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## LATIN AMERICA ADVISOR

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### FEATURED Q&A

#### Is a Stronger US Military Presence in Colombia Appropriate?

**Q** Last week, Venezuelan President Hugo Chavez objected to Colombia's plan to allow the United States to strengthen its military presence in Colombia. Is a stronger US military presence in Colombia the right move for the US and for Colombia? What will it cost in terms of Colombia's relations with Venezuela, or other countries in the region?

**A** **Guest Comment: Ana María Sanjuan:** "After the Summit of the Americas in Trinidad, there were great expectations for a new type of relationship between the US and the region, especially in South America. President Obama's meeting with Unasur was an explicit recognition by the new administration of the region and its efforts at political and economic integration. The increase in the US military presence in the Andean region, at this point, goes against the regional agenda, and could be an element that upsets the rehabilitation of this relationship. This action puts a security agenda, and an unclear one at that, above everything else, instead of developing the broader, more positive agenda based on cooperation, development and political understanding that President Obama offered in Trinidad. In addition, this military presence goes against the agreements reached in February by South American nations at the creation of the South American Defense Council, one of whose primary objectives is to create confidence-

building measures to address regional security problems. It's unclear how Colombia's security problems can be faced with an increased US military presence and without cooperation from neighboring countries. After March 2008, Colombia has developed an international agenda aimed at improving relations with countries in the region. This latest action could slow down that rapprochement, in addition to affecting its commercial, economic and border relations and other aspects of cooperation with various South American

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#### Micheletti Backs Plan to Return Zelaya to Power in Honduras

De facto Honduran President Roberto Micheletti expressed support Wednesday for a plan that would return ousted President Manuel Zelaya to power. See brief on page 2.

*File Photo: Telesur.*

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## NEWS BRIEFS

**Micheletti Backs Plan to Return Zelaya to Power in Honduras**

De facto Honduran President Roberto Micheletti on Wednesday expressed support for a plan that would include returning deposed President Manuel Zelaya to power, *The New York Times* reported. Micheletti called Costa Rican President Oscar Arias, who has been mediating the dispute arising from Honduras' June 28 coup, to tell him that he would back Arias' proposal, which includes moving up the presidential election by a month and granting Zelaya immunity from prosecution while in office. Micheletti asked Arias to send an envoy to help quell opposition from powerful political and business leaders.

**Vale Sees Profits Fall Despite Strong Chinese Sales**

Brazilian mining giant Vale said Wednesday its second quarter net profit dropped 84.2 percent from the same period a year ago as the global economic crisis took its toll on demand for the company's iron ore, Dow Jones reported Wednesday. Net income was \$790 million during the second quarter, down from \$5 billion last year. Sales to Chinese clients remained strong, Vale said, climbing 42.1 percent in the first half of 2009 over the previous year.

**Antofagasta Copper Output Down in Second Quarter**

London-based miner Antofagasta saw its Chilean copper output decrease 10.6 percent in the second quarter of 2009 over a year ago due partly to harder primary ore at its Los Pelambres mine, the company said Wednesday. The company mined 106,300 metric tons of copper in the second quarter.

**Economic News****Venezuela Signs Energy Accords With Spain, Russia**

Venezuela has signed a series of energy accords with Spain that include a deal for Venezuela to provide oil to Spain and for a Spanish company to build an electricity plant in the South American country, the Associated Press reported Wednesday. Under the agreement, Venezuela will ship Spain 1.37 million barrels of oil annually. Spain's **Iberdrola** will construct a \$2 billion power plant in the eastern part of Venezuela. The two countries also are forming a Venezuela-based joint venture called **Petroquiriquire**. Officials expect the venture to produce approximately 24,900 barrels of oil and 24 million cubic feet of natural gas daily. Venezuela also will pay Spain-based **Repsol YPF** \$185 million for Venezuela's nationalization of electricity and natural gas facilities. Earlier this week, Venezuela also signed agreements with Russia for cooperation on energy and other issues, Bloomberg News reported. The two countries formed

a joint venture between Venezuela's **PDVSA-Servicios** and the Latin American division of **GAZPROM**. Through the venture, the companies will operate equipment for gas compression and also drilling rigs, according to Eulogio del Pinto, **PDVSA**'s vice president of exploration and production. Beginning in late August, **GAZPROM**'s **GAZPROMBANK**

“Thank you for believing in us, for believing in Venezuela, like we believe in Russia.”

