



Forecast

this week: **Venezuela**

The Bolivarian Experiment

For the present, Venezuela is **Hugo Chavez**. He is a hero to many, perhaps a majority, but the *nemesis* of the (white) merchant middle-class of Caracas. The perceived success of Chavez' administration – and Venezuelan demography – will determine his fate. Chavez seems to be a contradiction – a part *Pumé* Indian rising through the military to bring popular social change in a continent that so often has seen conspicuously Caucasian militaries engage in politics to the advantage of the advantaged Caucasian elites. But this is a long-present, long dormant, element of Latin American military culture – the view that the military is the only coordinated, competent element in society that can bring about a *Bolivarian* vision of social equity. Obviously, **Cuba** is the most conspicuous example of this mechanism, and it is no accident that Chavez has intimate relations with Castro's regime. The military is doubly significant for Chavez – it is the only institution in Venezuelan society through which he could have risen through merit to a position within reach of political power.



The People

The population of almost 26 million, with a median age 25 years, has a higher proportion of mixed-ethnicity than most other Latin American nations. *Mestizo* (mixed Caucasian, Black and Amerindian) comprise **60%** of the population, with 29% *Caucasian*, 8% *Black*, 1% *Amerindian*. This contrasts with, for instance, **Brazil** where the mix is **39%** *mulatto* (mixed), 54% *Caucasian*, 6% *Black*. Around 85% of the population live in urban areas north of the *Orinoco River*, only 5% live in the 50% of the land area south of the river. The official language is Spanish, and 96% are nominally Roman Catholic. There is wide socio-economic inequity; almost 70% of the population live in poverty and about half of these are classified as “extremely poor”. Infant mortality, a generalized measure of *public health* standards, is over 21 per 1,000 live births. Indicative comparisons are: **Singapore** 2.3; **UK** 5.1; **Cuba** 6.2; **US** 6.4; **Saudi Arabia** 12.8; **Venezuela** 21.5; **Pakistan** 70.5.

Government

In February 1989 there were riots in Caracas and other cities against the hardship of government economic policies. Response by the security forces – in the *Caracazo* as the event is called -- led to 3,000 deaths. Three years later in February 1992, amid continuing social dissatisfaction at marked decline in living standards, future President, then Lt-Colonel, **Hugo Chavez** led a group of army officers in a failed coup. Another failed coup followed and an impeachment with little progressive social reform. By 1998, Venezuela was ripe for change and in December Chavez won the presidency on a platform of reform, constitutional change, and action against corruption. This brought to an end the 40 years since return to civilian rule in 1958 dominated by the *Acción Democrática* (AD) and *Partido Social Cristiano* (COPEI).



After election, Chavez created a *National Constituent Assembly* to redraft the constitution and Chavez supporters were elected to over 90% of the seats. The new draft constitution was approved in a national vote in December 1999. Among the provisions of the new Constitution was a change of name to *República Bolivariana de Venezuela*, and increase of the presidential term to six years. It also established a novel *citizens branch* of government, a troika of the *fiscal general* (public prosecutor), *defensor del pueblo* (ombudsman) and the *contralor general*, who have their own functions but assembled together form the "*Republican Moral Council*" an agent of special pleading to the courts on violations of the Constitution.

In fresh elections under the new Constitution in July 2000, Chavez was re-elected as president with 59% of the vote, beating Francisco Arias with 37%, and his own *Movimiento V República* (MVP) party and ally *Movimiento al Socialismo* (MAS) party won 92 seats of 165 seats in the *Asamblea Nacional*.



Three national votes of support for Chavez in three years did not prevent his opponents trying to depose him and in April 2002 about 500,000 marched (1 million by the marchers' estimate) in Caracas demanding his resignation. Then some elements of the military arrested Chavez and a merchant Pedro Carmona, former president of the rightist *Fedecamaras* and member of *Opus Dei*, swore himself in as President and appointed a cabinet of *Opus Dei* associates. Three days later, troops loyal to the constitution returned Chavez to power. A reconciliation group comprising the *Organization of American States* (OAS), UNDP and the *Carter Center* tried to initiate constructive dialogue between the government and the opposition but bitter antagonism remained and there was a general strike on 02 December 2002. Two days later the petroleum sector joined the strike, then other sectors; all economic activity ceased for a month.

