



The Americas Report

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The Americas 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."

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For any questions, comments, or those interested in receiving this report in the future or seeking to have their email removed from our list please contact **Nicole M. Ferrand** at our **new e-mail address: mengesproject@centerforsecuritypolicy.org**. If you have news stories that you think might be useful for future editions of this report please send them, with a link to the original website, to the same e-mail address. If you wish to contribute with an article, please send it to the same address, with your name and place of work or study.

Highlighted Story – [THE LATIN AMERICAN GRASSROOTS III](#). By Luis Fleischman and Nicole M. Ferrand.*

In this chapter of analyzing the Latin American grassroots, we will take the opportunity to clarify some of our views. We do not view the mobilization of previously marginalized groups in Latin America such as indigenous groups and others as a criminal problem or a moral problem or even as a source of regional and hemispheric security instability per se. Furthermore, we are not saying that the mobilization of these groups should necessarily be illegitimate. We are well aware that these movements grew out of a situation in which the political system and the state institutions did not provide an adequate response to the needs of these populations. **Yet, we will make the point that despite the autonomy of indigenous populations in Ecuador, they are not immune to the increasing radicalization we witness today in Latin America. The problem is always the form these social discontents take, in what direction they move, and what the forces are that influence such a direction.**

Ecuador, perhaps, offers an atypical example of a very effective indigenous movement that initially grew independently from demagogic leaders. Indeed, **indigenous groups in Ecuador not only have been a factor in Ecuadorian politics in the last two decades but their role in deciding the balance of powers within the Ecuadorian political system was crucial after the year 2000 and remains crucial until this very day.**

The Confederation of Indigenous Nationalities of Ecuador (CONAIE) is Ecuador's largest indigenous organization. CONAIE comprises ten indigenous organizations and represents a social movement as well as a political organization that deal with the government and the state. **It was founded in 1986 by Luis Macas Ambuludí.** They claim to be an autonomous organization, independent of any political party or foreign body. They stand for a number of concrete demands which include protection of the environment, legalization of ownership of lands and promotion of cooperatives, organic farming, natural pest control management, and trading amongst themselves, teaching of Indian languages as well as Spanish in the school system, and other concrete demands which they define as indigenous rights.¹



Luis Macas, President of CONAIE. Source: www.conaie.org

Early in the year 2000, in response to President Jamil Mahuad's dollarization of the Ecuadorian economy, CONAIE, in coordination with other indigenous organizations, blocked roads and cut off agricultural supplies to Ecuador's major cities. At the same time, rural indigenous protesters marched on Quito. They were later joined by students, local residents, military personnel, and a group of rogue colonels. Angry demonstrators led by **Colonel Lucio Gutiérrez** stormed Congress and declared a new "National Salvation Government." This government later called for elections that took place in 2002.²



Jamil Mahuad. Source: BBC.

In the presidential elections of 2002, CONAIE backed populist Lucio Gutiérrez who was also the one who led the 2000 coup against Mahuad. Gutiérrez won the presidential race with 55% of the final vote, owing much of his victory to support from Pachakutik, the political arm of CONAIE. Gutiérrez counted on the support of CONAIE and even after victory he appointed several CONAIE members as cabinet ministers. However, six months after the election of Gutiérrez, CONAIE proclaimed its official break with the government in response to what CONAIE termed a betrayal of "the mandate given to it by the Ecuadorian people in the last elections." Gutiérrez, contrary to CONAIE's expectations and beliefs had signed an agreement with the

¹ <http://conaie.nativeweb.org/brochure.html>

² "Ecuador's 'Divided State' is pulled toward the Left." April 2006. PINR.

International Monetary Fund and began to apply neo-liberal economics which included a structural adjustment, alignment with the United States and Colombia, and a pact with Ecuador's right-wing party, the Social Christian party (PSC). The agreements with the IMF and World Bank cut all domestic gas subsidies and led to the privatization of the national electricity and telecommunication companies.³



Lucio Gutierrez. Source: BBC.

