hunt down the rest of his gang.

Authorities paraded the Texas-born fugitive known as "the Barbie" before reporters today, along with four other people described as his inner security circle. Edgar Valdez Villarreal grinned as police described his high-flying and violent life

Valdez is wanted in the U.S. for allegedly smuggling tons of cocaine. In Mexico, he's blamed for a brutal turf war for control of a cartel that has seen shootouts, decapitations and bodies hung from bridges.

Mexico's federal police commissioner says the arrest of several allies and tips from U.S. intelligence helped authorities track Valdez down outside Mexico City yesterday. The U.S. State Department says Valdez headed a group of assassins for the Beltran Leyva gang and is "the person most responsible" for spreading drug violence into central and southern Mexico."

Who Is Alleged Drug Lord 'La Barbie'?

Washington, DC – In a widely publicized arrest, Mexican authorities have captured alleged drug lord Edgar Valdez Villarreal. The Texas-born man (nicknamed "La Barbie" for his fair complexion) is one of Mexico's most-wanted men. He is believed to have supplied the American market with cocaine and his capture is already being touted by Mexican President Felipe Calderon as a major victory in the country's drug war. Who is he and what's the importance of his capture?

Valdez's Rap Sheet "Edgar Valdez-Villareal, 37, is a major player in the Beltran Leyva Cartel. The cartel is suspected of the growing gangland violence -- including beheadings of rivals -- in Mexico City," explains Bill Rankin at the Atlanta Journal-Constitution. "In December 2009, a federal grand jury in Atlanta indicted Valdez-Villareal and a five other men on drug distribution and money laundering charges. The U.S. government offered a \$2 million reward for information leading to his capture."

An American's Rise to the Top "It is unusual for an American to climb so high in the ranks of Mexican organized crime, but not unprecedented," writes Dane Schiller at the Houston Chronicle. "Texas-born Juan Garcia Abrego was captured in Mexico in the 1990s and sent to Houston, where he was convicted of drug-trafficking crimes as the head of the Gulf Cartel. He is now serving multiple life sentences."

Valdez Was Waging a Power Grab, writes Alexandra Olson at the Associated Press: "Mexican authorities say Valdez has been battling for control of the Beltran Leyva cartel since its leader, Arturo Beltran Leyva, was killed in a December shootout with marines in Cuernavaca, a favorite weekend getaway south of the Mexican capital. The fight against Hector Beltran Leyva — a brother of Arturo — has made a battleground of what was once a relatively peaceful pocket of the country and brought the drug war ever closer to Mexico City. Their fight has spread westward toward the resort city of Acapulco."

Mexican Authorities Are on a Roll, writes Sara Miller Llana at the Christian Science Monitor:

He is the third major trafficking suspect to be taken down in the past eight months. The military killed Ignacio "Nacho" Coronel, a suspected leader in the Sinaloa Cartel, in a July operation in Jalisco. In December, Arturo Beltran Leyva, the founder of a group that Valdez is allegedly vying to control, was killed by Mexican marines. The capture is already being touted by Calderón's administration as a major success. "The capture of Valdez Villarreal is a high-impact blow against organized crime," national security spokesman Alejandro Poire said in an e-mailed statement Monday night.

Corrupt Police Remain a Huge Hurdle, writes Tim Padgett at Time: "Besides the insatiable U.S. appetite for drugs, Mexico's key problem remains — and will remain, no matter how many Black Hawk helicopters and other politically flashy hardware the U.S. sends south of the border under a \$1.5 billion antinarco aid plan for Mexico — its corrupt and incompetent police. Any doubts about that fact should have been erased earlier this month when two large units of federal cops

rioted in the border city of Juárez, the Mexican town worst hit by the narcocarnage, accusing each other of being in the cartels' pockets."

U.S. aircraft to surveillance entire Mexico border from September

The U.S. government will have unmanned surveillance aircraft monitoring its whole border with Mexico from Sept. 1, labeling it as a "critical step" in ensuring its border safety, Homeland Security Secretary Janet Napolitano said Monday.