After about two months, the government prevailed; it restarted the petroleum industry and dismissed 40% of the petroleum workers for abandoning their jobs. But weeks later, a controversial and polarizing petition process started that led to a *presidential recall* election in August 2004 which Chavez won by 58% of the vote. The election was observed by OAS and the *Carter Center* and found to be fair but opponents of Chavez insisted there had been electoral fraud.

In October 2004 in national elections for governors and mayors, pro-Chavez candidates won 20 out of the 22 state governor seats. In August 2005, there was a 69% abstention in municipal elections but Chavez supporters won a majority of the seats. Just prior to the *Asamblea Nacional* elections in December 2005 most opposition candidates *withdrew* their candidacy claiming they were concerned about the secrecy of the vote and the state of the register of electors. Chavez supporters won all 167 seats in the new National Assembly but the boycott by opponents set Chavez up for claims that the mandate is in some way defective.

The Chavez administration has attempted to be responsive to its core electorate, the previously alienated and disenfranchised Venezuelan masses. Upon assuming office, it embarked on a massive *education* program; Chavez says education is a cornerstone of the revolution. Since 2002 1.5M illiterate adults have learned to read and write. In another scheme, about \$1B was distributed to *small farmers*; or should have been – much of it was embezzled by organized fraud. Cheated farmers report that "large land owners" used multiple false identities to steal much of the funds. The government is now aware of the fraud and is wiser in how future schemes should be managed. In tackling the problem of teeming, poor *barrios* with conditions little better than the worst of the third world, the government is making direct grants of around \$12,000 to numerous *barrio* cooperatives to design their own advancement programs. This has the political benefit of meeting some social need immediately while awaiting enduring and expensive public infrastructure projects that will take years to arrive. Desperately poor *barrios* in Caracas such as *Barrio*



23 de Enero are strongholds of fervent Chavez supporters. The police, regarded by the residents as corrupt and useless, have been ejected on several occasions and replaced by various forms of cooperative government. *23 de Enero* was one of the sections of Caracas that violently erupted when the coup was attempted against Chavez in April 2002.

Opposition

Although the legitimacy of Chavez’s mandate is beyond dispute, he is accused of being a *demagogue* and *populist*. This does not mean popular democratically-elected leader but – when used by his critics – means he has been elected by the wrong kind of people, not the Castilian elite who claim a birthright to rule Venezuela and elsewhere in Latin America. The established parties Chavez supplanted, **Acción Democrática** (established 1941) and **Partido Social Cristiano** (established 1946), both produced presidents during the 40 years until 1998 but Chavez supporters now see these parties as responsible for what was wrong with Venezuela.

Fedecamaras (*Federación de Cámaras y Asociaciones de Comercio y Producción*) is a conservative employers organisation. Pedro Carmona, an **Opus Dei** member who swore himself and Opus associates in for three days in April 2002, is a former president of *Fedecamaras*. After the coup Carmona fled house arrest to **Colombia**.

The **Confederación de Trabajadores de Venezuela** (CTV; Venezuelan Confederation of Workers) is a rightist labor organisation closely associated with (or dominated by) *Acción Democrática*. CTV has received funding from the US **National Endowment for Democracy** (NED) including money for “voter education” during the presidential recall. CTV was directly implicated in the April 2002 three-day coup and its leader *Carlos Ortega*, jailed for his actions, escaped jail in August 2006, with assistance, along with three officers jailed for military rebellion.

With CTV regarded as part of the old order, Chávez supporters in the labor movement formed the **Union Nacional de los Trabajadores** (UNT; National Union of Workers) in 2003. Some unions have changed their affiliation from CTV to the UNT. The new CTV has written to the *International Labour Organization* (ILO) on occasion drawing attention to CTV’s divergence from principles expected of a labor organization.

The imminent *seizure* in late 2006 of two elite country clubs for public housing is emblematic of the unavoidable undertone of “class war” intrinsic to Chavez’ administration.

This rich and powerful array of opposition forces is dedicated to the downfall of Chavez by virtually any means. Their capability and funding is enhanced through direct connection with the US government and privileged Vatican organizations. The escape of five of the coup plotters from custody adds no stability to that picture.

