

The Americas Report

From the Menges Hemispheric Security Project

Center for Security Policy

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The America's Report is a continuation of the work of **Dr. Constantine C. Menges'** original America's Report. For almost two years that report chronicled the efforts of the Castro-Chavez axis and their allies in their efforts to undermine free nations and people throughout the Western Hemisphere. These efforts were in keeping with the theme of the July 1993 meeting of the Forum of São Paulo, which was founded in 1990 by Lula da Silva and Fidel Castro, **"Our losses in Eastern Europe will be offset by our victories in Latin America."**

Highlighted Story – [Calderón's \(Reversible\) Missteps-](#) by Fredo Arias-King

Because of the antics of Andrés Manuel López Obrador (AMLO), few other news items from Mexico have made headlines recently. While the Federal Electoral Tribunal decides on the outcome of the election (with near certainty it will declare Felipe Calderón the winner), the president-elect has been busy meeting with different political forces and trying to assemble his cabinet. Calderón has been discreet about his choices out of respect for the drawn-out judicial procedure, and perhaps to make AMLO look all the more uncivilized.

However, press reports as well as some access to the transition team suggest that Calderón may not be that different from Vicente Fox in some important areas, and the next six years in Mexico may continue to see what an editorial in *The Economist* called "refried beans." While Calderón inspired many jaded party faithful with his attacks on Fox's lackadaisical transition, oftentimes citing Václav Havel's dictum "I prefer temporary inexperience to permanent sabotage," he seems to be repeating some of the mistakes that doomed the Fox government's ability to change Mexico for the better (for a more detailed analysis, see my article "Mexico's Wasted Chance" in *The National Interest*, Winter 2005/6).

Many in the PAN were relieved to see a loyal party activist take on Fox, who had appointed only 78 of his party members to his government the first year, who discarded other allies (such as the Green Party and liberal Leftist activists) and essentially left the regime's nomenklatura in key government posts. **Later there were reports that Fox may have "pacted" (as is common among Mexican political elites) with a particularly nefarious but still powerful former PRI president, Luis Echeverría, architect of Mexico's dirty war and widely tied to political violence and drug cartels.**

Besides the alleged "pact" with Echeverría (which left the federal police in the hands of his allies), **another of Fox's critical mistakes was to appoint Jorge Castañeda, a former communist agitator with a long history of anti-American activity, as foreign minister.** After the Republican victory of 2000 in the United States, many of the returning Republican regional specialists had had a very personal history with Castañeda. **One of them, who was to become the State Department's top Latin America official, Roger Noriega, openly criticized the appointment of Castañeda to Mexico's top diplomatic post. Fox ignored these warnings to his peril.**

However, the PAN has apparently not learned the lesson of Castañeda's gratuitous provocations against Washington and his ultimately counterproductive strategy of open confrontation with Mexico's most important commercial partner. Castañeda, orphaned by the PRI and by AMLO's party, and after a failed independent presidential bid, decided to write articles in favor of Calderón during the campaign, and the Mexican Press reports that he is now in talks with the president-elect to regain a cabinet position, perhaps even the foreign ministry.

Therefore, this issue of the Americas Report will remind readers of Castañeda's legacy, so as to contemplate what could be in store again for Mexico-U.S. relations. Here is a brief biography:

1) Castañeda before 2000

- **The son of a Soviet mother (who worked at the UN and may have been a spy) and a former Mexican foreign minister of communist inclinations, Castañeda was a member for many years of the Moscow-oriented communist party of Mexico.**
- His father was appointed foreign minister by President José López Portillo after a long visit by Fidel Castro to Mexico.
- In several articles, Castañeda called for a “shock” in Mexico's dealings with the United States and international banks, the centerpiece of which was a moratorium on the foreign debt.
- He also **called for the Mexican government to retaliate against the half-million American citizens living in Mexico.**
- **Castañeda wrote on many occasions in the 1980s that Washington was governed by “crazy people” bent on “destabilizing” Mexico.**
- His writings in the 1980s reflect quite clearly an anti-American, pro-communist line tainted with emotional baggage and laced with paranoid, unfounded accusations.
- He often accused the National Action Party (PAN) of being a potential fifth column that served Washington's “plots.” He later called the PAN's philosophy of free markets and democracy “simplistic.”
- When he worked for the PRI regime, he virulently attacked Senator Jesse Helms's hearings on the PRI's corruption and abuse in the mid-1980s, calling him a “racist” and his fellow legislators, “an infernal machine.”
- He also accused the State Department of not intervening to “stop” Senator Helms from those “anti-Mexican” hearings.
- **There were reports in the Mexican press that Castañeda had collaborated with Cuban intelligence for many years.**
- In an article, he accused President Ronald Reagan and his administration of “systematically violating all the rules of traditional protocol in their relations with all the countries [of the world].”
- **He once made an impassioned plea for the Mexican government to provide free oil to Daniel Ortega's regime in Nicaragua since “those countries and governments that believe in themselves should not make firewood of the fallen tree; you do not hit those who are on the ground, attempting to lift**

