



ABOUT THE REPORT

The Americas Report is the continuation of the work of Dr. Constantine C. Menges' original Americas Report. For almost two years that report chronicled the efforts of the Castro – Chavez axis and their allies in their efforts to undermine the new spirit of democracy and freedom in Latin America, in favor of autocratic forms of regimes throughout the Western Hemisphere. The report also monitors events in the area as they affect regional and US security in this era characterized by the emergence of terrorist groups of global reach seeking international influence. The current Americas Report and the Menges Hemispheric Security Project of which it is a part will continue to support genuine democracy, free trade and the fostering of strong inter – American relationships as well as exposing growing tyrannies in the area.

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THE UPCOMING ELECTIONS IN VENEZUELA

By Nicole M. Ferrand

On November 23, 2008 regional elections will be held in Venezuela. Citizens will head to the polls to elect 22 governors, 328 mayors as well as 233 legislators to the state legislative councils and 13 councilors to district committees – including indigenous representation – totaling 603 positions. These will be the first elections to be held since President Hugo Chavez founded the United Socialist Party of Venezuela (Partido Socialista Unido de Venezuela, PSUV in Spanish).

For a majority of Venezuelans these elections are an opportunity to put a stop to Chavez's plans to stay in power and impose a socialist model in the country and they are encouraged by the polls which give the opposition the upper hand in many localities.

Although Chávez is not running, he is vociferously campaigning for the PSUV's candidates. His public appearances have been marked by a violent and threatening rhetoric which has convinced voters that he is afraid of losing important positions to the opposition.

"Mobsters, mafia, thugs, shameless, crooks, traitors, imperial pawns, bandits, thugs, cowards, drug dealers or terrorists" are some of the epithets that Chávez has used to label opposition candidates throughout the electoral campaign. He has gone as far as publicly saying that if the opposition wins the upcoming elections, he will launch a "military plan" or "Plan Chávez" to be deployed in the states and municipalities in which his party has been defeated. "No one should forget that this is a peaceful revolution, yet it is one that bears arms." "I beg you not to betray our people" and warned that only two options exist: "A socialist nation or death."¹ For Chávez, the upcoming election is pivotal to secure his hold on power.

¹ Chávez's War. November 7, 2008. El Universal, Venezuela.

Why the Violent Speeches?

Many believe that the increasingly negative polls that give independents favorable results are troubling Hugo Chavez and are convinced that he is using the same strategy that has worked for him in the past: in order to win he needs to polarize voters. All along his ultimate goal has been to change the Constitution so that he can stay in power for life and to achieve this, the PSUV needs to score enough votes in November.

He has directly attacked candidates such as Pablo Pérez: “Now they want to put an imbecile in the governor’s office to do whatever he (current Zulia state Governor Manuel Rosales) says,” and “I am speaking nothing but the truth; now he (Rosales) wants to have an imbecile as governor, an imbecile who cannot even speak properly.” In reference to the opposition candidate to the Mayor’s Office of the Sucre Municipality Carlos Ocariz, Chávez said: “Someone named Ocariz, who wants to be mayor of Petare, a rich boy. We are going to swat away those rich kids, born with a silver spoon in their mouths.”

The states at stake are Zulia, Miranda, Carabobo, Lara, Táchira, Anzoátegui, Bolivar and Aragua. Of these, all but Zulia are today in the hands of Chavismo and according to the polls, it is likely that more than half will fall into the oppositions’ hands. Of the 24 regional districts at stake, the Chavismo holds 22 and the opposition holds only Margarita and the wealthy state of Zulia.

According to the Electoral Commission which Chavez controls, he was reelected as President of Venezuela in 2006 with 63% of the vote. He has appealed to the poor through his populist measures funded by constantly increasing oil prices. At the time, he was on top of the world but since then he has lost many battles. In December, 2007, his wish to change the constitution and to stay in power was defeated in the referendum and according to the results, he will have to leave the Presidency in 2013. In addition the special powers he pursued to secure a socialist model were rejected by the voters.

He knows his popularity has suffered major setbacks in recent months and that this will be seen in the results of November 23rd. Among his least popular moves was the closing down of the RCTV television station, whose soap operas were a favorite among many nationals including Chavista voters. In addition, public services and utilities are collapsing and in recent months Venezuela has had three national blackouts which lasted several hours each. The health system has been increasingly criticized and major cities are literally under garbage. The fall in the price of oil and inflation reaching 40% as well as high crime rates are only making matters worse.