Thus, in April 2005, CONAIE made public calls for the ouster of both Gutiérrez and the entire mainstream political class under the slogan “Que se vayan todos” (They all must go)⁴ so showing its disappointment not only with Gutierrez but with the whole political and institutional establishment. Indeed, a week of unrest led by CONAIE and members of the Middle-class astonished by Gutierrez's corruption and abuse of power (including the dismissal of the Supreme Court) followed and Gutierrez was ousted from office. Gutierrez was succeeded by his vice-President, Alfredo Palacios, who initially honored some of the agreements, signed by Gutierrez particularly the free-trade agreements and others. However, circumstances forced him to shift some of the policies. In March 2006, indigenous organizations went on to the streets to block roads with fallen trees and burning tires. A state of emergency was declared in 11 of the 22 provinces which were paralyzed by the indigenous organizations' furious demonstrations against the free-trade agreement. Under the circumstances Palacios expelled the American corporation Occidental Petroleum (Oxy) in order to put the tensions under control.⁵



Alfredo Palacios. Source: AP.

Elections were called for October 15, 2006. CONAIE, represented by Pacahkutik presented Luis Macas as a candidate. Macas came in seventh (out of 13 candidates), with just over 2 percent of the vote. Part of the reason for that is that the indigenous community felt Macas was not a real political leader. Many indigenous people identified with Rafael Correa. Thus, Correa won the second round of elections in November with the support of the indigenous community. The indigenous movements and Correa have a lot in common. They both reject the Washington

³ Indigenous Movement Breaks with President Lucio Gutierrez. August 2003. Pueblos en Camino.

⁴ Indigenous Movement Breaks with President Lucio Gutierrez. August 2003. Pueblos en Camino.

⁵ Lemoine-ibid

consensus including the free –trade agreement, privatizations, American economic and military influence in the region, and, most importantly both scorn the corrupt political class that ruled Ecuador for a long time. As such they both support the Constituent Assembly, mostly aimed at re-founding the system by weakening the old parties and establishing a new system dominated by a socialist ideology with direct relation between the new regime and the grassroots. In fact it was CONAIE that pushed for a constituent assembly immediately after the collapse of Lucio Gutierrez. **In Ecuador the power of the grassroots is much larger than in Venezuela or even Argentina. The indigenous groups have proven that any political development will depend on their support.** ⁶



Rafael Correa. Source: AP.

With the current policy carried out by Correa of calling a constituent assembly and his ouster of Congressmen who opposed the constituent assembly, it is the Pacahkutik and other indigenous groups that are fully backing Correa’s policies.⁷ With Gutierrez’s mishandling of the indigenous groups, not only had Correa won this battle, but consequently it gave credence to the revolutionary ideology of Hugo Chavez.

Ecuador’s Indians and Chavez

It is clear that Ecuador’s indigenous movements shared many of the same ideas with Correa and Chavez. However, contrary to the Wayuu Indians in Venezuela or the Piqueteros in Argentina, the CONAIE and other groups have been able to display an element of autonomous political power. This power, whose ideology even precedes Chavez, has made it into a self-conscious group which contrary to people like the Piquetero, Luis D’Elia, depends less on the mentorship of Chavez. CONAIE has been able to effectively implement Indian rights through government policies and initially has worked through the law. CONAIE sees Correa as a reliable leader.

However, it is still important to point out that CONAIE leader, Luis Macas, has had a connection with Chavez for a while. In fact, the CONAIE also supports Hugo Chavez’s concept of “Latin American integration as a state policy”.⁸ **Mr. Macas has even accepted an offer made by Fidel Castro to send teachers, doctors and medical equipment to alphabetize members of CONAIE and other indigenous groups in Ecuador. The doctors and teachers are already operating in the area under a program “Operación Milagro” (Operation Miracle) which is a joint health program between Cuba and Venezuela, set up in 2005.** The initiative is part of the Sandino commitment, which

⁶ Ecuadorian Native movement turns up the heat. February 2007. Ecuador Rising.