She made a statement during a conference call, saying that the U.S. Customs and Border Protection would begin flying a Predator B drone Wednesday out of Corpus Christi, Texas, extending the reach of the agency's unmanned surveillance aircraft across nearly 2,000 miles (3,200 km).

Illegal immigration and security along border with Mexico has become a hot topic, as elections of Congress are expected on Nov. 2.

"With the deployment of the Predator in Texas, we will now be able to cover the southwest border from the El Centro sector in California all the way to the Gulf of Mexico, providing critical aerial surveillance assistance to personnel on the ground." Napolitano added.

The border area has been plagued with drug-trafficking activities. In recent months, there has been a rise in drug-trafficking related violence causing scores of casualties.

Mexican president blames drug violence on cartel rivalry

Mexico City - Mexican President Felipe Calderon blamed battling drug cartels for the upsurge in violence in Mexico that has killed at least 160 people in six days.

Calderon, who has staked his presidency on tackling Mexico's powerful drug gangs, said the eruption of violence was partly the result of cartels regrouping after being hit by his administration's efforts against them.

"We have struck important blows against all the cartels, without exception," Calderon said in a television and radio address to Mexicans late Tuesday.

"This has created division between the criminal gangs, which along with the traditional rivalries and the wars between them has led to these episodes of violence."

The fight against the drug cartels "is not only the president's battle but is that of all Mexicans," Calderon said.

Mexico is being rocked by an unprecedented wave of violence as powerful drug cartels vie for rich drug trafficking routes into the United States.

Nearly 23,000 people have been killed in the country since Calderon's crackdown began in 2006.

The president spoke hours after 15 people were killed when Mexican soldiers engaged suspected drug cartel hitmen in a fierce gun battle in the southern state of Guerrero.

The gun battle in a cemetery in the tourist town of Taxco, some 170 kilometers (100 miles) south of Mexico City, was just the latest in a string of bloody incidents in recent days.

Late last month a mass grave was also uncovered near Taxco, when 55 bodies dumped in an air shaft of abandoned silver mine were found. It was one of the largest such graves ever discovered in Mexico.

Guerrero state, on the Pacific coast, is an important transit point for illegal shipments of cocaine and heroin arriving from South America en route to the United States, the world's largest illegal drug market.

The gunmen involved in Tuesday's shoot-out were loyal to a drug lord named Edgar Valdez, better known as "La Barbie," the daily El Universal reported on its website, citing an unidentified police source.

The U.S.-born Valdez has been engaged since December in a bloody turf war for the control of the Beltran Leyva drug cartel following the death of one of the cartel leaders.

More than 40 people were killed in separate attacks on Monday, including a prison riot between rival drug gangs in the northwestern city of Mazatlan which left 28 dead.

Mexican authorities blamed the notorious "La Familia" drug cartel for a separate outbreak of violence Monday when 12 police officers were killed in an ambush in western Michoacan state.

The police came under fire as a convoy of uniformed officers traveled by car to Mexico City. Police officials said several assailants were also killed in the shoot-out.

In another attack, a drug cartel kidnapped 12 federal police officers, decapitated them and dumped their bodies on a busy highway.

Michoacán is Calderon's home state, from where he launched a nationwide crackdown against drug-trafficking, deploying some 50,000 troops and police across Mexico, in December 2006.

In an effort to fight the cartels, Mexican authorities have slapped a limit of 4,000 U.S. dollars per month on bank deposits by individuals, aiming to thwart drug traffickers who use the U.S. currency to stash away their illicit profits.

Officials also imposed a limit of 7,000 U.S. dollars for deposits by Mexican businesses making deposits in the currency.