themselves ... Mexico cannot become a country that bargains with a friend that is drowning.”

- Castañeda broke with the PRI in the 1980s not because of its lack of democracy (as is often perceived), but because it was servicing the foreign debt and this made it “pro-American.”

2) During the presidential campaign

- Castañeda warned Fox of a “plot” by Washington, of its desire to maintain the PRI in power and to continue “dominating” Mexico.
- **In his visit to Washington in March 2000, Castañeda refused to have candidate Fox meet with Republican officials despite their repeated attempts, meeting only with left-leaning Democrats.**
- Castañeda also spoke of Soviet President Mikhail Gorbachev’s “cowardly abandonment” of figures such as Erich Honecker, Nicolae Ceausescu and Wojciech Jaruzelski in 1989.

3) Immediately after the electoral victory and as foreign minister

- **Castañeda took Fox to Managua to publicly embrace Daniel Ortega**, who was readying his presidential campaign. Ortega, who by then had admitted “excesses” during his administration (such as repressing Misquito Indians), used Fox in his commercials to counter his image as a radical.
- **Central American anti-communist leaders in El Salvador and Nicaragua have criticized Castañeda for intervening in the internal affairs of their countries on behalf of the illiberal, un-reconstructed and radical opposition.**
- **Just days before September 11, 2001, Castañeda and Fox noisily withdrew Mexico from the Rio Treaty, the Hemispheric mutual-defense pact. In an editorial, the leading Mexico City daily *Reforma* called it a “direct affront to the Bush government,” and speculated that “it is not yet clear the size of the bill that Fox will pay for that decision.”**
- Castañeda and Fox **virulently attacked Washington during the Iraq crisis.** *Reforma* mentioned in an editorial that “the government of change is studying the rhetoric of the 1970s.”
- Castañeda’s close friend and ally Adolfo Aguilar Zinser (a former Echeverría loyalist) became National Security Advisor of the president, with ambitions to create an all-powerful Security Council with control over the armed forces and the remnants of the political police.
- Castañeda’s notorious break with Castro may not be as clear-cut as genuinely believed. Instead, **Castañeda seems to be assisting that part of the Cuban nomenklatura that is attempting to remove Castro from power to prolong their rule**, to the style of Ion Iliescu in Romania.
- **Castañeda’s view of the human rights issue in Cuba was manifested when 21 asylum-seekers that broke into the Mexican embassy in Havana in March of 2002 were denied refuge by and instead were turned over to Castro’s police.** An aide to Castañeda mentioned that asylum was not granted because “their life and liberty were not in danger of persecution by the Cuban government.” An angry letter to a newspaper captured the bewilderment of many when it asked “[Fox] has

demanding the protection and legalization of 5 million Mexicans in the U.S., but hands over 21 Cubans to the butchers.”

- Ironically, Castañeda is perceived in Mexico as a lackey of the United States, betraying Cuba and Mexico’s “traditional” foreign policy, which has essentially compromised his standing in the illiberal Left.
- **Castañeda indeed suffers from a sort of “cognitive dissonance” towards the United States that is particularly evident in his view of the Republican Party. He has trouble accepting its legitimacy** but embraces the “progressive forces” and the U.S. leftist media outlets that oppose it. Castañeda openly advocated the victory of Democratic candidate John Kerry and even gleefully announced on Mexican television on election night that Kerry’s victory “is irreversible.”
- There were sporadic reports of Castañeda personally taunting in public fora about U.S. officials he dislikes, mostly conservative Republicans.
- Castañeda was active in courting Mexican migrant leaders in the United States, as a “tool” to press the United States. He wrote on many occasions about this issue. Indeed, as early as the 1980s, Castañeda’s writings on Mexican migrants in the United States tend to depict them less as “subjects” and more as “objects” in Mexico’s power game against the United States.
- Curiously, **Castañeda was deeply unpopular in Mexico during his term as foreign minister.** This was true with some political parties, the general population (an opinion poll put him as the “most obnoxious” figure in the Cabinet) and among opinion makers, but especially in the Mexican press, which he has since very early in the transition accused of lack of professionalism, chastising them for “not reading the *New York Times*,” which praised the foreign minister.