World Oil Reserves by Country as of January 1, 2006 (Billion Barrels) – top 8	
Saudi Arabia	264
Canada	179
Iran	132
Iraq	115
Kuwait	101
UAE	98
Venezuela	80
Russia	60
http://www.eia.doe.gov/oiaf/ieo/oil.html	

Economy

The Venezuelan economy is heavily dependent on *oil* exports; as the world oil price goes, so does the country’s economy. Oil comprises almost 90% of export earnings, and about half of government revenue, through royalties. It is the fourth largest, and closest, supplier of US oil imports. Venezuela, along with **Iran, Iraq, Kuwait, Saudi Arabia**, founded **OPEC** in Baghdad in 1960. A Venezuelan *Dr Juan Pablo Pérez Alfonzo* (1903-1979) is credited with the idea.

Petroleum

The nation’s interest is operated by the state-owned **Petroleos de Venezuela** (PDVSA), which owns the chain of **CITGO** gas outlets in the

US. A new **Hydrocarbons Law** came into force in January 2002, replacing a 1943 law and the 1975



Nationalization Law. It reasserted Venezuelan sovereignty over *oil* and *gas* assets and promulgated new conditions for foreign exploitation of the assets. As a reaction to legislative changes in the petroleum industry, and part of a wider strikes and protest against the Chavez administration, there was a strike in production and refining December 2002 to February 2003. The government dismissed 40% of striking workers and restarted production but the economy had been badly hit and GDP hit *negative* 9% in 2002 and 2003. However, the economy recovered strongly from 2004 onwards due to high oil prices and strong demand, largely due to **China**. In late 2004 the government increased a key *royalty* rate from 1% to 16% and in early 2005, companies with older-style “operating contracts” were ordered to convert their arrangements to *joint ventures* under the new Hydrocarbons Law or face *seizure* of their interests. All companies have complied and during 2005/2006 the government has enjoyed significantly increased petroleum revenues.

Non-Petroleum

Apart from petroleum, Venezuela has some reserves of iron ore, gold, and diamonds. Historically Venezuela was an important exporter of *coffee* and *cocoa* but these are now largely neglected. Some boutique coffees and fine quality cocoa are valuable cash crops, but common grades require *de facto* “slave labor” to meet world prices. By July 2006, Venezuela had paid back 70% of its \$200M World Bank debt with the help of oil revenues. The GDP per capita (PPP) is \$6,100. Indicative comparisons are **Indonesia** \$3,600; **Guatemala** \$4,700; **Venezuela** \$6,100; **China** \$6,800; **Uruguay** \$9,600. Unemployment is around 12% and almost 70% of the population live in poverty. The most important trading partner for both exports (*oil*) and imports (mainly *machinery*) is the **US**.

Energy

Venezuela has intrinsic energy security. It has prodigious oil and gas reserves but also plentiful hydro-power potential. There are several hydro facilities including one at *Guri* in the southeast which is the second largest hydroelectric generator in the world. Venezuela’s total electric output is over 90GWh and additional facilities are planned to meet demands of continuing growth.

Environmental Degradation

By UN estimates, 32 % of the population, largely in rural areas, lack adequate *sanitation* and 25% lack access to *potable water*. Venezuela suffers from decades, perhaps centuries, of infrastructure neglect from governments that attended to narrow vested interests rather than visionary national goals. Although over 30% of the country is protected by a parks and reserves system, *illegal logging and mining* (gold and diamonds) are common in these reserves. The illegal operators are organized and willing to kill indigenous people and others to protect their interests. Environmental degradation through deforestation (causing *silt* and *landslip*) and pollution of local rivers accompanies human settlement everywhere. Rainforest ecosystems are extremely fragile and interference with any one subsystem invariably leads rapidly to a disastrous collapse of the whole system.

Transnational Crime

Personal and “petty” crime -- one of the world’s highest crime rates -- is rampant in Venezuela and of national concern. The government says no overnight solution is possible as it must fix a neglected, impotent, corrupt and under-equipped police before it can make progress. With civil crime-fighting in such a poor state, organized crime is accustomed to operating with impunity, traditionally with the blessing of corrupt officials. The country is a major transit country for *cocaine* and *heroin* from **Colombia** bound for **Europe** and the **US**. Colombian paramilitary narcotics gangs penetrate Venezuela at will along a wild border region and violence in these areas has caused many Venezuelans to flee to safer territory. Venezuela reports some progress against these globalized narcotics gangs – in August 2006, it



reported the capture of 45 pounds of *cocaine* bound for Amsterdam along with *Elias Verde*, an alleged leader of a transnational crime gang.