⁷ The issue of Congressional ousters in Ecuador was discussed by Nicole Ferrand, in The Americas Report, center for Security Policy, May 2, 2007

⁸ Alejandro Moreano “La Intifada India Continua”, 09/06/06 <http://www.luismacas.org/2006/09/alejandro-moreano-la-intifada-india.html>

sees both countries coming together with the aim of offering free ophthalmology operations to an estimated 6 million people in Latin America and the Caribbean.⁹ **CONAIE officials and representatives from other indigenous groups from Ecuador have attended the conferences of the Bolivarian Congress of Peoples, a Chavez-sponsored organization that provides a forum where “popular forces from all across Latin America could discuss action aimed at integration and unity”.**¹⁰ (Of course this organization is nothing other than a gathering aimed at strengthening Chavez’s influence in the region). Furthermore, Humberto Cholango, a representative of Kichwa, another indigenous group pointed out that “no one can stop this (Bolivarian) Revolution in Venezuela; we will keep on defeating the oligarchies and the Yankees. The time has come for South America to raise up to defeat the empire. Long live the triumph of the Venezuelan people.” Cholango is an important link in the **Chávez-Correa alliance**.¹¹



Hugo Chávez and Fidel Castro. Source: AP.

In summary, we are not saying that indigenous movements may not have legitimate demands or that they are criminal or power seekers. The problem here is embedded with the growth of the sphere of influence of Hugo Chavez whose real aim does not include improving the economic conditions of Latin America or his own country (otherwise he would not be antagonizing the US, the main consumer of Venezuelan oil). In fact Chavez uses his oil revenues to be generous towards other countries in Latin America in order to expand his power across the continent. This clientelistic foreign policy does not take place only in the form of negotiations between heads of state but also through direct connections. Chavez uses the grassroots movements with the main aim of spreading Chavismo with its highly seditious content.

The increasing radicalization of the indigenous movements has taken the form of open war against the US and other so called "enemies". Moreover, Chavez has introduced elements of conflict between Latin American nations, a phenomenon not seen in Latin America since the 19th century. Chavez’s open antagonism towards Colombia is part of the grassroots’ discourse in Ecuador. In Peru and Bolivia Chavez incited against Chile on the basis of territorial claims. Chavez does it while inflaming indigenous movements over and over again. Furthermore, the feelings of anger and antagonism cultivated by Chavez may put an end to the balance of power that has existed in Latin America for more than 100 years.

⁹ Havana’s Operation Miracle Helps Eye Patients To See Light” 11/06/05

¹⁰ <http://www.congresobolivariano.org/modules.php?name=Content&pa=showpage&pid=28>

¹¹ “The Rise of Rafael Correa: Ecuador and the Contradictions of Chavismo”, 11/29/06. ZNET

The big challenge will be to respond to concrete demands for a more just and fair society from the grassroots without throwing them into the hands of Chavismo. CONAIE members were initially more identified with Evo Morales and a sort of pan-indigenism more than with Chavez. In fact, in the October 15 elections Morales supported Macas while Chavez supported Correa. Moreover, the influence of Iran or any form of Radical Islam is minimal in Ecuador and among CONAIE members. However, **the more connections strengthen between Chavez and the grassroots, the more of a time bomb it becomes. This is one of the greatest challenges now facing the United States and its Latin American allies.**

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News Stories –The following are a summary of several news stories found in different media outlets. To access the information, the hyperlink is below each news story.

[Hezbollah builds a Western base – NBC.](#)

The Iranian-backed Hezbollah militia has taken root in South America, fostering a well-financed force of Islamist radicals boiling with hatred for the United States and ready to die to prove it, according to militia members, U.S. officials and police agencies across the continent. From its Western base in a remote region divided by the borders of Paraguay, Brazil and Argentina known as the Tri-border, or the Triple Frontier. An investigation by Telemundo and NBC News has uncovered details of an extensive smuggling network run by Hezbollah, a Shiite Muslim group founded in Lebanon in 1982 that the United States has labeled an international terrorist organization. The operation funnels large sums of money to militia leaders in the Middle East and finances training camps, propaganda operations and bomb attacks in South America, according to U.S. and South American officials. U.S. officials fear that poorly patrolled borders and rampant corruption in the Tri-border region could make it easy for Hezbollah terrorists to infiltrate the southern U.S. border. From the largely lawless region, it is easy for potential terrorists, without detection, to book passage to the United States through Brazil and then Mexico simply by posing as tourists. Since the terrorist attacks of Sept. 11, 2001, the Tri-border has become a top-level, if little-publicized, concern for Washington, particularly as tension mounts with Iran, Hezbollah's main sponsor. But long before that, U.S. law enforcement and intelligence agencies regarded the region as a "free zone for significant criminal activity, including people who are organized to commit acts of terrorism," Louis Freeh, then the director of the FBI, said in 1998. Edward Luttwak, a counterterrorism expert with the Pentagon's National Security Study Group, described **the Tri-border as the most important base for Hezbollah outside Lebanon itself, home to "a community of dangerous fanatics that send their money for financial support to Hezbollah."** "People kill with that, and they have planned terrorist attacks from there," said Luttwak, who has been a terrorism consultant to the CIA and the National Security Council. "The northern

region of Argentina, the eastern region of Paraguay and even Brazil are large terrains, and they have an organized training and recruitment camp for terrorists."