Internationally, he also suffered a loss of support. When the laptops of FARC leader, Raul Reyes, were seized in Ecuador, evidence surfaced that Chavez was a long time FARC supporter and had even financed their internal war, giving them sanctuary inside Venezuela, supplying them with weapons and actively working with them to undermine the government of Colombia. This information didn’t sit well with Venezuelans or with many in the international community.

² Chavez government campaign of intimidation seeks to link Zulia Governor Manuel Rosales with State Lottery fraud. October 22, 2008. P-R Inside.

³ Chavez government campaign of intimidation seeks to link Zulia Governor Manuel Rosales with State Lottery fraud. October 22, 2008. P-R Inside.

⁴ Ibid.

⁵ Ibid.

All of the above plus his enormous expenditures on advanced weaponry have made people uneasy about having him as President and fear his totalitarian style and increased radicalization to the left. They know Venezuela and Chavez are considered pariahs by many democracies in the world and emphatically disagree with their president's choice of new allies such as Iran and Russia since they have nothing in common. They want to follow a new path towards progress and Chavez is clearly taking them in the opposite direction.

Banning Candidates

On August 5, 2008, in an unprecedented move, the Supreme Court ruled that the 270 candidates that had been banned from running in November's state and municipal elections were constitutional. The list of barred candidates was issued by Venezuela's anti-corruption chief and Chavez's ally, Clodosbaldo Russian. He said the law gave him the right to impose restrictions on potential candidates "suspected of corruption." The opposition was and is still adamantly saying that the ban was unconstitutional because none of the potential candidates have been convicted of a crime, stating that the disqualification was politically motivated since it affected key opponents of the PSUV. Even the European Parliament condemned the government's move as a violation of human rights.

In spite of this, the opposition has managed to unite and run single candidates in most districts and is likely to win in Zulia, Carabobo, and Miranda. If we add the Caracas metropolitan district, the opposition could obtain almost 40% of the vote.

Manuel Rosales

The focus of Chavez's rage is the former presidential challenger, current Zulia State governor and now an opposition candidate for Mayor of Venezuela's western city of Maracaibo, Manuel Rosales. Rosales has accused the regional police of engaging in a politically-motivated campaign of intimidation "because the central government in Caracas knows that it is about to lose on November 23.² The Chavez administration has threatened to either disqualify or jail him which would remove Mr. Rosales from the political scene. This would make it very difficult for the opposition to have a unified leader to fight the President's intentions to change the Constitution. In addition when the Comptroller says that the governor of Zulia could be banned for fifteen years from running for office, it means that even if the "corruption" accusations have not been proven, authorities already have formed an opinion as to what the penalty will be.³ Chavez knows that if Rosales does a good job as he did as governor, he may well challenge him in the next presidential elections.



Zulia State Governor
Manuel Rosales.

“There is a campaign of intimidation, a putrefaction, a dirty war against us in Zulia.” Rosales has said. The authorities are trying to claim that in Zulia a fraud has been committed, but they are grasping allegations out of thin air by linking Manuel Rosales with the bandits and thieves they are, without shame, themselves,” declared Rosales who is being accused of allowing the permanent presence of paramilitaries and arms-traffickers in the State.⁴

When asked about the reasons Chavez feels threatened by him, Rosales responded: “Zulia, both strategically and politically, is the most important state in Venezuela ... it has the largest electoral base ... and they (Chavez’s United Socialist Party of Venezuela-PSUV) want to win there taking advantage of the fact that I am stepping down from the governorship. They have lately discovered that Pablo Perez (the opposition candidate to replace Rosales) has a 16 to 20 point advantage in all the surveys. The other thing is that I also remain a candidate for Mayor of Maracaibo, which is, in electoral terms, extremely important, and we have a 42 to 45 point advantage there, too. He (Chavez) sure got angry when we denounced their eagerness to put the Sierra del Perija (the northernmost branch of the Andes, marking the Venezuelan border with Colombia) at the service of the Colombian FARC and, of course, we’ve been unwavering in our criticism of his personal militaristic projects taking place behind a facade of democracy.”⁵

It is clear that the Chavista camp is now worried. Although intimidation and consolidation of his authority has brought him results in the past, at this stage to show this nervousness just days before the elections, seems not to be a strategy but the result of desperation as polls show that the PSUV will lose ground and that Chavez will emerge weaker after November 23. He has even gone so far as to declare that he might send tanks onto the streets in the state of Carabobo if the opposition wins.