Regardless of Castañeda’s political fortunes in the next administration, two of the leading advisors on foreign policy to the president-elect are Castañeda loyalists who broadly share his world view. Both are from the Mexican Left, one was ambassador in Cuba and the other was general consul in New York City, both under Castañeda’s tutelage.

In addition to the foreign ministry, other “old new faces” may emerge under a Calderón presidency. The leading candidate to become the next finance minister, Agustín Carstens, who now is at the IMF, like his predecessor Francisco Gil, is a product of the “revolutionary economists” under whose watch the Mexican peso went from twelve to the dollar in the 1970s, to 11,000 today (three zeros were removed along the way). Carstens long maintained that only the PRI could govern Mexico, and in a speech before students at Harvard University in 1995, he denied that the most recent peso crash (December of 1994) was attributable to the PRI’s corruption, mentioning how there was “little evidence” of this phenomenon, instead hinting that if it were true, it could be seen as a price to pay for attracting “such intelligent” people to “public service.”

Calderón and much of the Mexican elite see the likes of Castañeda and Carstens as “experts” whose experience is needed for “stability” in Mexico. Although given Mexico’s lackluster economic performance and stagnated politics (which was pure fodder for AMLO’s “burn it all down” vituperations), what Mexico needs is anything but “stability” in its present mediocrity.

For Mexico as well as for U.S.-Mexican relations, the worst was avoided but hopefully Calderón will not continue the lackluster and ultimately pernicious “more of the same.”

For citations and more background, please consult my paper “Castañeda’s ‘Zero-Sum’ Diplomacy towards the United States?” found in www.ariasking.com (starting next week).

News Stories –

Mexico's conservative near win as court backs vote –

Mexico's top electoral court threw out leftists' allegations of massive fraud in last month's presidential election on Monday, handing almost certain victory to conservative candidate Felipe Calderon. The seven judges voted unanimously to reject most of the legal complaints by left-wing candidate Obrador, who said he was robbed of victory in the July 2 vote. His supporters have paralyzed Mexico City with protests this month and he has vowed to make Mexico ungovernable if the court declares Calderon the winner of the country's most bitterly contested election in modern history.

The initial result showed Calderon, a former energy minister from the ruling National Action Party, won the election by just 0.58 of a percentage point or 244,000 votes. The judges fell short of formally naming Calderon the winner but they said there were only marginal changes to the original results after recounts and annulments at some of the most fiercely contested polling stations.

Lopez Obrador 'Will Not Accept' Election Ruling Favoring Calderón –

Leftist challenger Andrés Manuel López Obrador says the judges' unanimous rejection of his complaints is "offensive and unacceptable for millions of Mexicans." He vowed not to recognize a government led by Calderón and the ruling National Action Party.

South American scams funding Hezbollah? –

Since 9/11, U.S. officials have scoured the globe trying to shut down underground financial networks that support militant Islamic groups. But **their efforts in Ciudad Del Este show how frustrating the task can be. Scams range from contraband and cocaine smuggling to producing phony import-export invoices.** Investigators say it's nearly impossible to penetrate the tight-knit Lebanese Diaspora of around 30,000 that live and work in Ciudad Del Este and Foz do Iguacu, just across the border in Brazil. There have been few attempts to put the smuggling center out of business because so much commerce creates jobs, and well-to-do shop owners often bribe local officials and contribute to political candidates. **"If you want to win an election, it wouldn't even occur to you" to crack down on the tri-border area, said Juan Belikow, an Argentine expert on underground economies who teaches at the University of Buenos Aires.**

Shortage of evidence: Paraguay lacks an anti-terrorism law and no one has ever been arrested here on terror charges. In the past five years, authorities have convicted only two Hezbollah financiers in the tri-border area for tax evasion.