<http://www.nbc11.com/msnbcnews/13286551/detail.html>

Castro blames US for plane hijack attempt in Cuba – *El Diario Exterior, Madrid.*

Fidel Castro accused the United States on Monday of inspiring two Cuban military deserters who killed an officer during their failed attempt to hijack a plane to escape from Cuba. In an editorial column, Castro said the pair were hoping to enjoy American consumer society and were encouraged by the prospect of impunity in the United States. "The impunity and the material benefits that all acts of violence against Cuba have been rewarded with for almost half a century stimulates such deeds," he wrote in the column distributed by the Cuban government. The 80-year-old leader said Cuba would need "serenity and cold blood" in deciding how to punish the recruits. Three men who attempted to hijack a Havana ferry in 2003 with no loss of life were summarily executed by firing squad, leading to widespread international criticism of Cuba's communist government. The fugitive recruits commandeered a bus with hostages on Thursday and burst into Havana airport where they seized an empty Boeing 737. A hostage, Army Lt. Col. Victor Ibo Acuna, was shot dead before the recruits were captured. The deserters, 19 and 21, killed a soldier when they escaped from an army base with two AK-47 rifles ten days ago. Castro accused the U.S. government of protecting the enemies of Cuba from prosecution and pointed to the U.S. release last month on bail of Cuban exile and former CIA operative Luis Posada Carriles, whom he called a "terrorist monster."



Fidel Castro. Source: Mexidata.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14333>

Spain's foreign minister visits Cuba – *El Diario Exterior, Madrid.*

Spain's foreign minister made an ice-breaking visit to Cuba on Monday, the most senior European Union government official to go to the island since a 2003 dispute over the arrests of dissidents. Miguel Ángel Moratinos said his official trip marked a new stage in reopening talks with Cuba, and hoped it would help thaw Havana's relations with the European Union. "It's absolutely unthinkable that Spain, the Spanish government, cannot maintain, defend and develop an intense, constructive and communicative policy with the Cuban authorities," Moratinos said in Havana. A crackdown on dissent in March 2003 prompted the EU to shun high-level talks with Cuba and invite dissidents to events at European embassies in Havana, upsetting the Cuban government and leading to a freeze in ties. Lower-level meetings resumed in 2005 but relations between Brussels and Havana remain cool due to EU calls for the release of political prisoners, including the 75 detained and sentenced in 2003. Cuba has refused EU aid since 2003. Spain is one of Cuba's biggest foreign investors and trade partners after Venezuela and China EU trade with Cuba totaled around r \$2.6 million, in 2005.



Spain's foreign minister Miguel Ángel Moratinos.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=13759>

Brazil and Paraguay to join 'Bank of the South' – *El Diario Exterior, Madrid.*

A planned South American development bank will be capitalized with a contribution of \$300 million to \$500 million from each member country, Brazil's Finance Minister Guido Mantega said. Several countries, including Argentina, Brazil, and Venezuela, agreed on Thursday to formally launch the regional development bank in June. The bank, dubbed the Banco del Sur, was initially proposed by Venezuelan President Hugo Chavez and is expected to finance regional integration projects. Some analysts say it could compete with the Inter-American Development Bank, whose major shareholder is the United States. Ecuador, Bolivia and Paraguay have also said they will join the bank. All other South American countries will be invited to join.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14284>

Bolivia, Brazil Seek Accord on Sale of Oil Refineries – *El Diario Exterior, Madrid.*