Chavez’s tactics are anything but democratic and no international agency, not even the Carter Center, should validate this election as free and fair because it clearly has not been and will not be. This is especially true if the results drastically differ from what the polls show which currently give the opposition a clear lead over the PSUV. It should surprise no one if Rosales is jailed or detained before the elections. November 23rd is an opportunity for Venezuelans to express their disapproval of Chavez and his ever more

dictatorial actions. If he is not stopped now, it will become increasingly more difficult to stop him in the future.

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NEWS STORIES

ARGENTINA

NEWS ALERT:

[Argentina: private pension funds take over advances](#)

MercoPress

Argentina's lower house approved President Cristina Fernandez de Kirchner's controversial plan to nationalize an estimated 30 billion US dollars in private pensions, a proposal that raised concern of a default and has further divided the ruling party. Legislators voted 162 to 75 to back the plan after a session that began Thursday evening and ended after midnight. The proposal will be sent to two Senate committees for consideration next week with a full Upper House vote scheduled for November 20. “We've achieved a real consensus on this measure, convincing enough people in the opposition that the current pension system failed,” ruling party lawmaker Jose Marian Diaz Bancalari told reporters. “The state has an obligation and a responsibility to oversee these funds”. Concern about Mrs. Kirchner’s plan was reflected in the Merval stock index, which fell 27% in the days after details were first reported on October 20. “The way these decisions are being made is disastrous for those looking for stability in the Argentine economy”, said Felipe Sola, a member of the ruling party who opposed the bill, during the debate. Mr. Sola, a former governor of the province of Buenos Aires later announced he was leaving to form his own political grouping. The divided congressional opposition argues that the real purpose for taking over the funds is for credit-starved Argentina to be able to pay hefty debts maturing next year. On November 5, supporters and opponents of Mrs. Kirchner’s plan rallied in front of the Congress building waving flags and beating drums. Protests have been sporadic and smaller than the nationwide demonstrations earlier this year against a plan to raise agricultural taxes. That plan was eventually defeated in the Senate.

Nationalizing the funds would give the government a surge of continuing revenue at a time of slowing economic growth, offering 4.5 billion US dollars in new contributions next year, said Javier Kulesz, an economist at UBS Pactual in Buenos Aires. Last week, the Argentine government's attempt to force pension funds to repatriate cash from investments in the US was temporarily thwarted by holders of outstanding debt tied to the country's 2001 default on 95 billion US dollars of sovereign bonds. US District Judge Thomas Griesa granted a request by bondholders including Aurelius Capital Partners LP and Blue Angel Capital, to freeze Argentine pension fund assets in the US A hearing is scheduled in Manhattan federal court November 14 on

whether to extend the order. The private pensions' funds system in Argentina has 9.5 million members and assets values in 30 billion US dollars.

<http://www.mercopress.com/vernoticia.do?id=15134&formato=HTML>

Argentina's prospects for 2009: flat growth and 20% inflation

MercoPress

The Argentine economy is forecasted to experience in 2009 almost flat growth, inflation above 20%, unemployment closing on two digits and the US dollar in the range of 3.8 to 4 pesos according to the opinion of several economists. Moreover the situation could worsen if funds continue to abandon Argentina, 2.85 billion in October alone, and an estimated 25 billion in the last twelve months, as a consequence of the erratic policies from the Kirchner couple administration. "The economy is sliding and the tendency is further down, however the only doubt is how fast the fall", according to a former member of the Argentine Economy ministry team, quoted in Buenos Aires La Nación. The current estimates are distant from a floor of 4% which a cautious Central Bank announced just a few weeks ago. Since then, the Argentine government's decision to take over private pension funds and the global financial crisis have lowered the original estimate to less than 3%, mostly a "pull-on effect" from the strong growth of 2008 and previous years. This means that if in 2009 the Argentine economy expands 3% or 2%, it will be exclusively "statistical inertia" plus zero growth, following a five year period (2003/07) of sustained average annual expansion of 9% and 6% in 2008. Alpha Consultants from Buenos Aires estimate GDP expansion of 2.5%, weak investment and limited credit mostly from government. Economist Rogelio Frigerio is more ambitious: growth between 3.5 and 5%, while another economist Miguel Angel Broda is at the other end: zero or negative expansion. The labor market can expect the percentage of jobless to be at 8% to 10% while the US dollar, all consultants coincide, above 3.80 pesos, as long as deposits don't continue to flee Argentina. In the last twelve months this was equivalent to 10% of the country's GDP. Retail inflation, which government offices admit could reach 14% in 2009, private consultants put it at 18 to 20%.