Dying on Our Doorstep: Mexico's War and the US Drug Problem

Now that the Iraq campaign has drawn to a close, President Obama urges us to focus on political challenges closer to home. Good idea. In fact, why don't we take an important lesson from Iraq (i.e., phantom WMDs) and start paying attention to real national security threats to boot. In that case, let's review the gruesome evidence pouring out of Mexico these days.

Ciudad Juarez was recently safer than most American cities of comparable size (just over a million people); now it knows a murder rate of 2000 per year, ten times that of Houston. Mayors and public officials have been assassinated in northern Mexico, and a former presidential candidate was kidnapped in May (he's still missing). Open air gun battles and car bombings are becoming an alarmingly common occurrence. Headless corpses show up alongside highways, and just last week, a mass grave of 70 Central American migrants was uncovered-purported victims of the Zetas, one of Mexico's most vicious cartels.

The Mexican cartels operate-and kill-with utter impunity. They think nothing of descending the whole country into war, in their contest to control the lucrative drug routes to the US. The Mexican government has deployed the military to patrol the streets, but since this move, the violence has only escalated.

There ought to be serious concern in this country for the stability, indeed viability, of our neighbor. 2000 annual murders in Ciudad Juarez-half the death toll of the 30 year long Irish Troubles- very nearly spells lawlessness. Open air pitched battles between drug gangs and the army spells war. Car bombs and mass graves, well, I'm afraid that spells something far worse. I think we must face the daunting notion that Mexico, a populous and rich nation, an important trade partner and homeland to many American citizens, is very nearly a failed state. And on our southern border.

It's quite mystifying, and I might add, more than a bit shameful that Mexico's troubles are absent from the current political discussion in this electoral cycle. Mexico only enters that discussion when it comes to illegal immigrants, whom some would rather toss back into the cauldron below the border.

Mexico's plight is troubling for our national security-and needless to say, heartbreaking to watch. It's one thing when lawlessness grips Yemen or Somalia half a world away, and the neo-Cons ominously warn of the impending 'global reach of terror.' They have to work us up and convince us that Yemen is a national security issue, though it is remote and desperately poor. But with Mexico, there is very real terror right at our doorstep-where's the hysteria?

For his part, Glenn Beck is worked up. However, he detects the same nefarious global terrorist network operating in Mexico. In a recent show, he suggested that the car bombings in Mexico betrayed the influence and training of Hezbollah, as if they had the wherewithal, interest and time to meddle in northern Mexico. Actually, I don't think they would dare tread on Zeta territory.

No, Mexico is a sufficient national security threat all by itself. We don't need specters of Hezbollah to blow it out of proportion. Mexico is already blown out of proportion. Mass graves and car bombs serve notice of that.

Beck's suggestion is galling-as if Mexico's suffering were all about us. As if this were just another case of dark forces in the world conspiring to sabotage our cherished freedom. Well, he's not totally wrong: it is about us, but not in the way he admits. Absent from his analysis is his usual bluster about personal responsibility. For, Mexico's misery is due in no small part to our behavior and policies.

Our government is egging on President Calderon in his battle with the cartels, urging him - and funding and supplying him-to up the ante and obliterate them on their own terms: violence. But this is a deadly, futile track. Rousseau pointed out the dangers in government violence. There is a happy medium, he argued, in the amount of violence a government can exercise. If the government exercises too much violence, sooner or later, the government undoes its own authority and delegitimizes itself. Well, what else are we to make of the situation in Mexico, where the army patrols the streets, but violence only increases. Have the cartels come to respect and fear the government any more through this move? Clearly not. And now, the government has no further guns to draw in this battle-upping the ante did not work. The cartels responded with car bombs. What's next? Should the government resort to nuclear weaponry?

Naturally, however, our defense industry is all too happy to chip in with the effort, and profit from all the investment in US weaponry. And, it turns out, the drug cartels are equally avid buyers of powerful American arms.

