

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

## **News Monitoring Report No. 136 on Latin America**

Reference period: Sep.03-10, 2010

Presentation: Sep.15, 2010

Usman Choudry

---

### **Argentina**

#### *News Headlines*

#### **Political Issue**

#### **Economic Issue**

#### **Social/Humanitarian Issue**

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

#### **Geostrategic Issues**

- Venezuela increases imports of Argentina's cheese and chicken
- Purchase of Argentine milk has also risen
- Argentina Open to Importing Natural Gas from Chile - Minister

### **Brazil**

#### **Political Issue**

- Lula's candidate seemingly unstoppable, say experts
- The One-Party Democracy
- Brazilian president calls for L. American integration
- Brazilian mouse made U.S. elephant run on trade: Lula

## **Economic Issue**

- Brazil's GDP growth to top 7% this year: officials
- Brazil's economy grows 8.8%
- Brazilian Economy Grows as Trade with China Increases

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

- WHO warns of need for more funding Brazil health system

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

- Brazil charges Petrobras high price in \$43bn swap
- Deforestation Rate Continues to Plunge in Brazil

## **Geostrategic Issues**

- Fiji to open new diplomatic missions in Indonesia, South Africa, Brazil
- India, Brazil discuss investment opportunities
- BRIC to finally end its virtual era
- Chinese defense minister arrives for friendly visit to Brazil

## **Chile**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

- Canada's Precision Drilling helps in Chilean miners rescue

## **Colombia**

### **Political Issue**

- Colombia's President Pledges Tough Action against Rebels
- Colombian troops kill 11 ELN rebels in raid

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

- Colombian president, Chinese defense minister hold talks on bilateral ties

## **Mexico**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

- Mexican drug kingpin gets 27 years in Ariz. prison
- Lawmakers, mayor among 6 killed in plane crash
- Police nab alleged smuggler of Ecuadorean migrant
- Mexican marines arrest 7 in killing of 72 migrants

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

### **Geostrategic Issues**

- U.S. Withholding Aid to Mexico over Human-Rights Abuses
- Clinton Says Mexico Drug War Looks Like 'Insurgency'
- Critics say Mexico needs to learn from Colombia
- Obama Says Mexico's Drug Battle Not Comparable to Colombia's

## **Venezuela**

### **Political Issue**

- Poll: 77 percent of Venezuelans are willing to vote in parliament election
- Venezuela's Jews turn to Chavez over state media's anti-Semitism
- Venezuela invests 23 mln dollars along border with Colombia

### **Economic Issue**

- Bad news for Venezuelan economy
- Recession results in fewer employers and more street vendors  
Venezuela's retail sales fall 12.4 percent in the first half of the year
- Capital flight up to USD 8.69 billion in the first half of 2010
- Venezuela's public deficit at USD 4.88 billion in five months

### **Social/Humanitarian Issue**

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

- Venezuelan oil exports fall 8.7 percent in August

### **Geostrategic Issues**

- Panamanian govt. to explore oil with Venezuelan firm

- Venezuela increases imports of Argentina's cheese and chicken

## **Report Summary/Argentina**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

Argentine ministry of foreign affairs said that Argentine delegation has made an agreement with Venezuela by which Argentine will increase export of chicken, and other fresh fruits like grapes, pear and apples to Venezuela. Venezuela has become large importer of Argentine goods. Argentine government estimated that its export to Venezuela of milk and cheese also increased as 128 percent from January.

Due to increasing use of natural gas in Argentina in its unusual cold periods, it has made an agreement with its neighboring Chile. By the agreement the government of Chile will export liquefied natural gas to Argentina which Chile has developed during Michelle Bachelet's time. Now Argentina has made four commissions with Chile that will pave the way of trade in LNG in future.

## **Report Summary/Brazil**

### **Political Issue**

Lula's handpicked presidential candidate Ms. Rousseff is leading over opposition candidate Mr. Serra by 22 points. It is said she can easily win over Serra in the first round as she is becoming popular in polls.

Brazil has made a Federal University for the Latin American Integration (Unila) in Foz do Iguacu, Parana state, near the Paraguayan border. president Lula said in his address there that we are now stable countries and feeling independence after 200 years as we can speak with our mouth and can see with our eyes so there is need to increase integration in Latin America which is better for our future if we start from now. He said Brazil has 46.7 % trade with Latin America countries so all regional countries are very important for each other. There are 200 students now

in the university from Argentina, Brazil, Paraguay and Uruguay but it has plan of 10,000 students with 250 professors.

### **Economic Issue**

Brazil's finance minister said country's GDP will increase 7 percent in this year which is the maximum in last 24 years. In the same time the president of Brazil's central bank also said in another statement that country's economy is going to increase 7.3 percent in this year. It is increased 8.8 percent in the second quarter of this year and central bank is satisfy with the expected growth.

It is said the increase in Brazil's economy is due to trade with China which is Brazil's largest trading partner now. But it is also said the trade between both countries is not everlasting and is temporary as it depends on small items like Brazil is exporting soy oil and iron ore products to China that are not giving benefit to China in long future. Chinese companies are expected to invest \$10 billion in Brazil this year and this year China will be the largest investor in Brazil. These Chinese companies will invest in telecommunications and infrastructure projects. And that includes a bid to construct a high-speed train line between Sao Paulo and Rio de Janeiro ahead of Brazil's hosting of the 2014 World Cup. Brazilian officials say trade with US is not decreased by Brazil but due to less demand from the US after the global financial crisis.

### **Social/Humanitarian Issue**

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

Deforestation in Brazil is plunging due to better policies of the government and it has plunged till 90% from 2004. It is said Brazil is the only country with forests where deforestation is plunging consistently otherwise it is increasing everywhere in the world.

### **Geostrategic Issues**

BRIC is going to change its name soon as it allows South Africa's entry in the virtual group. South Africa is one of the developing countries of Africa however its growth is quite smaller than other BRIC countries. As according to World 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 in the country which do not allow South Africa to grow. Also the population of South Africa is three times as less as that of the least populated BRIC member - Russia.

Chinese defense minister visited Brazil and on the arrival at Brazilian air base he said the purpose of his visit is to strengthen mutual understanding between the two armies, deepen friendship, promote cooperation, and explore more areas for cooperation between the armed

forces of the two countries. Both countries pledged to increase military cooperation in future for safe and better relationships.

India's state minister of commerce and industries visited Brazil and made agreements to trade in infrastructure, automobiles, oil, sugar, IT and agriculture. He invited Brazilian trade and commerce minister to visit India in Trade Fair in November. Trade between both countries was USD 5.85 billion in 2009-10, up about 52 per cent from the previous year.

## **Report Summary/Chile**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

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

### **Geostrategic Issues**

Chilean mine workers are still in the mines as almost one month has passed and in spite of taking help from different oil and mine drilling companies they are not rescued. Now the government has called one of the Canadian oil and mine drilling companies to rescue the workers from the mine so that at least they could get fresh. The Canadian company said they are not professional of rescue works as their company is for drilling only but they will try their best to reach and rescue the workers.

## **Report Summary/Colombia**

### **Political Issue**

President Santos has started his predecessor's policies against the rebel groups of Colombia to counter them and in a latest fight between the police and the rebel groups the government lost its 14 police officers. The president has announced \$275,000 reward for information leading to the capture of a FARC rebel commander known as Wilmer, who is expected to involve in the recent killings of the police officers. FARC and National Liberation Army or ELN are declared two large terrorist groups in Colombia by the US.

In a government's attack near border state of Venezuela 11 ELN members are killed by a joint operation from the Colombia's air force and the ground military, and a wounded member is captured.

## **Economic Issue**

## **Social/Humanitarian Issue**

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

## **Geostrategic Issues**

China's defense minister paid a visit to Colombia and met with his counterpart and the president of Colombia. Both leaders intended to increase their relationships in defense and the president of Colombia also said Colombia respect its 30 years old relations with China.

## **Report Summary/Mexico**

### **Political Issue**

### **Economic Issue**

### **Social/Humanitarian Issue**

Mexican forces have captured Cliché who is considered the leader of Sinaloa drug cartels in Mexico. Caliche is sentenced for 27 years who is alleged of smuggling drugs into the US and forfeits \$4 million to the US. Mexican government is charged of supporting Sinaloa drug cartel by opposition due to less crackdown against the cartel but the government has always refused the charges. In the meanwhile due to a plane crash in Mexico two federal lawmakers including a governor are killed.

Mexican marines have arrested seven suspected militants who were found involved in the massacre of 72 migrants from South and Central America. It is said this massacre was as in the result of the fight between two gangs and if it is so it can be the worst gang fight between each other. On the other hand some survivors from the massacre who belongs to Ecuador said they were asked to work for the drug cartel and when they refused the militants killed them.

It is said critically that Mexico is towards the way as Colombia where government has less control over its territory and drug cartels are prevailing and no writ of government. Mexican civilians are killed if they do not work for the drug cartels, journalists who are writing against the cartels are killed, politicians like mayors and governors are also killed so nobody is safe. Now they have started spreading terrorism in Colombia's FARC style when some car bombs were

blasted in two different cities, one in Ciudad Juarez before US consulate and second on another state. 4,000 people have been killed only in northern state of Mexico that is Ciudad Juarez.

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

### **Geostrategic Issues**

US government is withholding \$26 million aid from its Merida Initiative Plan that is \$1.4 billion due to human rights' abuses by the government forces in the country. Mexico has taken \$36 million aid before which were also blocked by the US government due to human rights' abuse and when Mexico met the demand then the funds were released. But the U.S. was going to withhold 15 percent of newly authorized funds until the Mexican government meets several requirements: enhancing authority of the National Human Rights Commission, limiting authority of military courts in cases involving abuse of civilians, and improving communication with human rights organizations in Mexico.

The Merida Initiative was a 2008 commitment from the U.S. to help Mexico to combat drug cartels. Under the rules, the State Department must certify that Mexico is banning torture, prosecuting law enforcement agents and soldiers who abuse civil rights before allocating all of the funds.