The US State Department 2006 *Trafficking in Persons Report* classifies Venezuela – along with **Belize** and **Cuba** – in *Tier-3*, “not fully complying with the minimum standards against *human trafficking* in persons and not making significant efforts to do so.”

Proliferation

Venezuela is accused of supplying small arms to neighboring Colombian guerrilla organizations such as *Fuerzas Armadas Revolucionarias de Colombia–Ejército del Pueblo (FARC)*, which has political synergies with the Bolivarian vision of Chavez. In May 2005, the National Assembly approved the *Protocol Against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, Supplementing the United Nations Convention Against Transnational Organized Crime of May 31, 2001*.

International Disputes

Due to bureaucratic incompetence of several parties in the 19th century, there is an unresolved dispute over all of **Guyana** west of the *Essequibo River*, about a third of the country. Venezuela claims historical sovereignty over the area from regard to the limits of Spanish, Dutch and British colonies. It is not a hot dispute and has been on the table of UN dispute resolution since 1987. The practical impact of the dispute



(and perhaps main motivation) is that the associated *maritime boundary* is relevant to the ownership of oil and gas reserves. Similarly a border dispute with **Colombia** in the *Gulf of Venezuela* relates to petroleum assets. **Isla de Aves**, 300 miles north of Venezuela and west of the *Leeward* island chain, is Venezuela’s most precarious territorial claim. It is a coral atoll with one dwelling-like structure upon which Venezuela bases a 200km Exclusive Economic Zone (*EEZ*) and *petroleum rights*. Major stakeholders in the area (**US, France,**

Netherlands) accept the claim but island neighbors such **Dominica** and **Grenadines** do not. The atoll has been getting smaller each year and without remedial efforts will soon disappear; the effect that would have on Venezuela’s rights is not known..

Foreign Relations

Latin America

Venezuela shares three land borders: **Brazil** 2,200 km, **Colombia** 2,050 km, **Guyana** 743 km. Most of the extent of this 4,000 km of borders is in rugged jungle and it is impossible to police illegal transit comprehensively. There are complex *maritime* border arrangements in the **Caribbean**, some disputed, that relate to ownership of oil and gas reserves. A cornerstone of Chavez's domestic and foreign policy is *regional integration and cooperation*. This is implemented through membership of institutions such as *Organization of American States (OAS)*; the 35 independent states of the Americas; first proposed by Simón Bolívar in 1826) and the *Summit of the Americas, Mercosur*, and *CARICOM*. However, Venezuela seeks more rapid social progress through innovative cooperation arrangements, particularly energy integration. *Petrocaribe*, a Venezuelan state corporation established in June 2005, is the basis of an arrangement with CARICOM nations to buy Venezuelan oil on a 25 year financing agreement at 1%



interest. Part of repayments can be in barter of commodities. **CARICOM** (Caribbean Community and Common Market; established 1973) comprises 15 Caribbean members states with Venezuela, **Mexico** and some other contiguous nations are Observers.

In July 2006, Venezuela formally joined **Mercosur** (*Mercado Común del Sur* - Southern Common Market) a customs union of **Brazil, Argentina, Uruguay, Paraguay** founded in 1991. Observers believe Venezuela's accession to the organisation is likely to transform it from a "sleepy policy organization" into a "force for profound social change". Venezuela is a member, along with **Bolivia, Colombia, Ecuador, Peru**, of **Comunidad Andina de Naciones** (**CAN**; Andean Community of Nations). There is a plan set for 2007 to replace the *Andean Community* and *Mercosur* into a new *Comunidad Sudamericana de Naciones* (**CSN**; South American Community of Nations).

Venezuela is instrumental in establishing the **Alternativa Bolivariana para las Américas** (**ALBA**, "dawn"; *Bolivarian Alternative for the Americas*) which comprises **Cuba, Bolivia, Venezuela**, a direct alternative to the US-backed **Área de Libre Comercio de las Américas** (*Free Trade Area of the Americas*), an extension of the *North American Free Trade Agreement* (**NAFTA**; **Canada, Mexico, US**) first mooted in 1994. Venezuela, particularly in the person of Chavez, maintains close relations with nearby **Cuba** and advocates normalization of US-Cuba arrangements. Venezuela has signed oil agreements with **Ecuador** and **Brazil**, has negotiated construction of a petroleum refinery in **Panama** and has commenced a gas pipeline project with **Colombia**. Venezuela's relations are not cordial with all of Latin America. Chavez has an ongoing disaffection for **Peru's** President-elect *Alan Garcia*, in June 2006 saying of him "*His owner is in Washington, he's a lap dog, a tool of the [US] empire*"