Few border controls: With no effective passport controls between Brazil and Paraguay, thousands of people stream across the Friendship Bridge connecting the two countries every day, lugging bags, boxes and backpacks filled with merchandise that is smuggled into other countries and sold at cut-rate prices. Mr. Muniagurrias, head of the government tax and intellectual property rights office in Ciudad Del Este, estimated that between \$12 billion and \$24 billion in mostly underground commerce moves through the region each year. "Hezbollah is a political party, so it is like saying Americans sympathize with the Democratic Party," said Mijail Meskin Bazas, Syria's Honorary Council in Ciudad Del Este. "We don't send money," said a Lebanese Shiite named Ali, as he stared at a TV in a shopping mall that was tuned to an Iranian station. "God will send money to Hezbollah. Syria will send money. Iran will send money." Indeed, some terrorism experts point out that the majority of Hezbollah's financial muscle comes from Iran and Syria and contributions from South America pale by comparison.

Argentine investigators say that Hezbollah operatives working out of the tri-border area were responsible for the 1992 bombing of the Israeli Embassy in Buenos Aires that killed 29 people and a 1994 suicide truck-bombing that flattened a Jewish community center in the city, killing 85. Gen. Bantz Craddock, chief of the U.S. Southern Command, said **the tri-border area remains "a refuge for terrorist support and fundraising activities."**

Businessman convicted: Washington's main evidence is the 2002 conviction of **Assad Ahmad Barakat, a Lebanese businessman who arrived in Paraguay in 1985** after fleeing the civil war in his homeland. The U.S. Treasury Department describes Barakat as a high-level **Hezbollah financier who used his electronics wholesale store in Ciudad Del Este as a cover to raise funds for the organization. Barakat was arrested for tax evasion in 2002 and is serving a 6 1/2 -year prison term in Paraguay.** According to Paraguayan officials, **his remittances to Hezbollah since 1995 totaled at least \$50 million.** U.S. Treasury officials also claim Barakat strong-armed other Lebanese shopkeepers in Ciudad Del Este to make donations to Hezbollah. **Unlike in the U.S., it is legal in Paraguay to donate money to Hezbollah's political wing.**

[Argentina: Election date to stay where it is –](#)

News reports had said yesterday the government might call the presidential vote earlier than in October as initially announced because it feared the country could suffer an energy shortage next winter that would harm the ruling Victory Front's electoral chances. "No, we are not considering that," said Fernández, asked about the possibility of staging the election earlier.

The government has said the election would be held on the last Sunday in October, but it hasn't yet issued a decree setting the date. Kirchner has not said whether he will seek office but the opposition takes for granted that either he or his wife, Senator Cristina Fernández, will run. Former economy minister Roberto

Lavagna, seen as a possible contender for the presidency, said yesterday the government should clear all doubts about the election date by signing the decree.

Bolivia: Bolivian Indians to cut Brazil gas –

Guarani Indians have threatened to take control of Bolivia's largest gas and oil fields, interrupting exports to the Brazilian market. They told local radio they plan to seize control of the operations of Brazil's state energy firm Petrobras, France's Total and Spain's Repsol YPF in the Chaco region of eastern Bolivia.

Wilson Changaray, head of the Guarani People's Assembly, said: "Today we are going to occupy production fields and we are going to paralyze all oil [and gas] activities and suspend exports to Brazil." Earlier this month, Guarani Indians took over a control station on the Transierra pipeline that transports 60 per cent of the gas Bolivia exports to Brazil, its biggest customer.

Bolivia sits on the second-largest natural gas reserves in South America after Venezuela. The threat is the latest drawback for Petrobras in Bolivia, which supplies about half of Brazil's increasing natural gas consumption. Brazil imports about 26 million cubic meters a day from Bolivia, roughly half of what it consumes. The government of Evo Morales nationalized Bolivia's energy sector on May 1, and has since been seeking to raise prices on gas exports to Brazil by as much as 75 per cent.

Bolivia revokes concessions in national parks –

Bolivian President Evo Morales stepped up his nationalization campaign on Saturday by announcing the withdrawal of energy and forestry concessions inside some 20 national parks. Morales was elected in December 2005 on a platform of nationalization of natural resources, land redistribution and support for coca leaf production. He nationalized the country's energy industry on May 1. The government did not specify which energy companies would be affected. But Spain's Repsol YPF, France's Total, and Brazil's Petrobras have exploratory concessions within Bolivia's national parks." About 20 national parks will once again be run by the state," said Erland Flores of the National Service of Protected Areas.