<http://www.mercopress.com/vernoticia.do?id=15148&formato=HTML>

Argentina still planning to repay Paris Club debt

MercoPress

Argentina is still planning to use its foreign exchange reserves to repay defaulted debt to the Paris Club of creditor nations, according to the club's Chairman Xavier Musca. Argentine media have speculated that Argentina might roll back on its promise to repay the debt in one go, using foreign exchange reserves that might be needed to support the economy amid the international financial crisis. "They are still on the line of wanting to repay their debt," Musca said after meeting Argentine officials over the weekend on the sidelines of a meeting of financial officials from the G20 taking place in Brazil's business capital Sao Paulo. Finance officials and central bankers from the G20 group of advanced and emerging economies met to hammer out proposals on how to combat the crisis over the weekend. According to Musca, Argentina and the Paris Club were having discussions about precisely how

much money was owed to which countries. The 6.7 billion US dollars earmarked for repayment consists of arrears dating back to Argentina's 2001-2002 economic crisis. The Paris Club estimates Argentina's total outstanding debt at around 7.9 billion. The difference between the two figures included debt that did not need to be repaid immediately. Paris Club rules stipulate that if a repayment on defaulted debt is made, it must be done in one go. Paying off the debt could make it easier for Argentina to raise new loans after its debt default. But local bonds and the stock market have been hit hard by uncertainty that has plunged emerging markets and spurred demand for safe-haven dollars. Argentina has around 47 billion USD of international reserves with the central bank. Creditor nations which could expect to be repaid for the arrears included Germany, Japan, Spain, the Netherlands, France, the United States, Italy and Switzerland.

<http://www.mercopress.com/vernoticia.do?id=15158&formato=HTML>

ARGENTINA – VENEZUELA SUITCASE SCANDAL

Suitcase scandal: key witness confirms Kirchner involvement

MercoPress.

According to La Nación from Buenos Aires Antonini Wilson insisted that besides the 800.000 USD which Argentine Customs in Buenos Aires airport discovered on August 4 last year, there was a second suitcase with 4.2 million USD, which went undetected and it was all money to finance the presidential campaign of Cristina Fernandez de Kirchner. Antonini Wilson revealed details of a conversation with Claudio Uberti, the "money man" and a top ranking Argentine official and direct liaison between former president Kirchner and Venezuela's Hugo Chavez, the following day after the incident. "At the hotel in Buenos Aires Uberti told me that Kirchner had asked about me and how I was feeling and that he was prepared to "stand up by me" until the very end", said Antonini Wilson who accused Uberti of being the man responsible for transporting the money in the Argentine Energy Corporation chartered Lear jet. "When he mentioned Kirchner's interest I got the feeling they wanted me involved in the crime. When I asked Uberti if he was certain the Argentine government was in the case he said: "ask whatever you want; the President told me you could have a license to sell Argentine beef in Venezuela." Antonini Wilson admits having signed a document where he recognized the seized suitcase belonged to him "so I could leave the airport as soon as possible". He also offered details of a conversation between Diego Uzcátegui, PDVSA (Venezuelan government oil corporation) General Manager for Latinamerica, --who was later forced to resign--, and his son Daniel, who also traveled on the same private flight from Caracas to Buenos Aires with officials from Argentina and Venezuelan oil companies. "While we were discussing, Diego asked his son about the other suitcase with 4.2 million USD and Daniel said it had cleared (Customs)", he recalled. "I was almost in shock but Diego told me to be calm, since he was tired of hauling suitcases with money on the Falcons (jets)" which make up the PDVSA air fleet and presumably the origin of the 4.2 million USD.

<http://www.mercopress.com/vernoticia.do?id=15141&formato=HTML>

BOLIVIA

[Bolivia asks U.S. to extradite ex-president](#)

CNN

Bolivian officials say they have presented the United States with a formal extradition request for former President Gonzalo Sanchez de Lozada, who ordered a military crackdown on 2003 riots. Foreign Ministry spokeswoman Consuelo Ponce told The Associated Press that the 2,700-page request charging the exiled leader with "genocide" was delivered Monday. U.S. government offices, closed Tuesday for Veterans Day, could not immediately confirm they had received the document. Sanchez de Lozada fled to the U.S. during Bolivia's anti-government riots after troops under his command opened fire on largely Aymara Indian protesters, killing at least 60. Critics call the extradition a political crusade by leftist President Evo Morales.