Brazil and Bolivia sought to bridge a "difference of opinion" over the selling price of two oil refineries owned by Petroleo Brasileiro SA in Bolivia, Brazilian Foreign Minister Celso Amorim said. Executives from Petrobras met Bolivian Hydrocarbons and Energy Minister Carlos Villegas in La Paz today after Bolivia announced May 6 that it was transferring Petrobras' right to sell crude and white gasoline produced at the refineries to the state-owned YPF Bolivianos. **Petrobras said after the announcement that it wants to sell the refineries.** Bolivian President Evo Morales has extended government control over his country's natural resources, putting him in conflict with Petrobras, which produces all of Bolivia's gasoline and most of its other fuels. Morales forced foreign energy firms, including Petrobras, to renegotiate their contracts last year to include higher taxes. Bolivia, with the second largest natural gas reserves in South America, supplies about half of Brazil's natural gas. "I don't believe we've yet reached a point that we need to use a contingency plan," Brazilian Energy Minister Silas Rondeau said to reporters in Brasilia before the meetings in La Paz concluded. "We're waiting and hoping that the negotiations will yield a positive result." Bolivia has offered to purchase the two refineries in the provinces of Santa Cruz and Cochabamba for \$60 million, the newswire EFE reported, citing Vice President Alvaro Garcia Linera. **Petrobras is demanding \$112 million, EFE said. Brazilian President Luiz Inacio Lula da Silva, who backed Morales during his 2005 presidential campaign, this week, said the disagreement may lead Brazil to seek international arbitration.**



<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14365>

Bolivia: Morales takes control over hydrocarbons – *El Mercurio, Chile.*

On May 1, 2006, Bolivian president Evo Morales announced the 'nationalization' of the nation's natural gas resources with a symbolic military takeover of many installations throughout the country. **One year later the administration celebrated the first anniversary of the nationalization decree by announcing that Bolivia will triple its hydrocarbons revenues.** The President explained, rather vaguely, the creation of new programs funded by this income intended to create jobs, encourage micro-enterprises and reaffirm the nation's ownership of all hydrocarbon and mineral wealth. Morales also repeated his intentions to "nationalize" the privatized long distance company, the mining industry as well two foreign-owned natural gas refineries. During the preceding weeks the administration announced a much-needed plan to fund housing for low income Bolivians, which has received broad support. **Further "Nationalization" on the Horizon:** Long Distance and Mobile Phone Company - The Morales administration announced the nationalization of Bolivia's largest long distance telephone company, Entel, which was privatized in 1995. Refineries - The Bolivian government is negotiating the buy back of two natural gas refineries from the Brazilian gas company Petrobras. Mining Industry - Morales announced on May 1 that the Bolivian Mining Corporation (Comibol) would also soon be "re-founded." ICSID Withdrawal - Bolivia, along with Venezuela and Nicaragua announced plans to withdraw from the ICSID, the International Center for the Settlement of Investment Disputes.

http://diario.elmercurio.com/2007/05/03/internacional/_portada/noticias/DDF2C209-D209-4A09-A00C-7366FB96E1D9.htm?id={DDF2C209-D209-4A09-A00C-7366FB96E1D9}

Bolivia to nationalize biggest phone company – *El Diario Exterior, Madrid.*

Telecom Italia SpA, Italy's biggest phone company will take steps to protect the investment in its Entel Bolivia unit after the Latin American country moved to nationalize telecommunication services. "With regard to news reports about the Bolivian government's decision to take control of Entel Bolivia, Telecom Italia announces that it will evaluate all initiatives aimed at safeguarding its investment," the Milan-based company said in a stock-exchange statement last night. The plan by the Bolivian government violates "all the fundamental norms of a state based on the law." Telecom Italia acquired 50 percent of Entel Bolivia through its wholly owned unit ETI in 1995 when the country was selling state-owned assets. Entel is Bolivia's biggest provider of fixed-line and wireless phone service. Bolivian President Evo Morales, who took office in January 2006, wants to expand the government's control over the economy. Last year he seized oil and gas fields and refineries and forced 10 oil companies to accept higher tax rates. The government last month issued a decree to take control of Entel, Telecom Italia said. The legislation also created a committee to negotiate "a friendly agreement" with Telecom Italia on Entel within 30 days from the publication of the decree, the Italian phone company said.