The current drug war in Mexico is where law-and-order types in this nation long wanted to take us: just crush the drug lords and their networks would fall, was the thinking. Mexico offers sufficient testimony to the failure of this approach. Little thought was given to the addicts propping up these violent networks in the first place. But surely, that is where we must turn sooner or later.

Back in June, after a particularly deadly day in the drug war, President Calderon addressed the nation to soothe nerves, predict success, and apportion blame. And blame he did. A significant part of the problem, he informed his countrymen, is that they find themselves next to the largest drug user on the planet.

In an interview on NPR shortly thereafter, Joseph Califano, former Secretary of Health, Education and Welfare in the Clinton administration, confirmed Calderon's bold assertion: though we comprise only 5% of the world's population, we consume two thirds of the world's illegal drugs. Mexican cartels rake in \$40 billion annually from our drug habit.

The origins of Mexico's misery are here, in places like Baltimore, where nearly ten percent of the urban population is addicted. And Baltimore's drug problem creates a remarkable national security threat-right here at home-where robberies proliferate, and 200-plus bodies fall on city streets each year. I suppose I shouldn't be surprised how we so adeptly ignore Mexico's drug war, given that we're old pros at ignoring our own. A few years ago, the New York Times reported

that the vast majority of Baltimore's homicides involved people with criminal records-the result of the urban drug trade. The Baltimore city government very nearly took this as joyous news, as if to say that the gruesome murder toll merely afflicts a disenfranchised subset of the population, not the mainstream. Indeed, the majority of Baltimore's murders are briefly noted deep within the recesses of the city paper; if a middle class innocent is killed, however, that's instant front page news.

Drugs excuse the violence in Baltimore. They are our excuse to shove it to the shadows to be ignored. This is the tale across the country, and it is the tale once again with Mexico. We find it far easier to get worked up about vague threats far away, than face up to our national drug addiction, and the longstanding social and racial problems it stems from and exacerbates.

We need to look courageously and honestly at our war on drugs. Embroiled in its misery, Mexico is doing just that; indeed, you might say, it has no choice. And Mexico is considering radical fixes, like legalizing drugs. The only thing is, Mexico is not the problem addict.

Mexican foreign minister visits Austria

Mexican Foreign Minister Patricia Espinosa Tuesday held talks with her Austrian counterpart Micheal Spindelegger on climate change, organized crime and the United Nations Security Council.

Espinosa, who arrived here Tuesday for a visit, also met with Austrian President Heinz Fischer and Arts Minister Claudia Schmied.

Espinosa discussed the 16th Conference of the Parties on Climate Change, which will be held in the Mexican resort city of Cancun, with Spindelegger.

The two also exchanged views on the United Nations Security Council, of which both nations are holders of non-permanent seats, and Mexico's fight against organized crime.

During her talks with Schmeid, the ministers discussed the opening of the Austrian College, a secondary school in the central Mexican state of Queretaro.

On Wednesday and Thursday, Espinosa will visit the International Atomic Energy Agency, the Organization of Petroleum Exporting Countries and the United Nations Office on Drugs and Crime, all of which are headquartered in Vienna. She will also participate in an international conference on fighting corruption.

U.S., Mexico open anti-organized crime office

Mexico and the United States has formally opened an office that will follow the two nations' joint 1.4-billion anti-organized crime plan, Mexico's Foreign Ministry said in a statement.

The office, known as the Bilateral Oversight Office (OBS), will bring together public officials and technical staff, the statement said. It was first promised by U.S. Secretary of State Hillary Clinton during her March 2009 visit to Mexico City. A second meeting of more junior officials took place on March 23 this year.

The opening ceremony was presided over by Mexico's junior foreign minister with special responsibility for North American affairs, Julian Ventura Valero, and David Johnson, the assistant secretary for international affairs in the U.S. Department of Justice.

The office will have specific responsibility for training and equipment transfers, and OBS officials will not carry out operative or intelligence gathering work, following a specific request from Mexico.