BRAZIL

[Brazil admits pre-salt oil deposits could hold 80 billion barrels](#)

MercoPress

Brazil's pre-salt oil reserves already under concession could reach as much as 80 billion barrels of oil equivalent, said the head of Brazil's National Petroleum Agency (ANP), Haroldo Lima, on Friday. "Recently, prognosis indicates at least 50 billion boe and a maximum... of 70, 80 billion barrels," he told reporters, adding that this would include only licensed blocks. Asked if reserves could surpass 100 billion boe if unlicensed areas were included, he said: "Yes, they could." "Dimensions are so big that we still don't have a good vision of what this means to Brazil," he added. Brazil's current proven reserves stand at 14.4 billion barrels of oil equivalent if natural gas is included, according to a statistical review produced by British Petroleum. The pre-salt oilfields are trapped beneath a layer of salt under about 7,000 meters of sea water and rock and are among the most inaccessible on earth. The geological formation of which they are part is about 800km long and 200km wide, running up the southern Brazilian coast from the Santos Basin, about 200km offshore. The deposits were discovered in 2007 and since then the government has suspended its annual auctions of concessions of geographical blocks, in which oil companies accept exploratory risk in return for rights over any oil and gas they may discover. However ten concessions in the Santos Basin had been sold before the government realized the potential of the new fields.

<http://www.mercopress.com/vernocia.do?id=15130&formato=HTML>

COLOMBIA

Colombia: "FARC is kidnapping people in Venezuela"

El Universal

The Colombian government said on Tuesday that the growing financial problems facing the rebel Colombian Revolutionary Armed Forces (FARC) have forced the group to seek funding from kidnappings and extortions in Ecuador, Panama and Venezuela. Colombian Defense Minister Juan Manuel Santos told reporters that the main source of funds for the Caribbean Block of the FARC is kidnapping in the border area with Venezuela, while other factions of the rebel group engage in the same illegal activity in neighboring departments, EFE reported. "The best examples of these activities are Fronts 41st and 59th, engaged in extortion and kidnappings of Venezuelan businessmen and merchants," Santos explained. The Colombian minister stressed that climbing crime rates in border areas are the result of the precarious economic situation facing the guerrilla. The rebels are "so broken they no longer have money to pay debts." Santos said that one single front of the FARC owes some USD 8.5 million to the coca growers and they do not have money to pay. "In some cases, growers have been murdered for asking the guerrillas to pay," Santos asserted. He also clarified that due to the pressure exerted by troops, the rebel group is no longer the largest producer of cocaine. Santos explained that the rebels have contented themselves with the production of coca base, which has an extremely low yield for drug-trafficking organizations. "While in the past some commanders handled up to USD 15 million as 'petty cash,' today they do not have enough money to buy food for their members," said Colombia's Defense Minister. He added that the precarious situation of the guerrilla contrasted with the situation of the wealthy members of the FARC Secretariat, who own large sums of money using front men and relatives.

http://english.eluniversal.com/2008/11/12/en_pol_esp_colombias-defense-m_12A2124203.shtml

CUBA

New Fidel Castro photo surfaces

BN

Former Cuban President Fidel Castro has written a new book called "Peace in Colombia" (La paz en Colombia), in which he "reveals the contents of important documents, interviews and personal experiences for the first time ever" and "he leaves a record for history" of the "efforts by Cuba to contribute to peace" in the South American country, according to an official release. The book launch coincides with the publication of a new photo of Castro in the Miami daily El Nuevo Herald - the first in five months - from when he received the second-in-command of the Russian Orthodox Church Kiril Gundajev in Havana last October. The image was first released on the website of the Russian Church. In July, Castro celebrated the liberation of Ingrid Betancourt and 14 other kidnap victims of the Colombian rebel group FARC. He said, "They should never have kidnapped civilians, nor kept soldiers as prisoners in jungle conditions" and asked FARC to hand over all hostages to humanitarian organizations.

<http://news.bn.gs/article.php?story=2008112203730585>

MEXICO

[Mexican Government Fights Organized Crime](#)