World

Venezuela is an active member of the **Non-Aligned Movement** (**NAM**) and Chavez is seen by many as a natural replacement for *Fidel Castro's* charismatic role in the organization. Venezuela has campaigned vigorously for election to an upcoming temporary seat on the **UN Security Council**. The **US** opposes Venezuela's bid and is backing **Guatemala** for the seat. In a wide-ranging world tour in mid 2006, Chavez cemented trade alliances mainly relating to oil and gathered support for the UN seat. To date he has obtained public statements of support from **China, Malaysia, Argentina, Brazil, Iran**, and implicitly from many other states including **Angola** and **Syria**. **Chile** has not expressed explicit support but has condemned **US** pressure on how to vote. Support from states such as Iran has not softened the **US** position – Venezuela is seen as a proxy for **NAM** nations such as **Cuba** and, via its **OPEC** interests, for unfriendly Islamic nations such as Iran. Iran and Venezuela, both original members of **OPEC**, strengthened already good relations during 2006, a time when both countries had attracted the condemnation of the **US** for different reasons. They have a common interest in high oil prices and common antipathy for the **US** and Israel's Palestine policies (for different religious/political reasons). Iran has become Venezuela's closest ally outside Latin America.

Although most Venezuelan armaments in service are of **US** origin, recent **US** restrictions on spares and new sales – which Venezuela sees as a **US** policy to neutralize its capability – has led Venezuela to buy armaments from **Russia**. In a \$1B deal, it has ordered **SU-30MK** fighters, helicopters, 100,000 **Kalashnikov AK-103**, and other items. Chavez also intends to start manufacturing **Kalashnikovs** under license. He feted **Mikhail Kalashnikov**, inventor of the weapon, at Independence day celebrations in Caracas on 05 July 2006. Chavez says this significant re-equipment program is insurance against a **US** "invasion". Chavez has also established strategic ties with **China**. The two have established a \$5B fund for infrastructure projects in Venezuela and China is a ready buyer for Venezuelan oil -- Chávez says a recent million-barrel a day oil deal with China is a "Great Wall against American hegemony".

For these several reasons, the **US** views Venezuela as a direct competitor for leadership and influence in Latin America and a proxy for **US** opponents throughout the world. Chavez has done little to allay **US** concerns. In September 2006, he referred to the *diabolical* role of **US** hegemony in a speech at the **UN**, to the amusement of some and to the annoyance of others.



Military Affairs

Venezuela's *military expenditure* of \$1.7B is 1.5% of GDP, low by world standards; indicative comparisons are (**Canada** 1.1%, Venezuela **1.5%**, **Iran** 3.3 %, **US** 4.1%, **China** 4.3%, **Israel** 7.7%)

The Venezuelan armed forces retains connection to its role in Venezuelan independence [as does the *TNI* in **Indonesia**] as *Forjador de Libertades* (Forgers of Freedoms). As in many Iberian nations, the military is never far from politics. Under the presidency of Chavez, the military is undergoing a comprehensive reorganization and modernization. In 2001, a civilian rather than a military officer was appointed Minister of Defense, a healthy break with many years of tradition, but in June 2006 Chavez appointed *General Raul Isaias Baduel* as Minister to "protect the country against US asymmetric destabilization". In 2006, the Fuerza Armada Nacional was re-formed into six services – Army, Navy, Air-Force and *Fuerzas Armadas de Cooperacion* (Armed Forces of Cooperation, formerly National Guard), *Reserva Nacional* (National Reserve), *Guardia Territorial* (Territorial Guard).

Following years of difficulties with procurement of military equipment (such as F-16s and spares) from the US, Venezuela has embarked on procurements of fighters, helicopters, weapons, armour, radars and other military equipment from **Russia**, **China**, other Eastern suppliers and **Spain**. The **US** asked Russia to "reconsider" plans to sell military aircraft to Venezuela but Russia did not change its position. This deliberate divergence from traditional acquisition from the US is likely to be a long-term commitment. The US claims recent acquisitions are excessive and threaten an arms race in Latin America: Venezuela's response is that equipment is long overdue for upgrade and the US is no longer a reliable (nor friendly) supplier.