"The OBS reflects the high degree of confidence, strength and depth that bilateral relations have reached in the matter of fighting transnational organized crime," the statement added.

Mexican President Felipe Calderon has staked his reputation on breaking up Mexico's drug trafficking gangs, a fight that has cost 28,000 Mexican lives since the president sent troops into the nation's most violent cities in December 2006.

Calderon has said that government efforts have been so successful that the criminals have turned to other criminal enterprises including kidnapping and extortion.

Last week, 72 migrants were shot dead, apparently by drug trafficking gang Los Zetas, after the gangsters failed to extract a ransom from migrants' families.

Detailed Report/Venezuela

The Cuban leader insists that there is a serious risk of a nuclear war

Fidel Castro thinks that Chávez is working "tirelessly" to bring peace to Colombia. "He barely sleeps during the day and works all night long," said the Cuban leader referring to the Venezuelan President, as reported by Granma, according to which, after Venezuela's parliamentary elections "an opposition that has lost training in the exercise of legislating will return to the National Assembly".

Venezuela's Hugo Chávez is "optimistic" about September parliamentary elections and "works tirelessly" to support the peace process in Colombia, said his friend and political mentor Fidel Castro, as reported on Friday by some Cuban media.

"Chávez, who visited recently Havana, is optimistic," Fidel said. "He works tirelessly to support the peace process in Colombia," said the Cuban official newspaper Granma, reporting a conversation that the Cuban revolution leader had with the Lithuanian-born writer Daniel Stulin, AFP reported.

"He barely sleeps during the day and works all night," said the Cuban leader referring to the Venezuelan President, as reported by Granma, which said that after Venezuela's parliamentary elections "an opposition that has lost training in the exercise of legislating will return to the National Assembly."

Venezuela's President says again that the revolution is at stake

Hugo Chávez denied rumors he has cancer while at the same time he wished long life to his opponents. In a mandatory nationwide radio and television broadcast that was divided into two parts, Venezuela's President Hugo Chávez said on Thursday that on September 26 "the future of the revolution and the progress of the Venezuelan people" are at stake.

Although Venezuela's President said at the official ceremony of graduation of doctors at Cuba's Latin American School of Medicine that he would not conduct the election campaign, Chávez recalled that the goal of the government is to defend the future of the people, "the future of revolution and independence."

Chávez scoffed at unofficial reports posted in social networks and some local media that he was suffering from cancer. "These squalid people want to kill me. Now they are making up stories that I have cancer; that's what they want," Chavez said.

The Venezuelan Head of State wished good health and long life to his political opponents for them "to witness the defeats" they will face in future elections. According to Chávez, Cuban leader Fidel Castro has an "extraordinarily good health". The Venezuelan president visited Fidel and Raúl Castro a few days ago.

Election campaign for new National Assembly begins

The parliamentary electoral campaign has begun in Venezuela. From August 25, at 6:00 a.m. until September 23, at midnight, 2,719 candidates to the legislative elections to be held on September 26 will be engaged in election campaign

August 22

Members of the ruling party take poll centers in mock ballot

A mock ballot was carried out in Venezuela on August 22, ahead of parliamentary elections to be held on September 26. However, the simulated vote gave the impression that it was related to the internal elections of the ruling party, the United Socialist Party of Venezuela (PSUV) because there were a lot of PSUV logotypes on hats and shirts of electors and voting officials. Often, people related to the ruling party shouted: Oh! Ah! Chávez is not going! to highlight their presence in the event.

José Alberto Torres, the director of the CNE for the state of Miranda, said that there were no incidents in a mock ballot carried out in a poll center eastern Caracas. He claimed to be pleased by the high turnout and added that the overwhelming presence of red clothes (the color of the ruling party) was not a problem.

As for technical details, Torres said that that voting was fast because people were trained.

People took between 15 to 22 minutes to go from the line of voters in the fingerprint scanners until they cast their vote in the touch-screen voting machines.