Venezuela: "China and Venezuela complement each other" –

August 21, 2006: President Chávez started his fourth tour in Asia. He headed for China in order to create an alliance for oil exchange and execute agreements on agriculture, railroads, mining, housing, tourism, telecommunications and information technology. The tour is covering also **Malaysia and Angola** on August 22-27. During his stay in China, Chávez will make deals to buy 12 drills and build 18 oil tankers. Additionally, Chinese National Petroleum Corporation (CNPC) will certify the oil reserves in Bloc Junín 4, in the Orinoco oil belt.

August 22, 2006: Venezuelan President Hugo Chávez landed in China on Tuesday morning. On arriving in Beijing, Chávez explained that since 1999, relations between the two countries started to be fostered. **"A central strategic guideline is energy. China is one of the largest consumers in the world and Venezuela is one of the largest producers. They complement each other."** Aeronautic training: Thirty Venezuelan professionals will attend master and Ph.D. courses at Beihang Aeronautic and Space University. The

purpose set forth in the agreement is to train 90 students in the fields of engineering and space information technology. During the first six months, the group of students will learn the language basics.

August 23, 2006: Chinese investment in Venezuela expected to grow in 2006. Minister for Foreign Trade and Integration Gustavo Márquez is certain that the upward trend in Chinese investments in Venezuela will continue this year. **Petrochemical plant in Venezuela:** The Venezuelan Government is weighing the organization along with China of Paraguaná Petrochemical Compound, said Saúl Ameliach, head of Pequiven, a subsidiary of state-run oil holding Petróleos de Venezuela (Pdvs). **Building of houses:** Housing and Habitat Minister Ramón Carrizales and Chinese Citic Group Vice President Liang Chuanxin signed an agreement to begin the **building of 20,000 housing units in Venezuela during approximately two years**, reported the Ministry in a press release. Minister Carrizales said that the agreement includes an investment of **USD 1.21 billion, of which 25% will be funded by Venezuela and 75% by Chinese capital.**

August 23, 2006: Venezuelan President Hugo Chávez announced that China is to enlarge cooperation in oil projects and help build a fiber optic communications network in Venezuela under an agreement executed during his visit to the Asian giant this week. "We will capitalize on this visit. Since 1999, we started to weave these ties, with energy being one of the strategic guidelines. China is one of the largest consumers in the world, and Venezuela is one of the largest (oil) producers in the world. We absolutely complement each other," Chávez said on landing in Beijing.

August 24, 2006: Oil supply: President Hugo Chávez, on visit in Beijing, has promised to turn Venezuela into a major oil supplier for China with exports accounting for 500,000 bpd in 2010, AFP reported. "In the aggregate, output will rise. In this way, over the next five years (2010), we will export to China half a million barrels of oil a day," the head of state noted during an interview with official TV channel VTV.

U.S. and Venezuela at Odds, and Seized Cargo Is Just the Half of It –

Government officials from the United States and this country are intensifying their verbal sparring after Venezuelan customs authorities this week seized diplomatic baggage from the United States that contained military hardware. In what analysts say may be a prelude to worsening relations, Venezuela's attorney general began an investigation on Friday into whether the American Embassy violated customs law when it brought 20 diplomatic bags into the country.

The cargo, delivered by a C-17 military transport plane, included ejector seats apparently intended for Venezuelan combat jets, explosive charges and about 180 pounds of chicken that did not pass through sanitary inspection. Brian Penn, a spokesman for the US Embassy told local news media that the diplomatic bags seized Thursday contained replacement parts for ejector seats for the Venezuelan military. The United States banned sales of arms and military equipment to Venezuela in May, citing lack of cooperation on antiterrorism efforts.

Tension between the countries have heightened, with the United States criticizing Mr. Chávez for his continual courting of closer ties with Iran and Cuba even as it

remains the largest customer for Venezuelan oil. Mr. Chávez has criticized American efforts to thwart Venezuela's ambition to secure a seat this year on the United Nations Security Council. **This week, he said that Venezuela had won China's support for its United Nations bid, following a plan to increase crude oil sales to China to 500,000 barrels a day in five years from a current level of about 150,000 barrels a day.** Figures from the United States Department of Energy, meanwhile, showed that Venezuela's oil exports to the United States fell 6% in the first four months of this year as Venezuela's overall oil output declined. **"The U.S. government has employed every means necessary to block my country from joining the Security Council,"** Mr. Chávez told reporters on Friday in Beijing, where he is on a six-day trip aimed at strengthening commercial ties with China. **"The American imperialists are trying to stop us."**

Venezuela approaches Arab League –

Venezuelan Advisor on Political Affairs at the United Nations (UN) Roy Chaderton submitted Venezuela's candidacy for a position as non-permanent member with the UN Security Council to the Arab League members, the Venezuelan Foreign Ministry reported. Chaderton assured the 22 members of the Arab organization that Venezuela is a peaceful nation. The Foreign Ministry disseminated excerpts of a presentation. "We will go to the Security Council as an independent-minded country, able to make our own decisions. In this way, will support the actions of the Security Council targeted at its lofty goals."