Secretary of State said that the war of Mexico seems like an insurgency and similar to the war in Colombia where drug cartels are controlling most of the country's territory. In the past two weeks in northern Mexico, two mayors have been assassinated, a car bomb exploded outside a television station, and 72 migrants were found massacred. In June, a gubernatorial candidate was killed so as an average it is estimated that the violence is increasing consistently. She praised president Calderon's efforts to counter drug cartels and said there is need of more vigorous steps to be taken against the cartels and more US troops' presence is required in the Central and Southern America to control the influence of the drug cartels.

But on the other hand president Obama has given an interview to a Spanish newspaper Los Angeles and he has contradictory statement from Clinton regarding Mexico's drug cartels. Obama said Mexico's position is totally different from Colombia so we cannot compare Mexico with Colombia. He also said Mexico is one of the growing economies in the region and democracy is much more stronger than any other country in the region.

## **Report Summary/Venezuela**

### **Political Issue**

According to the third quarter's public opinion survey conducted by pollster Alfredo Keller & Asociados, 30 percent of Venezuelan voters define themselves as followers of President Hugo Chávez; 37 percent as swing voters and 33 percent as anti-Chávez. 22 percent of the respondents said they are very pro-Chavez while 24 percent respondents said they are very anti-Chavez policies.

The leader of Venezuela's Jewish community asked for an appointment with the president of Venezuela to stop anti-Semitic statements from the country's media consistently. The leader of the Jews in Venezuela said Jews of the region are continuously targeted by the media and government is watching all this and could control this but in spite of having capability to control this it is just watching the whole matter. It has been said many times by the media that Jews are damaging the country's economy and are not loyal to the country.

### **Economic Issue**

The economy of Venezuela is declining continuously as unemployment is its major proof. All it is government policies that are being effect on the country's economy. There was only 1 percent growth in the economy overall last year but in this year there are still less chances of increase. Even the Central Bank of Venezuela (BCV) has also reported that consumption of retail goods decreased 8.6 percent. But there is still boom in consumption as compare to the previous years as in 2008 it was declined until 15 percent that was worse decline.

Venezuela's oil export has severely affected as its main importer of crude oil imported less due to less oil exploration in its Orinoco belt. Less oil exploration decreased its export and it affected country's economy. in spite of OPEC member its economy is decreasing continuously.

### **Social/Humanitarian Issue**

Government of Venezuela is going to invest \$23 million at one of its border state with Colombia. The money has been earmarked for projects related to network services, housing, culture, sports and education, which have benefited over 1,700 people. It is said the investment will be used mostly in the southwestern state of Tachira, which is one of the most volatile border zones for both countries.

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

Government of Panama is going to sign a deal with a Venezuelan oil exploration firm to explore oil from the Southern mountains of Panama that shares border with Colombia.

Venezuela's oil exploration OTS is given contract of this exploration but the deal was criticized by local environmentalists who have been urging the Panamanian government to develop clean energy instead of oil. OTS was founded by former employees of the state-run Petroleos de Venezuela S.A. oil company.

## **Geostrategic Issues**

### **Detailed Report/Argentina**

#### **Venezuela increases imports of Argentina's cheese and chicken**

##### **Purchase of Argentine milk has also risen**

Supply of foodstuffs imported from the Venezuelan Bolivarian government's allied countries has increased.

According to statistics released by the Argentine government, exports to Venezuela of food products such as milk, cheese and chicken have increased by 128 percent from January to July 2010. Sales jumped from USD 98 million in the first seven months of 2009 to USD 192.7 million in the same period of 2010.

In the first seven months of 2010, sales of Argentine cheese to Venezuela amounted to 1,924 tons worth USD 8.4 million. This amount is 235 percent higher than food items imported in the same period of 2009, when Venezuela purchased some 575 tons of Argentine cheese worth USD 1.7 million.

In 2009, the average price per ton was USD 2,900, while in 2010 the price increased to USD 4,370. This means that Venezuela has imported more cheese at a more expensive price from Argentina.

The Association of Cheese Manufacturers of Venezuela (Aniquesos) said recently that imports of cheese have affected sales of domestic cheese in the Venezuelan market.

There has also been a dramatic increase in the exports of Argentine chicken to Venezuela. This item represents about 60 percent of food imports from Argentina.

With regard to the purchases of milk, Venezuela has imported this year 18,700 tons of milk worth USD 63.4 million.

#### **Argentina Open to Importing Natural Gas from Chile - Minister**

Santiago - (Dow Jones) - Argentina is open to the possibility of importing natural gas from neighboring Chile, which has two liquefied natural gas regasification terminals, Argentine Planning Minister Julio De Vido said Wednesday.

Argentina hasn't had enough natural gas to supply industry during unusually cold periods, when residential demand peaks and supply is insufficient to heat both homes and fuel manufacturers.

Ironically, Chile developed liquefied natural gas, or LNG, as an energy source during former President Michelle Bachelet's term in an effort to diversify its energy mix and increase security after Argentina started to sharply reduce natural gas exports to its neighbor in 2004. A 2008 drought also severely curtailed hydroelectric production in Chile, helping to drive the development of LNG.

"If at some point Argentina has gas surplus we want to be able to ship that to Chile depending on demand, and if at some point it's necessary, Argentina wants to be able to supply itself with gas from the Mejillones and Quintero regasification terminals," De Vido told reporters.

The GNL Quintero regasification terminal in central Chile supplies customers on the central SIC grid and has a maximum capacity of 10 million cubic meters a day, or the equivalent of some 2,300 megawatts once converted. In northern Chile, meanwhile, the GNL Mejillones regasification terminal, a joint-venture between Chilean state copper mining company Corporacion Nacional del Cobre, or Codelco, and France's GDF Suez SA (GSZ.FR), supplies customers on the SING grid, which is home to the vast majority of the nation's bustling coppermining industry.

Earlier in the day, Chile and Argentina created four joint energy commissions that aim to increase cross-border cooperation. Among other things, the government-level commissions will analyze energy swaps, study connecting both nation's grids, and exchange information on developing nuclear energy.

"These commissions will work to identify areas in which Chile and Argentina can cooperate...there are many possibilities for interconnection between the nations," Chile's Energy Minister, Ricardo Raineri, said.

Chile's government has been moving forward on establishing the legal and technical framework needed to eventually make a production decision on nuclear energy.

With Argentina in the process of building its fourth nuclearpower plant, it can provide its neighbor with valuable insight, De Vido said.

## **Detailed Report/Brazil**

### **Brazil charges Petrobras high price in \$43bn swap**

Brasilia: Brazil's government will charge state oil company Petrobras \$8.51 per barrel for crude reserves to be used in a \$43 billion oil-for-shares swap, a price seen as high that could limit interest in a related share offer.

The government will trade 5 billion barrels of oil for company shares, Finance Minister Guido Mantega said on Wednesday, in an operation linked to a stock issue for private shareholders that could raise as much as \$25 billion more in cash.

The price is considerably higher than the \$5 to \$6 per barrel markets see as fair, possibly leaving Petrobras raising less cash than it had hoped as it advances plans to tap vast but hard-to-reach oil fields deep below the ocean floor.

"It's the biggest transaction of its kind," Mantega told reporters in the capital Brasilia. He said terms and conditions of the operation will be announced on Sept. 3.

Oil for the exchange will come from six fields, including key deep water discoveries such as Franco and Tupi that are buried under a layer of salt in a region known as the subsalt that President Luiz Inacio Lula da Silva has called a "gift from God." "That price of \$8.51 per barrel is going to make the shares drop," said Adriano Pires, an energy expert at the Rio de Janeiro-based Brazilian Infrastructure Center.

Monica Araujo of the brokerage Ativa said the price per barrel "seems very high, a lot higher than the expectations." She had pegged the price near \$7 per barrel.

Investors worry that the high price per barrel will leave Petrobras overpaying for the assets and dilute shares. The company had pushed for a price closer to \$6 per barrel.

The plan has become the financial cornerstone of the company's \$224 billion five-year investment plan meant to turn Brazil into a major oil exporter.

Petrobras hopes to complete both the swap and the share sale within its September target to avoid overlapping with national elections on Oct. 3.

Petrobras in the coming days will likely hold a road show to convince skeptical investors to join the operation. Uncertainty about the plan has pushed its shares down 25 percent since the start of the year.

The share offering is so large it is already helping strengthen Brazil's real currency on the expectation of massive capital inflows.

Government leaders have said they hope to increase the total stake in the company's capital from around 30 percent to as much as 40 percent, a move that has unnerved investors but plays well to Brazilian nationalist sentiment.

"The government is increasing its stake in the company by twisting the arms of the shareholders," said Francois Moreau, an independent energy analyst based in Rio de Janeiro.

"The company's commercial mission is being replaced by a political mission." Preferred shares of Petrobras, the company's most widely traded class of stock, closed up 3.72 percent to 27.03 reais on the Sao Paulo stock exchange.

The plan comes amid a presidential election campaign in which Lula's candidate, Dilma Rousseff, is heading for victory on pledges to continue his economic legacy and plow the oil wealth into education and development.

Shareholder participation will be crucial for Petrobras to shore up its balance sheet, which has been stretched by a combination of a two-month delay in the oil-for-shares plan and heavy borrowing to finance its ambitious offshore plans.

While the oil swap will win Petrobras valuable new reserves, the share sale will provide the only cash in the operation. The total value of the operation - the combined value of the share sale and the oil swap - is capped around \$85 billion.

### **Deforestation Rate Continues to Plunge in Brazil**

The Brazilian government says that a preliminary survey by a low-resolution satellite shows that deforestation in the Amazon declined by 47.5% over the past 12 months. The figure is the largest decline since measurements began in 1988 and, if confirmed by data from a second set of satellites due out later this year, would amount to nearly a 90% drop in lost forest area since a 2004 peak.

“I think the results are pretty strong for a big additional decrease in deforestation,” says Greg Asner, a satellite expert with the Carnegie Institution for Science at Stanford University. “I am really pleased to see it. I do not doubt that the trend is real.”

The Instituto Nacional de Pesquisas Espaciais (INPE), Brazil’s remote-sensing agency, said fires burned 2296 sq km between August 2009 and August 2010. That compares with 4375 sq km for the preceding 12-month period. Clearing was concentrated in the agricultural states of Pará and Mato Grosso. Asner, who uses satellites to monitor tropical forests globally, says Brazil is the only tropical country where deforestation rates are decreasing consistently. Deforestation refers to land cleared by fires for pastures or farms. The satellites do not monitor another activity, illegal logging, that also can degrade forest regions.