About noon, the process was affected by a confusing incident between members of the ruling party and opposition candidate María Corina Machado and her deputy Ricardo Sánchez.

For her part, Tibusay Lucena, the president of the National Electoral Council, praised that the mock vote as successful.

August 24

Electoral body not to regulate social networks during elections

The National Electoral Council (CNE) will not regulate the use of social networks such as Twitter or Facebook during the parliamentary elections to be held on September 26, Vicente Díaz, a CNE director, said.

"It is not true that the meeting dealt with the regulation of Twitter, Facebook or any social network. (...) This is not true at all," Díaz said. He compared the use of social networks with the use of telephone, which can not be regulated.

"Nobody will be able to provide results updates because the only official results will be provided by the National Electoral Council. Now, if they are going to make projections, this means that people will grab their phone and tell 'listen, this one is winning.' That is, the telephone use cannot be restrained. We cannot punish (telecommunications utility) Cantv because somebody called anybody else."

The CNE director also said that the media shall comply with the new regulation.

August 25

A total of 2,719 candidates kick off campaign ahead of parliamentary vote

The parliamentary electoral campaign has begun in Venezuela. From August 25, at 6:00 a.m. until September 23, at midnight, 2,719 candidates to the legislative elections to be held on September 26 will be engaged in election campaign.

A total of 1,548 candidates (main candidates and substitutes) for 110 nominal seats; 845 candidates in party lists for 52 seats to be elected in this modality (to be chosen in the 24 Venezuelan states); and 37 candidates (main candidates and substitutes) for the three indigenous seats in dispute will participate in the electoral campaign. Further, 276 people (main candidates

and substitutes) will participate in the election of 12 seats in the Latin American Parliament (Parlatino).

Under the Special Regulation on Election Campaign and the Election Regulation N° 6, the following activities, among others, will be banned: electoral propaganda outside of the time limits allowed by law; electoral ads that may harm the honor, privacy, dignity or reputation of people; electoral propaganda that promotes war and discrimination or promotes disobedience of the law or discourages the exercise of the right to vote and contains obscene or derogatory terms.

Vicente Díaz, a director of the National Electoral Council (CNE), ruled out the possibility to regulate social networks such as Twitter or Facebook on the election day. He stressed that the Special Regulation on Election Campaign and the Election Regulation N°6 do not include regulations or punishments for the use of social networks.

August 26

Venezuela's electoral authority not to punish excesses

The "excesses" of the first day of the parliamentary electoral campaign will not be punished by the National Electoral Council (CNE).

The inappropriate "coverage" by the state-run TV channel Venezolana de Televisión (VTV) of the events carried out by the United Socialist Party of Venezuela (PSUV), the presence of children in an advertisement of political Primero Justicia (Justice First) party, the use of national symbols in an ad made by political Un Nuevo Tiempo (A New Era, UNT) party, the use of more column inches of ads by the ruling party and the "alteration" of photos by the pro-government newspaper VEA that expose opposition candidates to public ridicule will only merit a warning by the CNE.

Although the regulations on election campaign, based on the Organic Law on Elections and Political Participation (Lospp) and the Organic Law on Electoral Processes have not been modified in the last four years, Tibisay Lucena, the president of the CNE, referred to the conciliatory spirit of the electoral body to explain why the directors did not enforce the regulations governing the campaign activities of 2,719 candidates and more than 25 political parties.

The directors of the National Electoral Council decided to forgive fines up to USD 105,000 to both the opposition political parties and the pro-government media Vea and TV station Channel 8.

Venezuela's Hugo Chavez Scoffs at Cancer Rumors

Venezuelan President Hugo Chavez on Thursday mocked rumors that he was suffering from cancer as wishful thinking by his "squalid" enemies.

Some local media have been saying this week that Chavez, 56, may be suffering from a cancer in the nasal cavity.

His failure to appear on Wednesday's first day of campaigning for the September 26 parliamentary elections fueled the speculation, although it later transpired Chavez was holding a lengthy meeting with his mentor, Fidel Castro, in Cuba.