"We will participate in the Security Council with no fear of agreement or disagreement. **We are certain that based on our beliefs, will support our Arab fellows against war and incursion of foreign countries,** against poverty and religious or state terrorism, and in favor of freedom, social justice and peace," the official noted.

China to invest \$5 billion in Venezuela energy –

China will invest around \$5 billion in energy projects in Venezuela by 2012 as part of a plan to boost Venezuela's oil output, the South American country's energy minister told state television on Monday. Venezuelan President Hugo Chavez just completed a visit to China to sign cooperation accords as part of an effort to reduce Venezuela's dependence on U.S. energy markets. "Venezuela is currently providing 150,000 barrels per day of oil and products to China, and we have made a joint plan **to reach by 2010 up to 500,000 barrels per day,**" he said. Venezuelan state oil company PDVSA is planning total investment of \$56 billion by 2012 as part of an expansion plan that includes increasing natural gas production, boosting refining capacity and launching a **wide-scale development of the Orinoco heavy crude belt.** Chinese Energy Company Sinopec will participate in the development of an oil block in the Gulf of Paria in eastern Venezuela, Ramirez said. He added that **Venezuela will work to revamp China's refining capacity so that it can process Venezuelan crude, which tends to be heavier and higher in sulfur content than crude from other countries.** "These projects, especially the ones in the (Orinoco) Belt, we are linking to efforts to develop refining capacity in China, for crude that has our characteristics," Ramirez said. **China will**

also help Venezuela build 18 new oil tankers by 2012 to boost Venezuela's shipping capacity to carry crude oil to China. Ramirez has also announced plans for a joint venture with China that would build 24 oil drilling platforms, 12 of which are to be assembled in Venezuela. Venezuela, the world's No. 5 oil exporter, says it is currently producing 3.3 million bpd, but market-watchers say the nation has been able to pump only around 2.5 million bpd following a grueling two-month walkout at PDVSA launched in late 2002.

Venezuela, Angola initial tax oil agreement –

After Malaysia, President Hugo Chávez' tour will proceed to Angola, where a cooperation agreement on tax oil policy will be executed, Venezuelan Minister of Energy and Petroleum Rafael Ramírez reported. "We have made a quantum leap for Chinese-Venezuelan relations. We are providing them with 150,000 bpd and have made a joint plan to total in 2006 500,000 bpd." An agreement to carry jointly up to 500,000 barrels of oil to Asian states was reached with Chinese National Petroleum Corporation (CNPC). "Out of the 40 ships needed, 18 will be built in China. Four of them will carry more than one million barrels of oil."

Cuba-Venezuela health Program –

Carlos Rodríguez and his girlfriend, Johan Mary Jiménez are both Cuban physicians. In May 2004, the Cuban government slotted the two into *Misión Barrio Adentro*, President Hugo Chavez's campaign to provide healthcare for his country's poorest people. They fled to Colombia seven months later and obtained political asylum. They are offering insights into the Cuban doctors program in Venezuela. Since 1999, Chávez has increased trade with Cuba and sought to benefit from its expertise in health, education and defense. *Barrio Adentro*, or "Inside the Neighborhoods," was one of several programs Chávez set up with the help of Cubans, and an estimated 20,000 Cuban medical personnel are working in Venezuela. "The coordinator told us that our job was to keep Chávez in power." The coordinator also required the doctors to put up Chávez posters in the small clinics they established in poor *barrios*, and told them to tell patients "to vote for Chávez." Chávez has alluded to the medical program as a swap of Cuba's human resources for Venezuela's natural resources (oil) and part of his campaign to strengthen relations with Latin American nations and distance them from the United States. Cuba receives upwards of 90,000 barrels a day of crude oil from Venezuela on easy repayment terms.