Voice of America

Despite recent setbacks and continuing violence, the government of Mexican President Felipe Calderon is continuing its war against organized crime, including drug cartels and kidnapping gangs. As VOA's Greg Flakus reports from Houston, Texas, successes in the past few days have bolstered that effort. The news out of Mexico in recent days has been dominated by incidents of violence and brutality, but authorities have scored some significant gains. President Calderon has named a new Interior Minister to replace Juan Camilo Mourino, who died along with several other government officials in a plane crash in Mexico City on November 4. The new Minister is Fernando Francisco Gomez Mont, a lawyer and former legislator who belongs to the ruling National Action Party. His father was a founding member of the party. Gomez Mont says he will carry on Mourino's work of pushing for judicial reforms and fighting crime. He says he and President Calderon are committed to ridding Mexico of the violence that plagues the country and that he will use all of resources of the government to do so. The installation of the new Interior Minister - one week after the death of his predecessor - is seen as a strong signal from President Calderon that his government will not pause in its struggle against the criminal elements who have terrorized large parts of the nation. In the past few days authorities have broken up a kidnapping gang in the northern city of Monterrey, arrested policemen accused of corruption in the city of Tijuana and detained a group of men building a clandestine airstrip for drug smugglers in the Yucatan peninsula. On Friday, Mexican forces made their largest seizure of illegal firearms and military-type weapons in more than 20 years. The Mexican Army found the cache of 540 rifles, 165 grenades, 500,000 rounds of ammunition and other items in a house in Reynosa, just across the border from McAllen, Texas. Mexican authorities say most of the weapons used by criminal gangs are smuggled across the border from the United States, where it is legal to purchase many automatic weapons that are illegal for civilians to own in Mexico. President Calderon's war against criminal gangs received strong support this week from Colombian President Alvaro Uribe, who has had a great deal of experience fighting drug smugglers and drug-dealing leftist guerrillas in his country. During a visit to Mexico, Uribe said he is confident that the Mexican war against criminal gangs will succeed. But Colombia counted on massive amounts of U.S. assistance in money, materiel and intelligence that would be difficult to duplicate in Mexico. There are Mexican sensitivities over the nation's sovereignty that have often stood in the way of greater law enforcement cooperation. Another problem is that although President Bush agreed to provide Mexico with assistance under the Merida accord last year, his request was cut in half by the U.S. Congress.

[Armed men kidnap 27 people in Mexico](#)

AFP

Armed men kidnapped 27 farm workers on property owned by a suspected member of the Ciudad Juarez drug cartel, local state authorities said. The

men on Monday stormed the farm of La Guajira, in the municipality of Culiacan, officials in the north-western state of Sinaloa said in a statement. The 27 people kidnapped are "agricultural workers," the statement read. The property owner allegedly has family ties to Vicente Carrillo Fuentes, a drug lord known as 'The Viceroy' and a member of the Carrillo Fuentes clan that heads the powerful Ciudad Juarez drug cartel on the US border with Mexico, the statement read. Police are guarding the farm where the workers were kidnapped, the statement added. The statement made no mention of local news reports said that a female kidnap victim managed to escape. In 2008 some 4,550 people have been murdered in Mexico, the overwhelming majority of them attributed to the three-year old war among drug cartels for the main border drug export centers. Mexican authorities say the clashes are between the drug cartels of Ciudad Juarez, Sinaloa -- of Joaquin 'Chapo' Guzman -- and of the Gulf of Mexico, led by Osiel Cardenas, extradited to the United States in early 2007.

<http://afp.google.com/article/ALeqM5i-hTg-Ho6W1NmpctMSKuKKMuOtxw>

NICARAGUA

[Nicaragua to review disputed mayoral election](#)

AP

Nicaragua's election council has agreed to allow a review of the capital's mayoral election results after opponents of leftist President Daniel Ortega cried fraud. The race for mayor of Managua was the most closely watched of the 146 municipal elections, which were considered a referendum on Ortega's own performance in office. Alexis Arguello, a former boxing champion and the candidate from Ortega's Sandinista party, won, according to official results. Election council President Robert Rivas announced Wednesday that ballot tally sheets would be reviewed to address allegations of fraud in the race. He said he would ask prosecutors to investigate allegations that ballots were found in a garbage bin.

<http://ap.google.com/article/ALeqM5iek6BDolL6-LybD3KljVlvoOqdPAD94DMT480>

PARAGUAY

[Ex Paraguay leader accused of public funds squander](#)

MercoPress

Former Paraguayan president Nicanor Duarte authorized payments equivalent to 13 million US dollars to media and journalists during the last twenty months of his term in a desperate effort to boost the campaign of the incumbent presidential candidate and his own candidacy to a Senate seat. The money apparently came from an Itaipú hydroelectric dam special fund, according to press reports published Tuesday in Asuncion. Itaipú is South America's largest dam and is shared with Brazil. "The sum dilapidated in 20 months coincides with the electoral campaign of the then ruling Colorado

Party”, pointed out the morning newspaper ABC from Asunción, based on documents presented to Paraguayan prosecutors by Itaipu auditors. “Most of the money was for broadcasting stations, a publicity agency closely linked to former president Duarte, television channels, printed press and a mysterious item under the name of “special press””, pointed out Mabel Rehnfeldt, who wrote the story. The sums involved coincide with the intensification of the Colorado party electoral campaign and are directly linked to very aggressive ads. According to Mabel the Paraguayan government was paying journalists and media at the rate of 1.000 US dollars every 60 minutes during a period of twenty months. Last April 20, the former Catholic bishop Fernando Lugo supported by a catch-all movement managed to defeat the incumbent candidate Blanca Ovelar from the divided Colorado party 40% to 30%, thus becoming president of Paraguay. President Lugo’s victory ended sixty years of undisputed rule and hegemony from the Colorado Party.