Hugo Chavez and Evo Morales. Source: Indymedia.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14304>

Chávez threatens to nationalize banks, largest steel producer – *El Universal, Mexico.*

Venezuelan President Hugo Chavez warned he could nationalize the country's banks and largest steel producer in an apparent bid to strong-arm the businesses to contribute more to local industry. Delivered in a wide-ranging speech in which he promised Venezuela was headed for a classless society, Chavez's threat Thursday did not seem to signal an imminent takeover. But coming alongside recent moves to nationalize telecommunications, electricity companies and the oil sector, the warning was yet another sign the Venezuelan leader is serious about deepening his socialist revolution. "Private Banks have to give priority to financing the industrial sectors of Venezuela at low cost," Chavez said. **"If banks don't agree with this, it's better that they go, that they turn over the banks to me, that we nationalize them and get all the banks to work for the development of the country and not to speculate and produce huge profits."** It was unclear if Chavez was referring only to Venezuelan banks including Mercantil Servicios Financieros CA and Banco Provincial SA, or also major international banks with subsidiaries in the country, such as New York-based Citigroup Inc. and Spain's Banco Bilbao Vizcaya Argentaria SA and Banco Santander Central Hispano SA. **Chavez also warned the government could take over steel producer Sidor, which is majority controlled by Luxembourg-based Ternium SA.** Ternium's U.S.-traded shares fell \$1.05, or 3.9 percent, to \$26.15 Thursday. Sidor "has created a monopoly" and sold the bulk of its production overseas, forcing local producers to import pipes from elsewhere, Chavez said.

<http://eluniversalgrafico.com.mx/65772.html>

Chávez: "Public" channel will replace RCTV – *El Universal.*

Hugo Chávez late Tuesday announced he has selected the members of the board of directors that is to conduct a new "public" television channel that will replace Caracas-based private TV network RCTV as from May 28. Chávez' Government has decided not to renew a broadcast license for RCTV, arguing that this 53-year-old television station was involved in an attempted coup d'etat in April 2002. According to the Venezuelan ruler, "one microsecond following the events of May 27 at midnight (expiration of RCTV broadcasting license), a free, entertaining, healthy, educative, enlightening programming that spreads our own values and culture should be aired" on the radio frequency signal currently operated by RCTV.

http://english.eluniversal.com/2007/05/09/en_pol_art_chavez:-public-cha_09A866015.shtml

Venezuela rejects US anti-drug claim – *Infobae, Argentina.*

Venezuela has sharply criticized the US claim that the Latin American country does not cooperate in the fight against drug trafficking. Venezuelan Interior and Justice Minister Pedro Carreno called the US claim "lamentable" adding the US aims to affect Venezuela's

prestige by denying its efforts in fighting against drug trafficking and its cooperation with other countries in that sphere. Carreno said the US internal market consumes about 85 percent of the drugs Latin America produces. "The issue of fighting drug trafficking is used by Washington with political purposes, and is a new way for it to intervene," he added. Venezuela suspended formal cooperation with the US Drug Enforcement Administration (DEA) in 2005. However, US officials say about 10 DEA agents have remained in Venezuela working with law enforcement contacts. Venezuela has said it will not allow US agents to carry out counter-drug operations in the country accusing the DEA of being a "new cartel" that aids traffickers. The US Embassy Spokesman Brian Penn has denied the accusation calling the DEA "the leading agency combating drug trafficking around the world." The US has repeatedly accused Venezuela of not cooperating in counter-drug efforts claiming cocaine shipments are increasingly passing through the country from neighboring Colombia.



Hugo Chavez. Source: Infobae.

<http://www.infobae.com/contenidos/315493-100891-0-Chávez-se-opone-la-lucha-contr-el-tráfico-drogas>

Venezuela strips oil giants of Orinoco Belt oilfields – *El Diario Exterior, Madrid.*

Venezuela began stripping the world's biggest oil companies of operational control over massive oil projects on Tuesday, a vital move in President Hugo Chavez's nationalization drive. Workers at an oilfield in Venezuela's Orinoco Belt joined government officials at a ceremony shortly after midnight to hand over operational control of the state-run oil company PDVSA. Thousands of oil workers gathered just outside the project for an all-night vigil, dancing to salsa music and playing dominos as they prepared for a massive rally Chavez was scheduled to lead later on Tuesday. Oil Minister Rafael Ramirez presided over a ceremony to bring down the company flag and replace it with PDVSA and Venezuelan flags. "We, the representatives of the revolutionary government, we, the workers of the new PDVSA, welcome this new group of Venezuelans who until today were managed by international interests to our new PDVSA," the Oil Minister said. Among the world's most lucrative oil reserves, the four Orinoco projects are valued at more than USD 30 billion and can convert about 600,000 barrels per day of heavy, tarry crude into valuable synthetic oil. US companies Conoco Phillips, Chevron, Exxon Mobil, Britain's BP, Norway's Statoil and France's Total agreed to obey Tuesday's decree to transfer operational control, although Venezuela complained Conoco Phillips was resistant.