The release of the data has political overtones 1 month before the presidential election. Environment Minister Izabella Teixeira called the figures the “lowest of the low” and credited government enforcement efforts, including cutting off loans to deforesters.

Researchers say the data comes with several asterisks. The low-resolution system, known as the Real-time Deforestation Detection System, detects only fires covering more than 25 hectares. Indeed, INPE specialists told the Brazilian press that farmers may now be employing smaller conflagrations to escape detection, and the agency reported a large increase in the number of fires in August.

Daniel Nepstad, a senior scientist who works on tropical forests at the Woods Hole Research Center in Massachusetts, says that recent efforts by large soybean and beef processors not to buy

products from newly deforested areas has helped slow the rate of deforestation. Some landholders may also be conserving forests in hope of receiving carbon credits. "I think there has been a very big change in the attitude of ranchers and farmers both for market reasons and due to enforcement," says Nepstad. "It's seen as a risky thing to do."

Scientists, including Nepstad and Asner, note that the global economic slump may also be playing an important role. If beef and soy prices were to rise, they say, it's unclear whether Brazil could prevent deforestation rates from soaring once again.

### **Fiji to open new diplomatic missions in Indonesia, South Africa, Brazil**

The Fiji cabinet has approved the establishment of new diplomatic missions in Indonesia, South Africa and Brazil next year, according to a government news release on Thursday.

Since 2006, political developments have necessitated a critical internal review of aspects of Fiji's foreign policies, said the country's foreign affairs minister, Ratu Inoke Kubuabola.

"Fiji's relations with her traditional allies including the regional organizations, and certain international organizations, have largely been negatively impacted due to discriminating and isolationist policies imposed by them," said Ratu Inoke.

Looking outside, Fiji's traditional partners were forced by the changing policies toward Fiji from its neighbors and key regional and international organizations, according to the release.

Ratu Inoke said the opening of new diplomatic missions in Indonesia, South Africa and Brazil will be priority in 2011 with diplomatic representation and deployment of staff.

Fiji has recently joined the Non Aligned Movement (NAM), an organization whose members are not aligned to any major power bloc and represents 118 sovereign countries.

Currently, Fiji has diplomatic representations in 10 countries and at the United Nations in New York.

### **Lula's candidate seemingly unstoppable, say experts**

Brasilia: Brazilian President Luiz Inacio Lula da Silva's candidate to succeed him in October elections, Dilma Rousseff, has a seemingly unassailable lead over her rivals, experts say.

The latest polls give Rousseff, or Dilma as she is popularly known in Brazil, a commanding 22 to 24 point lead over nearest challenger Jose Serra, Sao Paulo's former governor.

If those figures hold up in the Oct.3 election, Rousseff, 62, could emerge as Brazil's first woman president with a landslide victory - no need for an Oct.31 runoff.

That prospect has thoroughly dispirited Serra's camp.

On Thursday, Brazil's Supreme Court shot down a bid to have Rousseff's candidacy declared invalid because her aides had allegedly leaked Serra's private tax records.

"Unless a true disaster happens, or a vast scandal is unmasked, everything indicates that Rousseff should win in the first round, given the scenario playing out up to now," Brasilia University professor David Fleischer said.

"We see Serra having less than 10-percent chance of upsetting this tableau. That means that Rousseff should have the months of October, November and December to put together her government before assuming the presidency." Ricardo Ribeiro of MCL Consultora agreed.

"It's no longer tough to make predictions. The campaign is in its last month, and it's difficult to see what offensive the opposition can mount to balance out the equation," he said.

## **The One-Party Democracy**

This time eight years ago, Brazilian democracy took a stress test—and passed with distinction. The onetime radical union leader Luiz Inácio Lula da Silva took charge of Latin America's largest nation and impressed the world with his moderate politics and prudent economics. More than a personal triumph, the election of this peasant's son turned workingman's hero was proof that Brazil was not just a land of the privileged and powerful but an inclusive democracy with room for all views and voices, even at the top. As Lula himself stated just last year, demurring as his boosters lobbied to rewrite the Constitution and allow him to run for a third term, "the alternation of power is an important measure of a full democracy." That was then. Though Lula himself is not on the ballot, the Oct. 3 presidential election is his to lose. According to all polls, his handpicked candidate, former chief of staff Dilma Rousseff of the Workers Party (PT), is heading for a landslide victory over Social Democrat José Serra, the former governor of São Paulo state. This is political craftsmanship at its best. Where Lula is an everyman and never more at home than when he's working the crowds, Rousseff is a technocrat with a wooden delivery and a tin ear for politics (the "telephone pole," her rivals call her) who just a few months ago was running a poor second to Serra. But with one eye on posterity and the other on the 2014 election, when he will be eligible to run again, Lula has hit the stump with a fury. Powered by 80 percent approval ratings, he has done everything he legally can, and sometimes a bit more (he's drawn record fines for campaign irregularities), to shake some stardust onto his protégée. The result is the rise of an overnight political phenomenon with few parallels even in volcanic Latin American politics and, with it, the potential collapse of Brazil's democratic opposition.

Now pundits talk openly about the Mexicanization of Brazilian politics, a reference to the Partido Revolucionario Institucional, the iconic PRI, which for 70 years lorded over Mexican

politics through fear, favor, and a weighted ballot box. That might be a stretch. The PRI's reign was at its height a half century ago, when Mexico was a mostly rural nation beholden to corrupt and powerful oligarchs. The Brazil of the 21st century—cosmopolitan, politically wired, and allergic to demagogues—is one of the sturdiest democracies in the developing world. But the coming political cycle will test this emerging democracy as few others have. Lula's allies are set to win control of both houses of Congress and 17 of 27 state governorships, a ruling coalition that could prove a political steamroller for a decade or more to come. "We are running the risk of becoming a one-party country, dominated by a single ruling coalition," says political scientist Bolívar Lamounier.

The main worry over a Rousseff government is not that Brazil will suddenly careen to the left. A former Marxist guerrilla who was jailed and tortured by the military dictatorship, she has nonetheless followed Lula to the solid middle ground of the political spectrum and surrounded herself with moderates, like Antonio Palocci, the market-friendly former finance minister who soothed the financial world's nerves when Lula took office. Rejecting calls to loosen Brazil's money belt, Rousseff has vowed to keep inflation under control. She is also said to favor reining in the country's loss-making pension system, a proposition that lefties decry as part of the "neoliberal" agenda. Though she supports a muscular bureaucracy and backs Lula's call for tightening state control over Brazil's new deepwater oil reserves, one of her trump cards in this campaign has been her ability to draw support from major businesses and industries, starting with Brazil's richest man, the mining mogul Eike Batista.

The risk in Rousseff's rise is less dramatic, but no less real. While she may be poised for glory, Brazil's fractious political system means she will have to share power with a half-dozen parties known for their narrow political agendas and large appetites. The more daunting challenge will be marshaling the votes to unshackle Brazil's economy, which is still hobbled by rigid labor laws, a bloated pension system, and the highest taxes in the emerging markets. With the economy humming, unemployment falling, and a rising middle class—and no forceful opposition to hold a government's feet to the fire—these seem like distant worries. But if there is any certainty in the troubled global economy, it's that good fortunes will turn. That's something not even a political steamroller can fix.

### **Brazilian president calls for L. American integration**

President Luiz Inacio Lula da Silva called Thursday for the acceleration of integration in Latin America.

Lula made the remarks when giving the first lecture of the newly-founded Federal University for the Latin American Integration (Unila), in Foz do Iguacu, Parana state, near the Paraguayan border.

The establishment of the university, which currently has 200 students from Brazil, Argentina, Paraguay and Uruguay, is an effort to boost the integration in the continent.

He said Latin America is very important for Brazil's trade, as 46.7 percent of the country's exports go to the region, but the bonds between countries go beyond economy.

"After 200 years, we are learning to walk with our own legs, see with our own eyes, talk with our own mouths, and think with our own minds. That means we are truly enjoying our independence," he said, adding that much more has to be done for the integration.

In the future, Unila is expected to have 10,000 students and 250 professors, half from Brazil and half from other Latin American countries, according to the Education Ministry.

A total of 306 million reais (176.8 million U.S. dollars) will be invested in building the new university's permanent campus.

### **India, Brazil discuss investment opportunities**

With an aim to enhance economic ties, India and Brazil discussed investment opportunities in sectors like infrastructure during the visit of State Minister of Commerce and Industry, Jyotiraditya Scindia to Sao Paulo.

Scindia, who is leading a 12—member business delegation to Brazil, Peru and Chile, met Brazilian Minister of Development, Industry and Foreign Trade Miguel Jorge yesterday and reviewed the bilateral commercial relations.

“They discussed the possibilities of further strengthening the commercial relations and the prospects of investments and joint ventures in sectors like oil and gas, agriculture, infrastructure, sugar, IT, automobiles and renewable energy,” a statement issued here today said.

Scindia also inaugurated the India-Latin America and Caribbean Conclave (Brazil) in Sao Paulo.

He invited the Brazilian industrial community to visit India, especially during the India International Trade Fair to be held in New Delhi in November 2010.

Trade between India and Brazil was USD 5.85 billion in 2009-10, up about 52 per cent from the previous year.

### **Brazil's GDP growth to top 7% this year: officials**

Brazilian Finance Minister Guido Mantega said Friday the country's gross domestic product (GDP) would grow at least seven percent this year, the highest in 24 years if achieved.

In a separate statement, Central Bank President Henrique Meirelles said the Brazilian economy would grow 7.3 percent this year.

In the first half of 2010, Brazil's year-on-year GDP growth reached a record high of 8.9 percent, surpassing that of most other countries in the world.

Officials said the high growth rate did not lead to overheating.

The government set an inflation target of 4.5 percent for this year, with a margin of two percentage points. From January to July, Brazil reported an average inflation rate of 3.1 percent.

Brazil's GDP contracted by 0.2 percent last year due to the global financial crisis.