— Hugo Chavez

unit will lend Venezuela \$4 billion, said **GAZPROM EP International**'s chief executive officer, Boris Ivanov. Venezuelan exports will collateralize the loan, he added. "Thank you for believing in us, for believing in Venezuela, like we believe in Russia," Venezuelan President Hugo Chavez told a Russian government delegation, which included Igor Sechin, the country's deputy prime minister.

**Featured Q&A**

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countries, not just Venezuela and Ecuador. A greater presence of external actors like the US in the Andean region, which is undergoing profound structural changes, is an element that could worsen

“It's unclear how Colombia's security problems can be faced with an increased US military presence and without cooperation from neighboring countries.”

— Ana María Sanjuan

security problems instead of decreasing them, moving farther away from the necessary process of regional integration and bilateral agreement.”

**Board Comment: Beatrice Rangel:** "I doubt that in a hemisphere where poverty, economic recession and environmental challenges seem to mushroom, strengthening the military is a good move. However, one needs to understand what is happening in the United States' national security priority areas. The region that encompasses Canada, the Gulf of Mexico, the European shores and the eastern tip of Asia is entering the military sphere of attention triggered by public policies that affect US national security. In Asia, there is North Korea and its continuing defiance of the international community in the area of nuclear weapons. In the Gulf of Mexico, there is President Calderon fighting the drug mafias. It is needless to elaborate on the potential threat that such developments represent for strategic targets such as the Panama Canal. Should Venezuela engage in seri-

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## Political News

### Colombia's FARC Rebels Deny Donating to Correa's Campaign

The Revolutionary Armed Forces of Colombia, or FARC, on Tuesday denied donating money to the campaign of Ecuadorian President Rafael Correa, Reuters reported. A statement signed by the governing secretariat of the FARC said Colombia and the United States manipulated a recently released video



Correa Wednesday in Quevedo, Ecuador.

*Photo: Ecuadorean Government.*

showing a commander of the rebel group saying that the FARC funneled money to Correa's 2006 campaign. "Washington and Bogota manipulated the video, taking the document out of context," said the FARC's statement. "We categorically deny having given money to any election campaign of any neighboring country." Correa last week called on the FARC to state whether the video is authentic. On Tuesday, Ecuador's security minister Miguel Carvajal said the statement from the guerrilla group proves that the video was manipulated in order to wage "a media war" against Ecuador. The video's release heightened tensions between Ecuador and Colombia. Quito broke diplomatic ties with its northern neighbor last year after Colombia's military attacked a rebel camp in Ecuador, killing FARC commander Raul Reyes. Relations between Colombia and Venezuela have also become more strained after Colombia said Monday that Swedish-made weapons originally sold to Venezuela were acquired by the FARC. Caracas has denied supplying arms to the rebel group and Venezuelan President Hugo Chavez on Tuesday broke diplomatic relations with Bogota.

## The Dialogue Continues

### How is Uruguay's Presidential Race Shaping Up?

**Q** Earlier this month, Uruguay's ruling Frente Amplio (FA) coalition announced that former Finance Minister Danilo Astori would be the running mate of Senator Jose Mujica, who defeated Astori in last month's presidential primaries. Astori has been sharply critical of Mujica, whereas former President Luis Alberto Lacalle of the opposition Blanco party and his former primary opponent, Senator Jorge Larranaga, quickly formed a unity ticket immediately after the June 28 primaries. Will rifts in the FA cost the party votes come election day? Will President Tabare Vazquez's high approval ratings help the FA, or will the slowing economy hurt the ruling party, as has been the case in neighboring Argentina and Mexico recently? How will the Colorado party, a distant third in opinion polls, influence the October 25 election?