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14241>

Negroponte forecasts failure of Chávez' policies – *Diario Correo, Perú.*

US Deputy Secretary of State John Negroponte said Venezuelan President Hugo Chávez' policies are doomed to failure, and claimed it was "impossible" for Venezuela to continue to spend "millions of dollars" in aid to foreign countries. "These policies shall fail sooner or later. The issue is when this will happen, and what could be the effects of these policies in the meantime," he added when asked about Washington-Caracas ties, during the annual conference of the Council of the Americas. "I do not understand how you can keep

promising billions of dollars in aid to other countries, while poverty prevails in your own country and while degrading the wealth supporting a part of the economy." The diplomat is conducting his first tour of Latin America next week, and is visiting Colombia, Peru, Ecuador and Panama.
http://www.correoperu.com.pe/paginas_notas.php?nota_id=47463&seccion_notas=9

[Bush, Uribe Push Trade Agreement](#) – *El Diario Exterior, Madrid.*

U.S. President George Bush and Colombian President Alvaro Uribe are calling for U.S. legislators to ratify a free-trade agreement with Colombia. President Bush says the free-trade agreement will be good for employers, farmers, and workers in the United States and Colombia. Following a White House meeting with the Colombian leader, President Bush said it is more than a trade vote. He said the agreement sends a signal to South America that Washington stands with nations willing to make hard decisions. "This agreement has strategic implications," Mr. Bush said. "It is very important for this nation to stand with democracies that protect human rights and human dignity, democracies based upon the rule of law. President Bush says he expects Congress to be open-minded and give President Uribe a fair hearing. Mr. Uribe said the free-trade agreement will help guarantee security for all Colombians, and will include trade unions and political opponents, while promoting freedom and social justice.



President George W. Bush and Colombia's President Alvaro Uribe exchange handshakes after delivering remarks Wednesday, May 2, 2007, on the South Lawn. President Uribe's visit underscores the friendship and extensive cooperation between the two countries. White House photo by Shealah Craighead

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14243>

[Amid scandal, Colombia's Uribe more popular](#) – *El Nuevo Herald.*

Colombian President Alvaro Uribe has gained in popularity at home even as he fends off a scandal over illegal paramilitaries that threaten a U.S. free trade deal and military aid program, a poll showed on Friday. Uribe's approval rating was now 75 percent, up 10 points from February as he worked to rebuff charges that some of his allies colluded with right-wing death squads, the survey by Invaer-Gallup published in *El Tiempo* newspaper showed. "This is Uribe's most pronounced two-month rise in the last five years," pollster Jorge Londono told Caracol radio. **The country's strong economic growth had also helped the president,** Londono said.

<http://www.elnuevoherald.com/256/story/36899.html>

[Ecuador lawmakers fight protesters in bid to retake seats](#) – *El Nuevo Herald.*

Lawmakers dismissed in February from Ecuador's Congress clashed with protesters Wednesday in an unsuccessful bid to forcibly retake their seats in the country's assembly. Police cordoned off the Congress building during the confrontation. The legislators were sacked by Ecuador's electoral tribunal and eventually replaced by supporters of President Rafael Correa after they were found to have illegally interfered with Correa's proposed referendum on constitutional reform, which carried by an

overwhelming majority last month. Ecuador's Constitutional Tribunal subsequently reinstated the dismissed lawmakers, but the infuriated pro-Correa Congress then voted to dismiss the judges of the court. The dismissed lawmakers fought with police when they first attempted to retake their seats after the original electoral tribunal decision. In the face of a Correa-instituted police blockade of the Congress building after the high court reinstatement order they at first hesitated to try and force their way in again, but one legislator told Reuters Wednesday, "We will try to enter Congress every day."



Rafael Correa. Source: BBC.