### **Brazil's economy grows 8.8%**

Sao Paulo: Brazil's economy grew 8.8 percent in the second quarter, defying forecasts of a steep slowdown as booming investment and strong consumer demand helped it outshine struggling economies in the developed world.

Compared with the first quarter, gross domestic product expanded 1.2 percent in the second quarter, the government's statistics agency IBGE said on Friday.

That outstripped expectations of 0.7 percent quarterly and 8 percent annual growth in a Reuters survey.

The solid growth in Latin America's largest economy - the world's eighth-largest - adds more evidence to the growing clout of emerging markets, many of which have posted stronger growth rates this year than more-developed nations.

With a presidential election only a month away, the robust growth data could give an added boost to ruling party candidate Dilma Rousseff, who is already surging in the polls thanks to the popularity of her political benefactor, outgoing President Luiz Inacio Lula da Silva.

The latest data fueled speculation that interest rates may rise again in 2011 to control inflation and prevent overheating. But the central bank tried to reassure markets on Friday that it would not spur higher interest rates.

"The central bank is totally comfortable with this growth, absolutely within forecasts," said Henrique Meirelles, the bank's president. "We expect more moderate growth in the third and fourth quarter, so that the economy grows in balance over the long term," he added. Growth in those quarters should average about 0.7 percent, he said.

Yields on Brazilian interest rate futures contracts rose nonetheless. The yield on the contract due January 2012, the most active of the session, rose to 11.36 percent in the afternoon from 11.31 percent. The yield rose as high as 11.41 percent earlier in the session.

With growth expected to slow next year, the government sees no need for additional measures to brake activity, Finance Minister Guido Mantega said on a conference call.

"This year we'll have an unusual result for Brazil, with a high rate of expansion, with inflation near the center of the government target," he said, adding that 2010 growth of at least 7 percent was now certain.

The annual growth came largely on a 26.5 percent surge year-on-year in capital spending, a sign that companies are investing to keep up with future demand. Industrial output grew 13.8 percent and household consumption expanded 6.7 percent even as interest rates rose during the quarter.

While the economy is poised to slow in the coming quarters, the second-quarter expansion was still fast enough to feed expectations of monetary tightening in 2011.

"Even though there has been a small slowdown it was still a very strong quarter, driven by family spending and domestic demand," said Marianna Costa, an economist with Link Investimentos. "Strong activity shows that the probability of a new cycle of interest rate hikes next year is higher."

Brazil's whopping 9 percent growth in the first quarter from the year-ago period was its fastest pace in more than a decade and, many analysts said, unsustainable.

The government stepped on the brakes: tax breaks on cars and home appliances that had drawn shoppers into malls and showrooms faded, and the central bank hiked the benchmark interest rate from a record-low 8.75 percent to 10.75 percent. "This (GDP) number shows that the economy is still growing briskly, even after the withdrawal of the measures that fueled exceptional growth in the first quarter," said Newton Rosa, chief economist with SulAmerica Investimentos.

## **Brazilian Economy Grows as Trade With China Increases**

Unlike many other nations that saw their economies shrink during the global recession, Brazil emerged relatively unscathed. And according to government figures there, Brazil will see a seven percent increase this year. Some analysts say this growth has been fueled by increased exports to China, now Brazil's largest trading partner. But other observers say the current exports will not empower Brazil in the long run.

Brazil made it through the global economic crisis relatively unaffected for two reasons, says Sergio Amaral, a long time official in Brazil's foreign ministry. He says one is because of government loans that kept domestic production levels up.

"And the second point is that I think China played an important role because China is now our first trading partner and China has been expanding its imports from Brazil," Amaral said.

Trading partnership

In 2009, China replaced the United States as Brazil's top trading partner.

But Amaral, who is also the president of the [China Brazil Business Council](#), says China took the top spot due to the damage caused by the global recession on the U.S. economy.

"The exports to the US declined not because of China, but because of decline in demand from the US," Amaral explained. "I think as soon as the US economy recovers we'll increase our exports to the US too, because these are different types of products that we sell to the United States and China."

Amaral explains that markets in North America and Europe import more expensive, industrialized goods, including steel and airplane parts. Whereas trade with China revolves mainly around the export of raw materials, like iron ore and agricultural products such as soybeans.

Will boost last?

But some analysts say while Brazil's reliance on exporting these primary commodities to China has given a boost to the economy in recent years, it will not sustain growth in the long run.

Gilmar Masiero lectures in economics at the University of Sao Paulo. He says exporting soybeans and iron ore does not create enough jobs to really impact Brazil's economy. Masiero says if trade with China is to provide Brazil with continued economic growth and create jobs for Brazilians, then it must broaden beyond commodities.

"If we build more technological partnerships with countries who are more or less in the same level of development that we are then we can grow together and we can be competitive in specific sectors that must be new emerging technological sectors and not put our efforts in old industries," Masiero said.

Sergio Amaral at the China Brazil Business Council agrees the type of exports must change. But he says he sees a change in Sino-Brazilian relations taking place already.

"I think there is an evolution, recently, I think this year, the outstanding point is not trade, its investment," Amaral said. "Chinese companies are expected to invest \$10 billion in Brazil this year and this year China will be the largest investor in Brazil."

Amaral says Chinese companies will invest in telecommunications and infrastructure projects. And that includes a bid to construct a high-speed train line between Sao Paulo and Rio de Janeiro ahead of Brazil's hosting of the 2014 World Cup.

### **Brazilian mouse made U.S. elephant run on trade: Lula**

Brasilia (Reuters) – Brazilian President Luiz Inacio Lula da Silva boasted on Wednesday of having won trade disputes against the United States and likened his country to a mouse that scared an elephant.

"We had a fight with the United States in the WTO on cotton and we won. We had a fight with them on sugar and we won," Lula said, referring to two cases in which the World Trade Organization had ruled in favor of Brazil and against U.S. farm aid.

"In the olden days, they said don't fight with the United States, they are very big," Lula said during a public works inauguration in the central Minas Gerais state.

"Look, an elephant has a certain size. The trunk is as big as 10 rats but put a mouse near the elephant and see how the beast trembles and wets itself," he added.

The former trade union leader will step down after his second term ends on January 1.

In recent weeks he has been actively campaigning for his former chief of staff and front-runner in the October presidential election, Dilma Rousseff.

Brazil has become an active player in global trade negotiations since Lula took office in 2003. His mediation efforts over Iran's nuclear program earlier this year cooled Brazil's ties to Washington substantially.

Lula, who is known to occasionally make provocative remarks, said he respected the United States and Europe, but that Brazil today walked with its head high and wanted to compete on an equal footing.

At the height of the 2008-2009 global financial meltdown, Lula raised eyebrows by blaming the crisis on white people with blue eyes.

### **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 Zuma hopes to obtain commercial preferences through BRIC membership. As for Russia, it considers South Africa an important and perspective partner. Russian officials 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 cannot be compared to the economies of other BRIC members.

According to World 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 capita 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.

### **Chinese defense minister arrives for friendly visit to Brazil**

Brasilia, Sept. 7 (Xinhua) -- At the invitation of Brazilian Defense Minister Nelson Jobim, Chinese Defense Minister Liang Guanglie arrived on Tuesday in the Brazilian Air Base to begin a goodwill visit to the South American country.

In a written speech released upon his arrival, Liang, also Chinese state councilor, offered his sincere greetings and good wishes to the Brazilian people and armed forces on behalf of the Chinese Ministry of National Defense and the Chinese People's Liberation Army.

Liang said the aim of his visit is to strengthen mutual understanding between the two armies, deepen friendship, promote cooperation, and explore more areas for cooperation between the armed forces of the two countries.

Liang said that China is keen to develop bilateral relations of the armies, to deepen military cooperation with Brazilian side, to promote relations between the two countries, and devote their due contributions to safeguarding international and regional stability and safety.

During his stay here, Liang will also meet his Brazilian counterpart Nelson Jobim and other high-ranking officials in Brazil. He will also visit some military bases in the South American country.

This is the last leg of Liang's tour of three Latin American countries, which also took him to Mexico and Colombia.

### **WHO warns of need for more funding Brazil health system**

The World Health Organization (WHO) released on Wednesday a report urging the Brazilian government to meet funding needs of its public health system.

According to the document, up to 1988, half of Brazilians did not have any coverage, and two decades after the creation of the Unified Health System (SUS), more than 75 percent of the population depends solely on it for health care.

WHO considers the Family Health program a "key piece", which covers 97 million Brazilians and has more than 30,000 teams engaged in "concerted efforts" to reach the poorest and most isolated communities in the country.

Other positive elements include the network of services offered including cardiac surgery, diagnostic laboratory and high-tech medical exams, as well as the national vaccination campaigns for disease prevention and the oral health program.

The report highlights the importance of decentralization of SUS from 1996, when legislation transferred part of the financial and managerial accountability for states and municipalities network, which should invest 12 and 15 percent of their budgets in the sector, respectively.

According to WHO, the problem is the lack of funding at the federal level, with per capita spending of 252 dollars in 2007, behind countries like Argentina and Uruguay.

The agency noted that inadequate funding is related to the problems of poor structure in hospitals and the reduced staff of health professionals in the South American country.

### **Detailed Report/Chile**

#### **Canada's Precision Drilling helps in Chilean miners rescue**

Calgary — One of Canada's largest oil drillers has been tapped by the Chilean government to help rescue miners trapped underground for more than a month.

Precision Drilling Corp. chief executive Kevin Neveu on Thursday confirmed that the company will move its only drilling rig in the South American nation more than 1,000 kilometers to the mine site where 33 miners have been trapped 700 meters underground since early August.

"Our company is not a company that is intended to be in the rescue business," he said in an interview. "But we were well qualified to help out. No question, we want to provide any kind of assistance we can to make sure we do our part to the best of our ability."

The rig began arriving on site Thursday, where it will begin drilling alongside two mining rigs in what Chilean government officials have dubbed "Plan C."

Neveu said the rig, which is capable of drilling to depths of 2,000 meters, had been sitting idle while it was waiting for new contracts. He said he didn't have many details on the rescue operation and the company hadn't even seen a well plan.

"That's entirely in the domain of the Chilean authorities," he added. "We're just operating the rig."