"The squalid ones want to kill me," Chavez said after returning to Caracas for a graduation ceremony of "socialist" medicine students. "Now they're inventing that I have cancer, that I'm dying. That's what they want," he added laughing.

Former soldier Chavez, who has inherited Castro's mantle as Latin America's leading critic of the United States, took power in 1999 and plans to run again for the presidency in 2012.

Although not in the same shape he was as a sportsman in his youth, Chavez still likes to demonstrate his physical vigor with marathon speeches or games of baseball.

The specter of cancer is a delicate subject in South American political circles at the moment, given that Paraguayan President Fernando Lugo was diagnosed with the disease this month.

Brazil's front-running presidential candidate, Dilma Rousseff, had a tumor removed last year and underwent therapy for lymphoma cancer, but now has a clean bill of health.

Castro 'Devilishly' Well

Chavez said he spent a happy five hours in Havana discussing global politics with Castro, 84, who has reappeared on the public stage in recent weeks after ill health led him to hand over the Cuban presidency in 2008.

"He's devilishly well, I tell you, (showing) vitality, energy," Chavez said.

"He's taken on a sort of crusade against war," he said of Castro's exhortations to U.S. President Barack Obama to avert a nuclear war over Iran.

"Fidel is saying, 'Be careful,' because the imperialists in their madness could lead us to nuclear war, God spare us."

Seeking clues to Bolivar's death, Venezuela exhumes bones of independence hero's sisters

Caracas, Venezuela (AP) — Venezuelan authorities exhumed the remains of Simon Bolivar's sisters Monday, seeking genetic clues to help them investigate President Hugo Chavez's theory that the South American independence hero may have been murdered.

Scientists and forensic experts extracted DNA samples from the bones of Juana and Maria Antonia Bolivar — the only siblings of the man known in Venezuela as "El Libertador" — after authorities opened their tombs inside a cathedral in downtown Caracas, Vice President Elias Jaua

said.

"The scientists are carrying out the tests at this very moment to begin the study and later make the comparison with the samples from El Libertador," Jaua said.

Chavez ordered the exhumation of Bolivar's bones last month in hopes of using modern forensics to confirm his identity and investigate a theory that his idol was felled by a murder conspiracy. The president has gone so far as to raise concerns that the skeleton inside the National Pantheon may not be the remains of the 19th century independence icon.

"We've always wanted to demonstrate that these are the real remains," Jaua said.

Historians have generally concluded Bolivar died of tuberculosis, and some of the socialist leader's critics argue he shouldn't be messing with the bones of Venezuela's acclaimed founding father. Some scoff at Chavez's doubts regarding the authenticity of the remains in the pantheon.

Chavez — a former soldier, like his idol — is obsessed with Bolivar.

A portrait of the 19th century independence leader often serves as a backdrop during televised speeches in which Chavez reads Bolivar's writings. And the president's political movement — the Bolivarian Revolution — takes its name from Bolivar.

Shortly after taking office in 1999, Chavez pressured a popularly elected assembly packed with his allies to change the country's name to the Bolivarian Republic of Venezuela.

Relations back to normal | He met with President Santos in Bogotá

Insulza terminates OAS work in Colombia-Venezuela crisis. "We are very encouraged by reinforced relations between Ecuador and Colombia and between Colombia and Venezuela," Insulza said.

Organization of American States (OAS) Secretary-General José Manuel Insulza terminated on Wednesday his role as mediator in a diplomatic impasse between Colombia and Venezuela near to be overcome.

"As the Secretary-General of the OAS, or any other international organization requested to take part in a bilateral affair, all I can do is making the request to the other party," Insulza said after a meeting with Colombian President Juan Manuel Santos in Bogotá, Efe quoted.

"Therefore, there is no further steps to be taken," the former Chilean Minister of Foreign Affairs added.