<http://www.elnuevoherald.com/210/story/36244.html>

[Ecuador threatens to sue banks – El Diario Exterior, Madrid.](#)

Rafael Correa threatened on Saturday to sue private banks that overcharge clients with high interest rates and fees, saying they had a week to start complying. Correa, a leftist former economy minister who blames market-driven policies of past administrations for failing to reduce poverty in Ecuador, has rebuked banks for lending practices he says are abusive. "I tell them to lower their interest rates and commissions ... If not, the government will sue them," Correa said in his weekly radio address, adding that banks cannot charge clients more than the 14 percent conventional interest rate. "I give these banks and businesses that are breaking the law a week to start complying."

<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14301>

[Ecuador: Correa founds controversial 'truth commission' – Infobae, Argentina.](#)

Ecuador has set up a truth commission to investigate human rights abuses committed over the last 27 years, particularly during the right-wing rule of Leon Febres Cordero, who was president during the 1980s. The role of the four-member commission is intended to "halt impunity", Rafael Correa, Febres Cordero, speaking at a press conference in his native port city of Guayaquil, accused Correa on Friday of forming "a tribunal of the Inquisition" and said his political enemies want to try him "for having fought terrorism". He also called Correa "a totalitarian" and said that if the government sought to prosecute him, he would not flee. "I've never run, nor will I run," he said. "If they want to look for me, they know where to find me." The commission will have 9 months to present a report, with a possible extension of three months.

<http://www.infobae.com/contenidos/315007-100891-0-Polemica-Correa-creó-una-Comisión-la-Verdad>

[Paraguay president will not seek re-election – El País, Madrid.](#)

Paraguayan President Nicanor Duarte said on Monday he has dropped a bid to run for reelection next year and will back the country's first female presidential candidate. Duarte said in a televised interview he will no longer seek a constitutional reform that would have allowed him to serve two consecutive terms and he will support the candidacy of his education minister, Blanca Ovelar. Referring to his own party, Duarte said: "From the Colorado Party's perspective, this chapter of the constitutional amendment and reelection is closed." The Colorado Party has governed

landlocked Paraguay for the past 60 years, counting the nearly 35-year dictatorship of Alfredo Stroessner.



Nicanor Duarte. Source: EFE.

http://www.elpais.com/articulo/internacional/presidente/Paraguay/tira/toalla/pre tension/ser/reelegido/elpeuintlat/20070508elpeuint_5/Tes

[Mercosur inaugurates Parliament – *El País, Madrid.*](#)

The new parliament of the member states of South America's Mercosur trading bloc has been inaugurated in the Uruguayan capital, Montevideo. The 72 members of the assembly will hold their first session on Tuesday, and then will be meeting once a month. Senior officials from the five members - Argentina, Brazil, Paraguay, Uruguay and Venezuela - attended the event. Mercosur's secretariat head Carlos Alvarez said their main responsibility would be to boost regional integration. Mercosur is South America's leading trading bloc. It was set up in 1991. Known as the Common Market of the South, it aims to bring about the free movement of goods, capital, services and people among its member states. Bolivia, Chile, Colombia, Ecuador and Peru are associate members. They can join free-trade agreements but remain outside the bloc's customs union.

http://www.elpais.com/articulo/economia/Mercosur/constituye/Parlamento/legisladores/paises/miembros/elpeuintlat/20070508elpepueco_1/Tes

[Argentinian presidential elections set for October – *El Diario Exterior, Madrid.*](#)

Argentina on Tuesday announced that elections for president and parliament would be held on October 28. President Nestor Kirchner - a popular leftist who is widely expected to win re-election - made the decision Tuesday, according to Interior Minister Anibal Fernandez. **There has been speculation that Kirchner could step aside for his wife, Senator Cristina Fernandez, to run in his place.** Among those who have already confirmed their candidacy for president are Roberto Lavagna, Kirchner's former finance minister; Ricardo Lopez Murphy, conservative former defense minister; Jorge Sobisch, conservative governor of the Neuquén province; and Elisa Carrio, a moderate politician who gave up her seat in parliament last month to focus on the election. A run-off election, should no one candidate gain 50 per cent of the vote, was set for November 25.



Nestor Kirchner and Cristina Fernandez. Source: El Diario Exterior.
<http://www.eldiarioexterior.com/noticia.asp?idarticulo=14346>

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