According to Chilean government spokesman Pelayo Bezanilla, technical crews requested Precision's rig because it can drill larger holes into the ground faster than typical mining equipment. The oil rig is capable of drilling a hole 90 centimetres wide compared to less than 10 centimetres for the mining shafts that have been used to send food and supplies to the workers trapped below.

Bezanilla said rescuers still haven't figured out how they're going to bring the miners to the surface, because it's never been tried before. The idea is to lower cages into the hole and pull the men out one by one.

"Never in history has an oil machine been used to rescue people," he said. "In theory it should take less time . . . none of the technology we are using has ever been used to rescue the miners."

Bezanilla said it is "very positive" that Precision has a reputation for professionalism and is highly regarded in North America where it is one of the largest oilfield drillers in Canada and the U.S.

Even with a penetration rate of 20 to 40 meters per day, it could take more than a month to reach the target depth and some have speculated the men could be trapped underground until the end of the year.

Chile's Navy and the U.S. National Aeronautics and Space Administration (NASA) are among organizations and companies advising on what is the world's longest mine rescue.

The miners have been trapped in the San Jose copper and gold mine in the Atacama Desert since an Aug. 5. The longest previous rescue effort took place in China in 2009 and lasted 25 days.

Chile supplies about a third of the world's copper.

"The whole world has its eyes on Chile," Sebastian Pinera, the country's president, told reporters Wednesday, vowing the men would be home for Christmas holidays. "This is probably one of the most difficult, challenging and risky rescue operations in the history of humanity."

### **Detailed Report/Colombia**

## **Colombia's President Pledges Tough Action against Rebels**

The new Colombian president, Juan Manuel Santos, is vowing to step up his predecessor's military crackdown against leftist rebels, following an attack this week that left 14 police officers dead.

President Santos met Friday with top generals in the southern state of Cauca, where the officers were killed in a roadside bomb attack blamed on the rebel Revolutionary Armed Forces of Colombia, or FARC.

The Colombian leader offered his condolences to the families of the officers killed, and offered a \$275,000 reward for information leading to the capture of a FARC rebel commander known as Wilmer, who is suspected of masterminding the attack. The FARC is Colombia's largest rebel group.

Also Friday, authorities say a bombing raid involving the Colombian Air Force killed 15 members of the leftist National Liberation Army, or ELN, in eastern Arauca state, near Venezuela. The ELN is Colombia's second-largest guerrilla group.

The United States has designated both the FARC and the ELN as terrorist organizations.

## **Colombian troops kill 11 ELN rebels in raid**

Colombian troops Friday killed 11 members of the anti-government National Liberation Army (ELN) group during a raid near the Venezuelan border, the military said.

The operation was carried out 18 km southwest to border town Saravena close to a real estate called Alto Satoca, Javier Fernandez, commander of the Colombian Army's 8th Division, told reporters.

"It was a joint raid by the Colombian Air Forces and ground troops on a camp with 50 people of the ELN's 'Efrain Pabon Rubio' and 'Domingo Lain Saenz' factions," Fernandez said, adding the operation won't be possible without information provided by former ELN members.

Another ELN member was wounded and was airlifted to Arauca city for treatment, he said. Thirteen fusils and documents of intelligence value were also seized during the raid.

Fernandez said raids on rebel groups in the region will continue as 200 more government troops just arrived to assist in the operation.

Clashes between Colombian troops and rebel groups have resulted in dozens of casualties over the past week.

## **Colombian president, Chinese defense minister hold talks on bilateral ties**

Colombian President Juan Manuel Santos meets with Chinese Defense Minister Liang Guanglie in Bogota, Colombia, Sept. 6, 2010. Liang Guanglie arrived in Bogota on Sept. 4 for a three-day visit. (Xinhua)

Colombian President Juan Manuel Santos and visiting Chinese Defense Minister Liang Guanglie held talks here Monday, vowing to make joint efforts to boost bilateral military ties.

Liang, also a state councilor, said ties between the two countries had been developing smoothly since diplomatic relations were established 30 years ago.

China attached great importance to the development of bilateral ties and would like to make joint efforts with Colombia to further boost the ties, he said.

Liang said the military ties, an important component of bilateral ties between China and Colombia, had been strengthened, with great achievements made in the fields of mutual visits and personnel training.

He added that China was willing to enhance its military ties with Colombia and expand bilateral military exchanges and cooperation.

Santos said he agreed with Liang on bilateral military ties, saying the two countries should join hands to continuously explore the cooperative fields.

Liang also met with Colombian Defense Minister Rodrigo Rivera, and both sides agreed to promote military exchanges and cooperation.

Liang arrived here Saturday for a three-day visit at the invitation of Rivera.

### **Detailed Report/Mexico**

#### **U.S. Withholding Aid to Mexico over Human-Rights Abuses**

The Obama administration is withholding \$26 million in aid to Mexico, recommending that the government give more power to its human rights commission and crack down on abusive soldiers.

In a report released Friday, the State Department said the Mexican government, which is mired in a violent battle with powerful drug cartels, has met human rights requirements to receive \$36 million in previously withheld funds that are part of a \$1.4 billion Merida Initiative.

But the U.S. was going to withhold 15 percent of newly authorized funds until the Mexican government meets several requirements: enhancing authority of the National Human Rights Commission, limiting authority of military courts in cases involving abuse of civilians, and improving communication with human rights organizations in Mexico.

"We believe there has been progress, very significant progress, on human rights in Mexico, but as a policy decision – not a legal decision – we are going to wait on a portion of new funding

because we think additional progress can be made," said Roberta Jacobson, a deputy assistant secretary for Mexico and Canada at the State Department.

The Mexican government said it is working to improve human rights and urged Washington to speed up implementation of the Merida Initiative.

"The State Department report establishes that the government of Mexico is carrying out actions to strengthen the observance of human rights," the Foreign Relations Department said in a statement. "Cooperation with the United States against transnational organized crime through the framework of the Merida Initiative is based on shared responsibility, mutual trust and respect for the jurisdiction of each country, not on unilateral plans for evaluating and conditions unacceptable to the government of Mexico."

Maureen Meyer, a Mexico expert at the Washington Office on Latin America, which promotes human rights and democracy in the region, said withholding funds sends the message "that you cannot fight crime with crime and you cannot fight drugs while tolerating abuses by your security forces."

The Merida Initiative was a 2008 commitment from the U.S. to help Mexico combat drug cartels. Under the rules, the State Department must certify that Mexico is banning torture, prosecuting law enforcement agents and soldiers who abuse civil rights before allocating all of the funds.

A State Department report sent to the Senate this week commends the Mexican government for cracking down on torture, improving transparency and listening to human rights groups' allegations that about military abuses.

But the report, which has not been publicly released, said the government needs to be more public and aggressive when investigating and prosecuting allegations of abuse by security forces.

Mexico has faced repeated criticism for alleged military abuses. This year, human rights officials accused soldiers of shooting two children and altering the crime scene to try to blame the deaths on drug cartel gunmen.

The army denies the allegations, and says the boys, ages 5 and 9, were killed in April when their family's vehicle was caught in the crossfire of a shootout between soldiers and gunmen in the northern state of Tamaulipas.

The scandal has renewed demands from human rights activists that civilian authorities, not the army, investigate human rights cases involving Mexico's military.

Because Merida spending lags more than a year behind allocations, Friday's decision will have minimal financial impact.

But Andrew Selee, director of the Washington D.C.-based Mexico Institute, said it does underscore concerns, both in Mexico and the U.S., about the lack of progress in fairly prosecuting public officials accused of committing human rights abuses.

"This has raised particular concern in the U.S. Congress, where there remains considerable support for Mexico's efforts against organized crime, but also some worries about the lack of progress in ensuring transparent investigations of alleged human rights abuses," said Selee.

## **Mexican drug kingpin gets 27 years in Ariz. prison**

A Mexican man who prosecutors say headed a major drug-smuggling ring that shipped tons of marijuana into the U.S. was sentenced Friday to 27 years in prison and ordered to forfeit \$4 million to the American government.

Carlos Molinares Nunez, also known as "Caliche," was arrested in 2006 and charged for his leadership of the Sinaloa drug cartel. Authorities believe he led the ring for the last five years, directing its activities from his home base in Naco in Sonora, Mexico. He was arrested in Tucson while staying with his wife's relatives.

"Caliche was a key figure in the violent drug trade of the Sinaloa cartel," U.S. Attorney Dennis Burke said. "With this sentencing, his individual organization has been dismantled and destroyed."

Molinares, 37, pleaded guilty to two counts of continuing criminal enterprise and conspiracy on June 5, 2009, in a plea agreement that required forfeiture of all his seized assets, including property, vehicles and jewelry.

Prosecutors said his organization used sophisticated radio communications and observation equipment to keep their drivers informed about where border agents were located so they could cross into the U.S. undetected.

Vehicles were bought under straw buyers' names to carry marijuana, and sometimes held as much as 1,000 pounds of pot.

## **Lawmakers, mayor among 6 killed in plane crash**

At least six people, including two Mexican federal lawmakers and a governor, were killed when their small plane crashed in southern Mexico on Friday, the attorney general's office said. The plane left Mexico City and went down as it was approaching the airport at the Pacific beach resort of Huatulco, in southwestern Oaxaca state, the officials said. Two lawmakers, a regional mayor of Oaxaca, the pilot and two other yet unidentified people died in the crash, they said. The National Action Party (PAN) of President Felipe Calderon confirmed the deaths of federal lawmakers Guillermo Zavaleta and Juan Huerta. The Cessna plane crash occurred mid-morning some 500m from Huatulco airport.

## **Police nab alleged smuggler of Ecuadorean migrant**

Quito, Ecuador – Authorities have detained an alleged smuggler of an Ecuadorean man who told police he survived a massacre of 72 fellow migrants in Mexico, the justice minister confirmed Sunday.

Police arrested Miguel Angel Dutan Meneses on Saturday at his house in Biblian, a hamlet 140 miles (230 kilometers) south of the capital of Quito, said Justice Minister Jose Serrano.

Dutan appeared Saturday before a judge, who ordered him jailed while authorities continue their investigation, Serrano said.