<http://www.mercopress.com/vernocia.do?id=15091&formato=HTML>

PERU

In Peru, a Rebellion Reborn

The Washington Post

After years in relative obscurity, the Shining Path, one of Latin America's most notorious guerrilla groups, is fighting the Peruvian military with renewed vigor, feeding on the profits of the cocaine trade and trying to win support from the Andean villagers it once terrorized, according to residents and Peruvian officials. The Shining Path's reemergence has stirred chilling memories of its blood-soaked forays of decades past. In October, Shining Path guerrillas killed more people -- 17 soldiers and five civilians -- than they have in any month since the 1990s. This rising death toll is largely attributed to a fresh offensive by the Peruvian military, launched under the same president who battled them in the 1980s, to try to destroy the remnants of the once almost forgotten communist rebel group. But those who live among them, as well as those who study the secretive group, also describe other reasons for their resurgence. The Shining Path, which has its bases in two coca-producing regions of central Peru, is now heavily involved in drug trafficking and is paying for new recruits. Experts said the guerrillas have renounced the brutal tactics espoused by their original leader, Abimael Guzmán, who was captured in 1992. Unlike Guzmán, who said 10 percent of the Peruvian population had to be assassinated for the Shining Path to take power, the new leaders tell their followers they must protect the villagers and instead target the military and anti-drug authorities. In numbers, the guerrillas' ranks remain a fraction of their former size: 400 to 700 full-time fighters in the branch that insists on armed struggle, according to various estimates; in the low thousands if offshoots that call for more-peaceful political revolution are included. In ideology, they appear to have abandoned the strict Maoism that Guzmán preached and to have adopted a muddled form of communism that welcomes foreign investment and large international mining companies, among others, provided they treat their workers well. Before dawn on Oct. 20, a column of Shining Path fighters walked single-file out of a cold mist into an American-owned mining camp in Pukatoro, in the Ayacucho region of southern Peru. They wore all black, with bulletproof vests, and carried assault rifles. The guards at the camp, who

were unarmed, surrendered their radios and joined the miners on a patchy grass plateau to listen to the guerrillas.

<http://www.washingtonpost.com/wp-dyn/content/article/2008/11/11/AR2008111102867.html>

VENEZUELA

About 130 foreign observers in local elections

El Universal

A total of 130 foreign observers will take part in Venezuela's election for state governors and mayors to be held on November 23rd reported on Wednesday a press release from the National Electoral Council (CNE). The observers come from 34 member countries of the Organization of American States (OAS), scholars and representatives of international organizations, explained Rosaura Sierra, director general of CNE International Affairs, Efe quoted. For her part, CNE director Tibusay Lucena said, "Confidence, curiosity and admiration for the Venezuelan technological platform have turned the traditional international observation into an accompaniment program to learn about the Venezuelan electoral system." "Electoral representatives from several countries have asked to be invited as observers (...) because they are interested in knowing about automatic voting and horizontal exchange on electoral processes," Lucena added.

http://english.eluniversal.com/2008/11/12/en_pol_esp_about-130-foreign-ob_12A2124325.shtml

Spain expects Venezuela's local elections to run "normally"

El Universal

The Spanish Secretary of State for Ibero-America, Trinidad Jiménez, hopes that the elections for state governors and mayor which will take place in Venezuela next November 23 will not be affected by any incidents. Jiménez refused to comment on the statements made by Venezuelan President Hugo Chávez, who said some days ago that it was possible that he "would take out the tanks" in Carabobo state, north-west of the country, if the opposition wins local elections there. The Spanish official simply said that "beyond any statements, the election campaign is going normally," Efe reported. Furthermore, Jiménez said that "the official position of the government of Spain is necessarily to respect the legal procedures established in each country, so that the review procedures on election count can be made in an appropriate manner," she said.

http://english.eluniversal.com/2008/11/12/en_pol_esp_spain-expects-venezu_12A2124255.shtml

[Government puts pressure on Central Bank for contributions to special fund](#)