**A** **Guest Comment: Nelson Fernández:** "Uruguayan electoral history demonstrates that a party with serious divisions in its political core cannot triumph in the presidential race. The Frente Amplio was able to unite its most popular political leaders aside from President Tabare Vazquez on the presidential ticket. The party is leaving behind the internal debates that created distance between Mujica and Astori. But the damage done by the internal differences was strong and long-lasting, which will affect the ability of the party to attract voters from outside its base. The Frente Amplio is not tapping into the full electoral potential of its favorable public opinion. This is due to internal problems that froze political decisions, strong candidacies that nonetheless failed to appeal to the full breadth of the left, and a presidential candidate

that continues to employ a leftist message that was successful in the primaries, but appears to no longer be useful in the general election. In terms of the economy, the effect of five years of productive growth weighs more heavily on the minds of Uruguayans than the recent economic slowdown. Additionally, the impact of the international crisis on local economies was softer than anticipated, and halfway through 2009 signs began emerging that the drop in production had bottomed out, and there could be a slight recovery by the time of the elections. The Colorado Party is aiming for a strong parliamentary representation, and presence in the ministerial cabinet of an eventual Blanco Party government, which would allow it to strengthen its external and internal position. However, the presidential electoral race is between the incumbent party and the opposition encompassing both the Blancos and Colorados. The influence of the Colorado Party will be in its ability to capture the votes of independents, unhappy with the incumbent government, but who do not feel comfortable with the candidacy of the Blancos' Luis Alberto Lacalle. Apparently this does not amount to a large segment of the electorate, but in a race as competitive as this one, it may not be an insignificant one."

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**Nelson Fernández** is an Uruguayan correspondent for Argentine daily newspaper *La Nación*, columnist for daily newspaper *El Observador* in Montevideo, a journalism professor at the *Universidad Católica del Uruguay* and a radio and television commentator.

*Editor's note: the above is a continuation of a Q&A published in the July 29 issue of the Advisor.*

**Featured Q&A***Continued from page 2*

ous combat against drug trafficking—a development that seems unlikely according to the most recent report of the Government Accountability Office—then perhaps neither Colombia nor the United States would be considering a stronger US military presence in Colombia. President Chavez has already indicated that his government will fight such a move."

**A** **Guest Comment: Bruce Bagley:** "President Rafael Correa has obliged the US to leave its strategically located air base in Manta, Ecuador. Washington now has no good alternative for basing its vital Andean anti-drug overflight operations other than Colombia. President Alvaro Uribe has willingly offered the Pentagon the use of three Colombian bases and two ports for 10 years on very favorable terms: no cash payments, only base maintenance, US training for Colombian forces, and intelligence sharing. From the US vantage point, the new Colombian bases are ideal, although they will provoke anti-US denunciation from Colombia's neighbors (especially Hugo Chavez) and Colombia's domestic opposition and could ultimately become targets for FARC guerrilla attacks. From Uribe's perspective, Colombia gets a guarantee of US military training and technical support for the next 10 years, even if the Democratic majority in the US Congress decides to substantially decrease or reorient US funding for Plan

Colombia. President Uribe clearly believes domestic opposition to his decision to grant US forces access to the Colombian bases will be limited and short lived as will the protests of neighboring countries such as Venezuela. He is probably right. Colombia and Venezuela are each other's second most important trading partners and neither can afford a long-term freeze in bilateral commerce, no matter what diplomatic problems may arise. The Colombian base agreement, combined with recent revelations that Venezuelan anti-tank weapons purchased from Sweden in the 1980s have been confiscated by Colombia from FARC forces, may well increase political tensions between Bogota and Caracas in the short run as evidenced by Chavez's surprise announcement of a temporary suspension of diplomatic and commercial relations with Colombia. But within a matter of weeks such a suspension will most likely prove to be too costly for Venezuela and, hence, unsustainable."

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**Ana María Sanjuan** is director of the *Center for Peace at the Central University of Venezuela*.

**Beatrice Rangel** is a member of the *Advisor board and director of AMLA Consulting in Miami Beach*.

**Bruce Bagley** is professor and chair in the *Department of International Studies at the University of Miami*.

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**Latin America Advisor**

is published every business day by the *Inter-American Dialogue, Copyright © 2009*

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**Latin America Advisor** is published every business day, except for major US holidays, by the Inter-American Dialogue  
1211 Connecticut Avenue, Suite 510  
Washington, DC 20036  
Phone: 202-822-9002 Fax: 202-822-9553

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