Among the suspect's possessions, authorities found a money order for \$3,000 made out to a woman in Honduras, said Romeo Garate, district attorney in the province of Canar, where Biblian is located. Garate told local news media that the discovery could indicate Dutan is part of a larger smuggling network.

Serrano said that authorities believe Dutan helped to smuggled Ecuadorean Luis Freddy Lala Pomavilla to Mexico.

Lala, 18, told authorities he survived the massacre of 72 Central American and South American migrants at a ranch in the northern Mexican state of Tamaulipas, which has been embroiled in a vicious turf battle between the Zetas drug cartel and its former employer, the Gulf cartel.

Police believe that Dutan also smuggled a second Ecuadorean migrant who was killed in the massacre last month, Garate said.

Mexican authorities believe the Zetas kidnapped the migrants, most, if not all of whom were headed for the U.S., and gunned them down after they refused to work for the cartel.

Marines found their bound, blindfolded bodies slumped against a wall after raiding the ranch.

Cartels have increasingly tried to recruit vulnerable migrants to smuggle drugs, Mexican officials say.

### **Mexican marines arrest 7 in killing of 72 migrants**

Mexico City - Mexican marines have arrested seven gunmen suspected of participating in the massacre of 72 Central and South American migrants, the government announced Wednesday.

Four of the suspects were arrested after a Sept. 3 gun battle with marines, and the other three were captured days later, spokesman Alejandro Poire said at a news conference.

Marines - alerted by a survivor who managed to escape the mass slaying - found the bodies of the migrants Aug. 24 at a ranch in the northern state of Tamaulipas.

Poire alleged the seven detainees belong to the Zetas drug gang, but he gave no further details on their identities.

Investigators believe the migrants were killed because they refused to work for the Zetas. If true, it would be the worst drug cartel massacre in Mexico to date.

The arrests were announced one day after authorities found the bodies of two men believed to be those of a state detective and a local police chief who participated in the initial investigation of the massacre.

The two police officers went missing a day after the bodies were found in San Fernando, a town about 100 miles (80 kilometers) south of Brownsville, Texas.

The Tamaulipas state Attorney General's Office said Tuesday that identification documents found on the bodies matched those of the missing officials, state detective Roberto Suarez Vazquez and Juan Carlos Suarez Sanchez, who was head of the Public Safety department of San Fernando.

### **Clinton Says Mexico Drug War Looks Like 'Insurgency'**

Sept. 8 (Bloomberg) -- U.S. Secretary of State Hillary Clinton said Mexican drug cartels are looking increasingly like "insurgencies" as escalating violence resembles the war of terror waged against the Colombian government two decades ago.

"It's looking more and more like Colombia looked 20 years ago, where the narco-traffickers controlled certain parts of the country," Clinton said today in Washington at the Council on Foreign Relations.

In some cases, the trafficking "is morphing into, making common cause, with what we would consider an insurgency," Clinton said.

In the past two weeks in northern Mexico, two mayors have been assassinated, a car bomb exploded outside a television station, and 72 migrants were found massacred. In June, a gubernatorial candidate was killed.

Deaths related to drug trafficking have surged during Mexican President Felipe Calderon's term as the government battles organized crime. Violence related to the narcotics trade has killed more than 28,000 people since Calderon began battling drug gangs when he came to office in December 2006.

While U.S. officials have expressed increasing concern about the scale of violence involving Mexican drug cartels, they have usually avoided suggestions that Mexico may be losing control over its territory.

### **Calderon 'Courage'**

Clinton, who visited in Mexico in March 2009, today praised Calderon for his efforts in taking on the narcotics kingpins.

"I give President Calderon very high marks for his courage and his commitment," Clinton said. "This is a really tough challenge."

Clinton repeated her view that U.S. drug consumption was helping to feed the violence in Mexico. And she said the U.S. was aware of concerns in Central America and the Caribbean about the spillover of the violence.

"We need a much more vigorous U.S. presence" in Central America to help countries improve their law enforcement capacity to fight drug traffickers, Clinton said.

## Drug Cartels

The Medellin and Cali cartels were Colombia's two biggest drug suppliers and smugglers in the 1980s.

Today, the Revolutionary Armed Forces of Colombia, a Marxist insurgency, conducts most of the country's illegal drug trafficking. The FARC, the Spanish acronym for the group, is classified as a terrorist organization in the U.S.

The U.S. has already raised its concern about drug-related violence getting out of control.

U.S. government workers in Monterrey were told last month to send their children back home after a shooting in front of the American Foundation School, and a "high incidence" of kidnappings prompted the State Department to issue an updated travel warning for Mexico.

-- With assistance from Jonathan J. Levin in Mexico City. Editors: Edward DeMarco, Don Frederick

### **Critics say Mexico needs to learn from Colombia**

Mexico City (AP) -- With a blunt remark that grated on Mexicans, Washington's top diplomat was merely echoing a growing concern about the alarming violence and instability being caused by Mexico's war on drug cartels.

Mexican officials publicly disputed on Thursday the declaration by U.S. Secretary of State Hillary Rodham Clinton the previous day that Mexico is "looking more and more like Colombia looked 20 years ago."

Clinton's assessment is nevertheless shared by the crime-fighters who dismantled Colombia's killer cartels and have been offering Mexican officials, police and prosecutors advice and training for more than two years.

Critics say Mexican President Felipe Calderon's government has been too slow to heed that advice.

Colombia's police director, Gen. Oscar Naranjo, and others who fended off a criminal takeover in the Andean nation believe Mexico is on the cusp of a battle royale in which politicians, police and judges will increasingly be targeted and terror used against civilians - just as Pablo Escobar and his Medellin cocaine cartel did in their country.

"They are headed there," Naranjo said in a recent interview.

Organized crime analyst Edgardo Buscaglia in Mexico says the escalation of cartel violence in this country mirrors Colombia's experience because it is "directly related to the weakness of the

state." It differs, he says, in that it arises mostly as rival gangs fight to put their own people in key jobs at the provincial and local level - such as mayor, prison warden, police chief.

The cartel assault on Colombia's national government was initially mounted by Escobar himself - atop a single organized crime group - when then-Justice Minister Rodrigo Lara outed him as a narco.

Before police gunned him down in 1993, Escobar and his henchmen waged a decade-long reign of terror. They killed hundreds of police, judges, journalists and politicians, starting with Lara.

The successor Cali cartel kept up Escobar's battle against extradition of traffickers to face U.S. charges - but less violently, choosing instead to buy off much of Colombia's Congress.

Naranjo was chief of police intelligence in the 1990s when Washington lavished aid on his boss, Gen. Rosso Jose Serrano, as he purged and professionalized the force. With close cooperation from Washington - and the passage of extradition, money-laundering and asset forfeiture laws, Colombia dismantled its major cartels.

Traffickers compartmentalized their business to better shield themselves. They handed over U.S. distribution networks to Mexican cartels, and Colombia's illegal armed groups - leftist rebels and far-right paramilitaries - got deeply involved in cocaine production.

This year, Naranjo was able to scratch off the last name from a list of the country's top 28 fugitive drug traffickers that he drew up in May 2004. All had been captured.

Among suggestions Naranjo and a brain trust of Colombian crime-fighters and allies have offered to the Calderon government:

- Create an elite, uncorruptible counterdrug unit in the national police, as Colombia did, and protect delicate narcotics investigations by compartmentalizing information.
- Attack money-laundering and political corruption with legislation that makes it easier to track drug money, freeze narco assets and seize traffickers' property.
- Offer better protection to news organizations to encourage more robust and independent reporting on traffickers.

Calderon hasn't moved fast enough to implement such initiatives, many analysts say.

A special investigative unit trained by Colombians and other foreign experts was only recently deployed to the violent border city of Ciudad Juarez - that city's first real investigative police. And last month, the government announced the firing of 3,200 federal police this year for failing tests designed to root out corruption.

A raft of obstacles unique to Mexico explain the slow pace.

Mexico has more than 1,600 separate state and local police agencies, while all policing in Colombia is handled by its national force.

"It's an enormous disadvantage," Calderon said in a radio interview last month, noting Mexico has about 33,000 federal police officers compared to 430,000 state and local cops.

Jorge Castaneda, a former foreign minister, is among Mexicans advocating the creation of a single national force. Calderon has instead proposed eliminating all municipal forces and replacing them with a single state force in each of Mexico's 31 states and federal capital district.

Then there is Calderon's decision to put the military in charge of his war against the cartels, which has led to killings of noncombatants and other abuses. Human rights groups aren't the only critics of such a strategy.

"The military is trained to kill people. The military isn't trained to do criminal investigations. The military shoots first and asks questions later," said Thomas Cash, a former top U.S. drug agent for the region.

Cash was also hard on Calderon for not doing enough about Mexico's rampant money laundering.

"They have been no significant laws that even define money laundering," he said, as well as a weak and splintered judicial system where provincial judges barely make a living wage.

Calderon, who has just two years left in office and is barred by law from running for re-election, didn't make good on a promise to introduce money-laundering legislation until last month.

Mexican officials have long argued that their country is nowhere near as violent as Colombia, where leftist insurgents have been battling the state for nearly a half century. Mexico's murder rate last year was 14 per 100,000 - well below Colombia's rate of 39 per 100,000.

Mexican officials answered Clinton sharply.

Alejandro Poire, the chief security spokesman, said Calderon's government is attacking the problem before it reaches the magnitude it did in Colombia.

"We think the most important (difference) is that we are acting in time," Poire said.

Time may be running out.

Ciudad Juarez has become one of the world's deadliest cities, with more than 4,000 people killed there in last two years. And while Mexico's cartels have not staged anything approaching the scale of the Medellin cartel's 1989 downing of a domestic airliner, which killed 110 people, they are increasingly experimenting with terror.

In July, the Juarez cartel staged the first successful car-bombing in Mexico, killing three people.

More than 2,000 Mexican police and nearly 200 soldiers have been killed since Calderon took office in late 2006. The vast majority of 28,000 drug war victims have died in battles between drug gangs, but mayors and police chiefs have been assassinated and ambushes staged against security officials - and their families. Three mayors in northeastern Mexico have been killed in the past month alone.