Brazil: Lula boosts lead in the run-up to November election –

Voters will choose their next president for the coming four years on Oct. 4 as incumbent President Luiz Inacio Lula da Silva enjoys a comfortable lead in opinion polls. Luiz, leader of the center-left Workers Party (PT), is running for reelection. At this point of the race, public opinion polls show that there are two possible scenarios for the outcome of the presidential race: President Lula wins outright or face former Sao Paulo state Governor Geraldo Alckmin, of the center Brazilian Social Democracy Party (PSDB), in a second round runoff. Analysts thought that Senator Heloisa Helena, of the far-left Party of Socialism and Freedom (PSOL), also has the possibility of entering the second round with President Lula, but his chance is slim.

[Brazil: firm links with U.S. to produce biokerosene –](#)

Brazilian biofuel company, Tecbio, has linked up with NASA and U.S. aerospace firm Boeing to develop a biokerosene aviation fuel, Tecbio's President Expedito Parente told a seminar on Monday. The alternative vegetable-oils based fuel to power airplanes was invented by Tecbio in 1980 and flight tested in Brazil in 1984 before being abandoned. It attracted fresh interest after oil prices rose to record levels this year. "We are starting to resurrect biokerosene. The scenario today is different," Parente said, adding that the partnership with the U.S. National Aeronautics and Space Administration (NASA) and Boeing was still at an early stage.

[Brazil's Petrobras Wants Deal With Pemex –](#)

Brazil's state-owned Petroleo Brasileiro SA (Petrobras) oil company said Monday it wants to forge a partnership with its Mexican counterpart for deep-water oil exploration and production. We're ready to take on risks as we already have all the knowledge in deep waters," Petrobras chief financial officer Almir Barbassa told reporters on the sidelines of a seminar. "It would make total sense to work together with Pemex."

Mexico also needs to find new oil sources and **state-owned Petroleos Mexicanos (Pemex) sees deep-water exploration as the long-term answer to replacing reserves and output, particularly as its main oil-producing Cantarell field has started to decline.** Currently Mexican law prohibits private or foreign companies from ownership of any oil or gas concessions. Petrobras and Pemex already have a service provider contract, and Petrobras is familiar with the Gulf of Mexico after drilling dozens of wells in U.S. waters, where it expects to produce 100,000 barrels of oil a day by 2010.

[Chile: BHP says Escondida strike affecting Chile economy –](#)

The 19-day strike at Escondida, the world's largest copper mine, is hurting the Chilean economy, majority shareholder BHP Billiton said on Friday. Under normal conditions, Escondida's production is equal to about 8 percent of world copper output. Chile is the world's No. 1 producer of copper, which accounts for over half its exports. Surging prices for the metal have fueled economic growth, and pushed trade surpluses to record levels. "Without a doubt, the complete or partial paralysis of Escondida is going to affect the Chilean economy. Escondida represents about 2.5 percent of Chile's GDP and is Chile's main private tax payer," Diego Hernandez, president of BHP Billiton in Chile, said in an interview published on Friday in local newspaper El Mercurio.

BHP Billiton said on Friday morning the mine had reestablished 10% of its normal cathode production. The mine's annual cathode production capacity is 125,000 tones, or 342 tones a day. **Escondida's 2,052 union workers began the strike on Aug. 7 to demand better salaries in their collective contract amid high international copper prices.**

[Chilean Government should not vote for Venezuela at the UN –](#)

The Chamber of Deputies of the Chilean Congress Tuesday passed a bill suggesting the Government not to vote for Venezuela's candidacy to UN

Security Council, reported parliamentary sources, quoted Efe. The motion, submitted by seven right-wing deputies, was passed 49 votes to 16. The document recommends the Government rejecting Venezuela's candidacy. "We would be very pleased to back a Latin American country as member of the Security Council, but today Venezuela is a source of division and conflict in the region, so Chile can not support that country," stated Deputy Cristián Monckeberg, one of the bill authors.

Ecuador: Roldós Ahead of Three Rivals in Ecuador –

Former vice-president León Roldós remains the top contender in Ecuador's presidential race, according to a poll by Informe Confidencial. 27% of respondents would vote for the Ethical and Democratic Network (RED) candidate. Congress vice-president Cynthia Viteri of the Social Christian Party (PSC) is second with 15%, followed by Álvaro Noboa of the Institutional Renewal Party of National Action (PRIAN) and former economy minister Rafael Correa of Alliance Country (AP) with 12% each.

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