El Universal

The need to preserve the money flow into the National Development Fund (Fonden) is forcing the Executive Branch to put renewed pressure on the Central Bank of Venezuela. One of the reasons is the fact that state-run oil company Pdvsa will deposit less money in the fund amidst increased tax contributions. President Hugo Chávez has told BCV authorities for more than two months that next year they shall transfer to the Fonden at least USD 7 billion, because Venezuelan international reserves now exceed USD 39 billion and the appropriate level is USD 32 billion. In fact, Chávez has insisted that all the deposits above the optimum level must be transferred to the Treasury. According to analysts, this requirement is due to the possibility that the resources received by the special scheme through other funding channels could be lower.

http://english.eluniversal.com/2008/11/11/en_eco_art_govnt-puts-pressure_11A2122485.shtml

[Chávez announces removal of Venezuelan consul in Houston](#)

El Universal

Venezuelan President Hugo Chávez denied on Monday night the expulsion of a group of officials from the Venezuelan Consulate in Houston, United States, and said that his former consul in that US city had been stripped out of his post for moving the consulate without permission from the authorities of both countries. "Our lead diplomat in Houston moved the consulate without approval from the US authorities or Venezuela's Embassy in Washington," Chávez said explaining the removal of the Venezuelan official. "We have to accept that there was a mistake. There was no coordination with the authorities of that country. Then, all this has been used by some Venezuelans here, particularly some media and, of course, by some sectors in the United States," Chávez said. Chávez made the comments in a live TV broadcast from the Palace of Miraflores (the seat of the Venezuelan government), where he met with regional leaders and candidates of his United Socialist Party of Venezuela (PSUV). Venezuela's Foreign Minister Nicolás Maduro said that the situation had been clarified and solved "from the administrative and diplomatic point of view." He said that the incident had been manipulated to generate some "noise" during the transition period between both US Presidents. With regard to the statements of deputy spokesman of the US State Department Robert Wood, Maduro said: "We will evaluate them. We will talk on Tuesday with State Department officials who addressed the issue. "On Monday, Wood told reporters that "in August the Venezuelan Government had requested authorization to lease some office space for the consulate. And prior to getting that authorization from the (US State) Department, they went ahead and leased this property anyway, which was a violation of (...) the Foreign Relations Act. And so there have been a number of steps that have transpired since. "When asked whether the consulate had been closed, Wood replied, "I don't know that there was necessarily a formal closure yet."

http://english.eluniversal.com/2008/11/11/en_pol_art_chavez-announces-

[rem_11A2122299.shtml](#)

[Downsizing capacity of local vessels to export oil](#)

El Universal

Over the past few weeks, the domestic sea and port operations have been tied to congestion, even though Venezuela "could be a super power" in the region in this area and cash in on its competitive, particularly geographical, advantages. At the beginning of the present administration, in 2001, government authorities and the private sector made a joint plan on maritime development. Thus far, the outcome has not been as expected. According to Aurelio Fernández Concheso, a maritime lawyer, one of the objectives of the plan was to bolster the Venezuelan merchant fleet and increase its tonnage from 1.2 million to 6.0 million. "Seven years have elapsed and that goal was not attained; the tonnage heightened only to 1.5 or 1.6 million," he said. "Many small ships, which really do not count in the fleet" are included in this amount. "In 2006, Venezuela was not able to carry through its own ships around 30 percent of its exports of crude oil and byproducts; now, this percentage has declined to 20 percent," warned Fernández Concheso, a member of the international lawyer firm Clyde & Co. "We can only carry in Venezuelan-flag ships not more than 30 percent of the imports of food and other staples, and this makes an impact on the nation's security."

http://english.eluniversal.com/2008/11/06/en_eco_esp_downsizing-capacity_06A2115649.shtml

[Venezuela to continue buying weapons for self-defense](#)

El Universal

The Venezuelan government will keep on buying weapons from Russia, China or Belarus over the next years to be "strong enough" to defend its territory and protect its oil from countries such as the United States, said General Jesús González, in charge of the Operational Strategic Command. "Venezuela's foe is anyone purporting to set a foot here. And I do not doubt that the Americans want to come here in search of oil. We must be prepared. If you want peace, get ready for war," the military chief told AFP during an interview. Responsible for analyzing the country's needs of defense and further estimating the purchase of weapons, General González is eager to organize "purely defensive, better equipped and trained armed forces." "We want to be very strong, but in a purely dissuasive direction. Any country in the world should think, not once, but ten times, before coming here," he added.

http://english.eluniversal.com/2008/11/06/en_pol_art_venezuela-to-continuu_06A2116007.shtml

For any questions, comments, or those interested in receiving this report or seeking to have their email removed from our list please contact **Nicole M. Ferrand** at: themengesproject@centerforsecuritypolicy.org or themengesproject@gmail.com



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