Mexico has far surpassed Colombia as the most dangerous country in the Americas for journalists. Twenty-two have been killed since Calderon took office, according to the New York-based Committee to Protect Journalists. In Colombia, one journalist was killed last year and none in 2008.

Mexico's news media have, with a few exceptions, balked at taking on the cartels. Many regional newspapers and broadcasters don't even cover the drug war. And CPJ director Joel Simon says cartels in some Mexican cities are paying off journalists.

That contrasts with Colombia, where journalists in the Medellin cartel's heyday boldly took on the narcos, often serving as a proxy for a justice system crippled by cartel attacks.

To protect reporters from assassination, Colombia's news media would often share and publish the same information simultaneously and without bylines.

In Mexico, that's not happening.

### **Obama Says Mexico's Drug Battle Not Comparable to Colombia's**

President Barack Obama said Mexico's battle against drug cartels isn't comparable to Colombia's fight against traffickers 20 years ago.

"Mexico is a large and progressive democracy with a growing economy," Obama said in an interview with *La Opinion*, a Spanish-language newspaper in Los Angeles. "As a result, you can't compare what is happening in Mexico with what happened in Colombia 20 years ago."

Obama's remarks contrasted with those made by Secretary of State Hillary Clinton, who said yesterday that escalating Mexican violence resembles the war of terror waged against the Colombian government two decades ago.

Clinton said that in some cases Mexican drug cartels are "morphing into, making common cause, with what we would consider an insurgency." Clinton, who visited in Mexico in March 2009, also praised Mexican President Felipe Calderon for his efforts in combating the narcotics kingpins.

In the past two weeks in northern Mexico, two mayors have been assassinated, a car bomb exploded outside a television station, and 72 migrants were found massacred. In June, a gubernatorial candidate was killed.

Alejandro Poire, the Mexican government's security spokesman, yesterday denied Mexico's situation resembled Colombia's.

Deaths related to drug trafficking have surged during Calderon's term as the government battles organized crime. Violence related to the narcotics trade has killed more than 28,000 people since Calderon began fighting drug gangs when he came to office in December 2006.

## **Detailed Report/Venezuela**

### **Poll: 77 percent of Venezuelans are willing to vote in parliament election**

According to the projection of the pollster about intent to vote a candidate (among voters who are sure to go to the polls), 43 percent would vote the ruling party whereas 57 percent would vote opposition parties. According to the third quarter's public opinion survey conducted by pollster Alfredo Keller & Asociados, 30 percent of Venezuelan voters define themselves as followers of President Hugo Chávez; 37 percent as swing voters and 33 percent as anti-Chávez.

The survey reported that 22 percent out of the 1,200 nationwide respondents defined themselves as "very pro-Chávez", whereas 24 percent said they are "very anti-Chávez." The remaining 44 percent was "somewhat a follower of President Chávez, neutral or somewhat anti-Chávez."

The public opinion poll reported that 77 percent of Venezuelan voters will certainly take part in the parliamentary election to be held on September 26. According to the projection of the pollster about intent to vote a candidate (among voters who are sure to go to the polls), 43 percent would vote the ruling party, whereas 57 percent would vote opposition parties.

According to the survey, the issue of most concern for the Venezuelan people is crime followed by unemployment. High cost of living comes next. Other problems include housing, lack of access to public services, discord, health and education.

Crime also appears to be the main problem in the area where respondents live, followed by the lack of water and garbage.

The poll was conducted in 67 cities and towns with more than 20,000 inhabitants.

### **Venezuela's Jews turn to Chavez over state media's anti-Semitism**

Costa Rica - The increasingly anti-Semitic commentary in Venezuela's state-sponsored media in recent days prompted the heads of the country's Jewish community to request an urgent meeting with President Hugo Chavez last week. The presidential palace responded that their request would be granted.

The verbal and written attacks have included hints that the Jews are damaging the country's economy and are following the notorious anti-Semitic fabrication "The Protocols of the Elders of Zion." It is likely related to the rising tensions ahead of the country's parliamentary elections, which are set for later this month.

"This anti-Semitism is troubling us all and it needs to cease immediately," said David Bittan Obadia, deputy chairman of the Jewish community of Venezuela Friday. "We are not saying this is the government policy; however, [the government] is capable of putting a stop to the phenomenon. It has the tools. We will be very direct and adamant in the things we will tell President Chavez."

Bittan Obadia said the attacks had come from the media, but the community's real concern was that the phenomenon would spread.

He said the president's staff had promised a meeting with Chavez in about 10 days.

A member of Caracas' Jewish community told Haaretz yesterday, "Chavez and his supporters will not give up power, irrespective of the election result, and many members of our community are concerned that if there are disturbances, we will be targeted. When there is anarchy, there are always people who use it to attack Jews."

She added, "When the mood intensifies, like during the current election campaign, there are politicians who immediately bring out the incitement against the Jews. Is this by order of the president? I don't know, but the president sees and hears everything in the government-controlled area. Many Jewish families in my area have left or are leaving."

### **Panamanian govt. to explore oil with Venezuelan firm**

The Panamanian government will join hands with Venezuelan firm OTS to explore oil resources in Panama's mountainous Darien Province bordering Colombia, officials said Friday.

The two sides will soon sign a contract to finalize the deal, under which a database will be created to localize oil reserves in Darien in preparations for subsequent exploration activities, Berta Burgos from the Panamanian Energy Ministry told local press.

OTS was founded by former employees of the state-run Petroleos de Venezuela S.A. oil company.

The contract will be worth 476,765 U.S. dollars, of which 381,420 dollars will be provided by the Inter-American Development Bank, while the rest will be funded by the Panamanian government.

The deal was criticized by local environmentalists who have been urging the Panamanian government to develop clean energy instead of oil.

### **Bad news for Venezuelan economy**

By the end of the first quarter, Venezuelan authorities began to accelerate public spending, and government disbursements exceeded ordinary revenues

August 30

### **Recession results in fewer employers and more street vendors**

Venezuela's economic downturn has completely reshaped the labor market. Against a backdrop where the private sector is sapped by recession, lack of formal jobs is the first symptom of the economic crash.

While the unemployment rate has not significantly heightened, despite a sinking Domestic Gross Product (GDP) at 3.5 percent in the first half of 2010, the informal sector of the economy has soared indeed. This shows that people's own initiative has been lately the only driving force able to create jobs.

National Statistics Institute (INE) found that the informal sector of the economy climbed by one percent in one year to 45 percent in July, compared with 44 percent in July 2009. At July, 5,370,797 people were working in poor conditions.

Micro-enterprises froze their employing capacity and, instead, they are vanishing, according to the data. The number of employers at this sector plunged 8.5 percent over the past 12 months, from 331,493 in July 2009 to 303,306 ending last month.

Not only does the amount of enterprises diminish, but also their share in the labor market. According to the INE, employers of informal businesses -those with less than five employees- accounted for 2.5 percent of the country's labor force in July, compared with 2.8 percent last year.

The workers of such enterprises have been adversely affected as well. From July 2009 to July 2010, the payroll of informal sites dropped by 4.5 percent to 1,251,556 people below 1,310,476 one year ago.

Like in the case of employers, there are fewer employees -from 11 percent in July 2009 down to 10.4 percent same month, this year.

As appears from the data supplied by the INE these employees moved to even a more informal reality. The group of non-professional people working on their own rose 8.2 percent over the past 12 months. That is, from 3,464,619 in July 2009, to 3,751,335 in July 2010.

These workers do not depend on a monthly wage, but on fees in order to survive. Theirs are the most untoward conditions in the labor market. The INE considers that only non-professional people working on their own form part of the informal sector of the economy. Free-lance professionals are regarded as part of the formal sector of the economy.

### **Venezuela's retail sales fall 12.4 percent in the first half of the year**

In an environment where rising prices have left behind the purchasing power of wage, Venezuelan families have reduced consumption. In fact, the Central Bank of Venezuela (BCV) has reported that in the first half of the year, wholesale and retail sales tumbled 8.96 percent.

Sales in the first half of the year went down to its lowest level since 2006 and have fallen 15 percent compared to 2008, when Venezuela still enjoyed a consumer's boom.

As far as retail sales are concerned, the fall in the first half of 2010 was 12.4 percent, while wholesale sales barely increased by 1.11 percent.

The analysis of retail sales highlights that food, beverages and tobacco sold in specialized stores crumbled 29.6 percent; textile products fell 19.6 percent, pharmaceutical products, medicine and toiletries shed 30.4 percent and vehicles plummeted 36.9 percent.

Meanwhile, the sale of spare parts for cars hiked by 2.4 percent in the first quarter, whereas the sale of household appliances and equipment increased by 1.9 percent.

Sinking sales is a logical result in an economy where the purchasing power of wages falls each month because of the inflation rate which jumped 18 percent at the end of July, the highest in Latin America

August 31

### **Capital flight up to USD 8.69 billion in the first half of 2010**

Hugo Chávez has made it clear that exchange controls will be a permanent measure to prevent "the oligarchy from taking the US dollars and depositing them in banks around the world."

However, based on official data, capital flight has continued at a rapid pace no matter exchange controls.

The asset and liability accounts and the item entitled "errors and omissions" of the balance of payments prepared by the Central Bank of Venezuela have enabled Ecoanalítica, a Venezuelan research firm, to determine that in the first half of the year, the outflow of capital stood at USD 8.69 billion, an amount 10 percent higher than the figure reported in the same period of 2009.

How there can be a capital flight of such an extent amidst an exchange control process?

Basically, the government sells dollar-denominated bonds that companies and individuals buy in Venezuelan bolivars and later sell abroad to get US dollars that fuel their accounts.

However, in the first half of the year, the Central Bank of Venezuela (BCV) only sold bonds amounting to USD 1 billion. In May the government closed brokerage houses and restricted the parallel foreign exchange market.

"It is true that the BCV issued USD 1 billion bonds, but there is not official information for the rest of the outflow of capital," Asdrúbal Oliveros, a director of Ecoanalítica, said.

"This year, the service of both domestic and foreign debt has increased from 4.5 percent of GDP to 7 percent of GDP this year," Oliveros added.