In this regard, he pointed out that the OAS may not retake the case that confronted the two countries, "unless the Venezuelan government gives some reply in the upcoming days."

Reference was made to a petition made by the outgoing government of ex Colombian President Álvaro Uribe last July 22 in a session of the OAS Permanent Council. The session was called at the request of Colombia to produce evidence of the alleged deployment of Colombian guerrillas in Venezuela.

"We are very encouraged by reinforced relations between Ecuador and Colombia and between Colombia and Venezuela," Insulza said.

Venezuela Hunger Striker's Death Angers Chavez Foes

Caracas (Reuters) - A Venezuelan farmer who died after a hunger strike to protest President Hugo Chavez's land takeover policies was denied his own doctor and has become a symbol for the oppressed, his mourning family said.

In a politically sensitive case just weeks before a parliamentary election, Franklin Brito, 49, died on Monday at a Caracas military hospital where he had been taken against his will after demonstrating in a public square.

"Franklin Brito's struggle continues," his family said in a statement. "He has left his human form to become a symbol and flag for all those oppressed by the arrogance of power."

The government has in the past said Brito was mentally unstable and that he had rejected their efforts to guarantee his land rights. It said officials had done everything possible to save his life and accused opposition parties of exploiting his case for political motives.

Some 59 acres of yucca and watermelon plantations on Brito's land in southern Bolivar state were seized and occupied by neighbors in 2003, beginning a complicated saga of protests, claims and counter-claims over the case.

Before being taken to the military hospital at the end of last year, Brito camped for months outside the Caracas office of the Organization of American States, sewed his mouth shut and even chopped off a finger in front of television cameras.

His death came at a time of high political passions in the South American nation ahead of a September 26 vote for parliament where the opposition hopes to slash the majority of Chavez and his Socialist Party.

Cuban Comparison

Some Chavez critics had compared Brito's case to that of Cuban dissident Orlando Zapata, who died in February after an 85-day hunger strike demanding better prison conditions. That drew international condemnation of Havana's rights record.

Before his death, Brito had been taking some fluids in the hospital through injections to fend off dehydration, but relatives said he had not been allowed to see a doctor of his choice.

"He wanted to be with his own trusted doctor," his daughter Angela Brito told reporters, accusing the state of "torture".

The precise cause of death was unclear, with some media saying he had a heart attack.

A government statement said Brito's vital organs were severely damaged and he had a general lung infection.

"The institutions of the Venezuelan state tried by all necessary actions to try and preserve his life," it said.

The statement said Brito's property rights had been ratified years ago but that opposition parties had "used his good will for political means."

Amid a torrent of condemnations from opposition groups, the First Justice party said Brito's death was symptomatic of Venezuela's "sick" society.

"The absence of dialogue and understanding makes the most vulnerable people take drastic decisions like a father prepared to die in defense of a right consecrated in the National Constitution: private property."

Still largely popular among the poor, Chavez says he is reversing decades of injustice by redistributing wealth in the South American OPEC member along more equitable lines. Some 6.2 million acres (2.5 million hectares) have been expropriated.

Opponents say Chavez, 56, is turning Venezuela into a Cuban-style regime and wrecking the economy.

Venezuela to invest USD 28 billion

Government wants to increase electricity generation by 2,750 MW

Fabián Flores, the Electricity Generation Vice President of the state-run electricity utility Cadafe, said that long-term plans came after an agreement entered into by Venezuela's National Electricity System and China

The governments of Venezuela and China signed an important agreement to improve the National Electricity System (SEN). It will imply about USD 28 billion of Chinese investments to increase Venezuela's electricity generation by about 2,750 megawatts.

Fabián Flores, the Electricity Generation Vice President of the state-run electricity firm (Cadafe), a subsidiary of the National Electric Corporation (Corpoelec), said that this legal instrument for a long-term facility complements a master agreement executed last May with the government of the People's Republic of China.

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