September 01

### **Venezuela's public deficit at USD 4.88 billion in five months**

By the end of the first quarter, Venezuelan authorities began to accelerate public spending, and government disbursements exceeded ordinary revenues.

According to the monthly bulletin issued by the Central Bank of Venezuela, in a 5-month period Venezuela's fiscal deficit amounted to USD 4.88 billion.

Between January and May, ordinary revenues stood at USD 13.13 billion, whereas ordinary expenditures amounted to USD 18.14 billion, which led to a fiscal gap. During the period, government spending increased by 25 percent in nominal terms, as the government began to speed up the execution of the budget, which was restrained in the first quarter.

### **Venezuela increases imports of Argentina's cheese and chicken**

#### **Purchase of Argentine milk has also risen**

Supply of foodstuffs imported from the Venezuelan Bolivarian government's allied countries has increased.

According to statistics released by the Argentine government, exports to Venezuela of food products such as milk, cheese and chicken have increased by 128 percent from January to July 2010. Sales jumped from USD 98 million in the first seven months of 2009 to USD 192.7 million in the same period of 2010.

In the first seven months of 2010, sales of Argentine cheese to Venezuela amounted to 1,924 tons worth USD 8.4 million. This amount is 235 percent higher than food items imported in the same period of 2009, when Venezuela purchased some 575 tons of Argentine cheese worth USD 1.7 million.

In 2009, the average price per ton was USD 2,900, while in 2010 the price increased to USD 4,370. This means that Venezuela has imported more cheese at a more expensive price from Argentina.

The Association of Cheese Manufacturers of Venezuela (Aniquesos) said recently that imports of cheese have affected sales of domestic cheese in the Venezuelan market.

There has also been a dramatic increase in the exports of Argentine chicken to Venezuela. This item represents about 60 percent of food imports from Argentina.

With regard to the purchases of milk, Venezuela has imported this year 18,700 tons of milk worth USD 63.4 million.

## **Venezuelan oil exports fall 8.7 percent in August**

The OPEC member state exported an average of 1.53 million barrels per day. Venezuela's crude oil exports posted a year-on-year decline of 8.7 percent in August. Low shipments of conventional crude oil and byproducts pushed exports down, said the Ministry of Energy and Petroleum, according to data audited by an independent firm, as reported by Reuters.

Exports of upgraded crude oil from the Orinoco Oil Belt increased by 6.8 percent and averaged 403,751 barrels per day (bpd). However, the increase failed to offset the downward trend of total exports, which averaged 2.33 million bpd.

Venezuela exported an average of 1.53 million barrels of crude oil per day, and 361.863 bpd of oil byproducts in August, according to British firm Inspectorate.

Venezuelan oil exports have been on the decline since 2009, as oil output in the OPEC member country has tumbled. Further, a higher domestic consumption of byproducts to generate electricity at thermo-electric plants, amidst a serious electricity crisis, has also reduced exports.

The United States is one of the markets that have been most seriously hit by the decline in Venezuelan oil exports. Venezuela exported to the US less than one million bpd by the end of August, compared to some 500,000 bpd sold to China.

Meanwhile, in August Venezuela imported 92,732 bpd of crude oil and oil byproducts, 5.7 percent less than in the same period last year.

## **Venezuela invests 23 mln dollars along border with Colombia**

Venezuela has invested 100 million bolivars (23.2 million U.S. dollars) in projects on the border with Colombia since January, Foreign Minister Nicolas Maduro said Wednesday.

The money has been earmarked for projects related to network services, housing, culture, sports and education, which have benefited over 1,700 people, Maduro said.

He also said the investment has been used mostly in the southwestern state of Tachira, which is one of the most volatile border zones for both countries.

Maduro announced a plan to beef up security in the border state in coordination with the Interior and Justice Ministry, as well as with the Defense Ministry.

He will meet his Colombian counterpart, Maria Holguin, at the end of September to discuss strategic issues.

Last month, Venezuela has agreed to cooperate with Colombia in all areas, including jointly cracking down on cross-border crimes.

Much of the 2,200-km Venezuelan-Colombian border is rugged terrain where guerrillas, drug traffickers and paramilitary fighters are active.

## **News Sources**

### **Argentina**

[http://english.eluniversal.com/2010/09/08/en\\_eco\\_art\\_venezuela-increases\\_08A4442413.shtml?](http://english.eluniversal.com/2010/09/08/en_eco_art_venezuela-increases_08A4442413.shtml?)

<http://www.foxbusiness.com/markets/2010/09/08/argentina-open-importing-natural-gas-chile-minister/?>

### **Names of consulted News Agencies/Argentina**

El Universal (English)

Fox Business

## **News Sources**

### **Brazil**

<http://arabnews.com/economy/article124422.ece?>

<http://arabnews.com/economy/article126502.ece?>

<http://www.dailynews.lk/2010/09/09/wld34.asp?>

<http://english.people.com.cn/90001/90777/90851/7126663.html?>

<http://english.people.com.cn/90001/90777/90852/7128858.html?>

<http://english.people.com.cn/90001/90778/90858/90864/7129185.html?>

<http://english.people.com.cn/90001/90782/90880/7135396.html?http://gulftoday.ae/portal/44e55527-5155-4dad-aa12-c290fd2eb1cb.aspx?>

<http://news.sciencemag.org/scienceinsider/2010/09/deforestation-rate-continues-to.html?rss=1>

<http://www.newsweek.com/2010/09/03/brazil-s-one-party-democracy.html?>

[http://news.yahoo.com/s/nm/20100908/pl\\_nm/us\\_brazil\\_usa\\_lula?](http://news.yahoo.com/s/nm/20100908/pl_nm/us_brazil_usa_lula?)

[http://news.xinhuanet.com/english2010/china/2010-09/08/c\\_13483539.htm?](http://news.xinhuanet.com/english2010/china/2010-09/08/c_13483539.htm?)

<http://www.thehindu.com/business/Industry/article611661.ece?>

<http://www.voanews.com/english/news/americas/Brazils-Economy-Grows-as-Trade-With-China-Increases-102281814.html?>

## **Names of consulted News Agencies/Brazil**

Arab News

Daily News

Newsweek

People (English)

Science Magazine

The Hindu

Voice of America

Xinhua News

Yahoo News

## **News Sources**

**Chile**

<http://www.ottawacitizen.com/news/Canada+Precision+Drilling+helps+Chilean+miners+rescue/3502451/story.html>

**Names of consulted News Agencies/Chile**

Ottawa Citizen

**News Sources**

**Colombia**

<http://english.people.com.cn/90001/90777/90852/7129026.html?>

<http://www.voanews.com/english/news/americas/Colombias-President-Pledges-Tough-Action-Against-Rebels-102218289.html?>

**Names of consulted News Agencies/Colombia**

People (English)

Voice of America

## **News Sources**

### **Mexico**

<http://www.azcentral.com/news/articles/2010/09/08/20100908mexico-arrests-in-massacre.html?>

<http://www.businessweek.com/news/2010-09-08/clinton-says-mexico-drug-war-looks-like-insurgency-.html>

<http://www.bloomberg.com/news/2010-09-09/obama-says-mexico-s-drug-battle-not-comparable-to-colombia-s-20-years-ago.html?>

[http://www.gulf-times.com/site/topics/article.asp?cu\\_no=2&item\\_no=383976&version=1&template\\_id=43&parent\\_id=19](http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=383976&version=1&template_id=43&parent_id=19)

[http://www.huffingtonpost.com/2010/09/03/us-withholding-aid-to-mexico-human-rights\\_n\\_705501.html?](http://www.huffingtonpost.com/2010/09/03/us-withholding-aid-to-mexico-human-rights_n_705501.html?)

[http://hosted.ap.org/dynamic/stories/L/LT\\_MEXICO\\_COLOMBIAS\\_LESSONS?SECTION=HOME&SITE=AP&TEMPLATE=DEFAULT](http://hosted.ap.org/dynamic/stories/L/LT_MEXICO_COLOMBIAS_LESSONS?SECTION=HOME&SITE=AP&TEMPLATE=DEFAULT)

[http://news.yahoo.com/s/ap/20100905/ap\\_on\\_re\\_la\\_am\\_ca/lt\\_ecuador\\_mexico\\_massacre?](http://news.yahoo.com/s/ap/20100905/ap_on_re_la_am_ca/lt_ecuador_mexico_massacre?)

[http://www.salon.com/wires/allwires/2010/09/03/D9I0N9QO2\\_us\\_kingpin\\_sentenced/index.html?](http://www.salon.com/wires/allwires/2010/09/03/D9I0N9QO2_us_kingpin_sentenced/index.html?)

### **Names of consulted News Agencies/Mexico**

Associated Press

AZ Central

Business Week

Gulf Times

Huffington Post

Saloon

Yahoo News

## **News Sources**

### **Venezuela**

[http://english.eluniversal.com/2010/09/03/en\\_pol\\_esp\\_poll:-77-percent-of\\_03A4423571.shtml?](http://english.eluniversal.com/2010/09/03/en_pol_esp_poll:-77-percent-of_03A4423571.shtml?)

<http://english.people.com.cn/90001/90778/90858/90864/7129193.html?>

[http://english.eluniversal.com/2010/09/03/en\\_ing\\_esp\\_bad-news-for-venezue\\_03A4423331.shtml?](http://english.eluniversal.com/2010/09/03/en_ing_esp_bad-news-for-venezue_03A4423331.shtml?)

[http://english.eluniversal.com/2010/09/08/en\\_eco\\_art\\_venezuela-increases\\_08A4442413.shtml?](http://english.eluniversal.com/2010/09/08/en_eco_art_venezuela-increases_08A4442413.shtml?)

[http://english.eluniversal.com/2010/09/08/en\\_eco\\_esp\\_venezuelan-oil-expor\\_08A4441053.shtml?](http://english.eluniversal.com/2010/09/08/en_eco_esp_venezuelan-oil-expor_08A4441053.shtml?)

<http://english.people.com.cn/90001/90777/90852/7135267.html?>

<http://www.haaretz.com/print-edition/news/venezuela-s-jews-turn-to-chavez-over-state-media-s-anti-semitism-1.312202?>

### **Names of consulted News Agencies/Venezuela**

El Universal (English)

People (English)

Haaretz