US Relations

The **US** is Venezuela's most important trade partner for both exports and imports. Historically, commercial ties have been close, but both Chavez and the US have made clear they now have marked differences. The US accuses **Cuba** of buying influence in the region funded by Venezuelan oil, but Venezuela and Cuba accuses the US of overt and covert subversion against both of them and that the Cuba blockade has now been extended to Venezuela. Chavez claims – with considerable supporting evidence – that the US assisted with the attempted coup against him, the presidential recall, and is liaising with opposition presidential candidates. Venezuela has taken a position not in the US camp on Middle East questions. Shortly after a visit to **Iran** in August 2006, Chavez joined Iran in condemning **Israel's** actions in **Lebanon** and *recalled* his ambassador from Israel.

Starting in 2004 *counter-narcotics* cooperation with the **US** deteriorated and in March 2005, Venezuela removed its experienced members from a joint Drug Task Force. In August 2005, Venezuela accused the US DEA of espionage under cover of narcotics operations and terminated cooperation; in September 2005 President Bush decertified Venezuela as a partner in counter-narcotics cooperation.

On 18 August 2006, the **Director of National Intelligence** created the new post of *Mission Manager for Cuba and Venezuela*. Since 2002, **USAID's Office of Transition Initiatives** has distributed over \$26 million to Venezuelan recipients under a "Venezuela Confidence Building Initiative" – these monies originate in "disaster assistance" appropriations and can be distributed quickly with little formality. The *National Endowment for Democracy* has also funded the Venezuelan opposition. Chavez claims that mysterious arms shipments such as weapons, possibly originating in **Turkey**, intercepted in September 2006 are probably evidence of stockpiling for destabilization during the presidential election in December.

The US Defense *Quadrennial Defense Review Report* of February 2006 refers to "*populist authoritarian political movements in some countries, such as Venezuela*" but does not discuss why popular democratic regimes are intrinsically unstable.

In Latin America, there has been steady progress toward political and economic development over the past several decades. Still, slow economic growth, weak democratic institutions and continuing stark



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*economic inequality have led to a resurgence of populist authoritarian political movements in some countries, such as **Venezuela**. These movements threaten the gains achieved and are a source of political and economic instability.[p. 28]*

NEAR-TERM	Mid-Term	Long-Term
<p>The República Bolivariana de Venezuela in its very name offers a challenge to any who would think ill of equitable social change in Latin America. Chavez’ policies are anathema to some in the industrialized world, particularly in the US. However a 70% poverty rate should make some impression on those who have regarded Venezuela for many decades as no more than a convenient source of <i>oil</i>. Chavez is the “revolution” Venezuela had to have. The West would be wise to consider what worse socialist alternatives, far more iconoclastic than Chavez has been, that the actual social conditions could produce.</p>	<p>A thread of social conscience runs through Venezuelan history. One of OPEC’s visions was development of impoverished oil nations and Chavez has built a complex web of alliances beyond OPEC throughout Latin America and the world. With the Alternativa Bolivariana para las Américas and the establishment in 2007 of the Comunidad Sudamericana de Naciones, Venezuela becomes a nation not to be ignored in hemisphere politics. These mercantile groupings, together with Venezuela’s access to political assemblies such as NAM, make it a unique player in the region and a valuable ally.</p>	<p>If the oil equation changes in next decade, it will only be for the worse. Neither Iran nor Venezuela is likely to find difficulty selling oil into the China or India markets. In choosing diplomatic war with both of these oil suppliers (as well as others such as Russia) the US will become increasingly dependent upon suppliers such as Saudi Arabia which may bring unintended long-term impacts. The age of diplomacy that has already commenced has energy rather than ideology as the main focus. The US has overcome ideology in dealings with China; it could do this also with Venezuela.</p>

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World Crises [based on monthly assessments by *International Crisis Group*]

!!!	Alert	DR Congo, Lebanon, Pakistan, Somalia, Sudan
↓	Deteriorated	Burundi, Iran, Kuril Islands/Northern Territories (Russia/Japan), North Korea, Pakistan, Sri Lanka, Sudan, Taiwan Strait
↑	Improved	Angola, Lebanon, Togo, Uganda [resolution opportunity]

<http://www.crisisgroup.org/home/index.cfm?id=4296>

LEGEND

Hazard Level	Change Codes
	↓ Deteriorated
	• Steady
	↑ Improved
	!!! Alert

Threats

Summary

see daily items on the web at

<http://meta2.com/PDB/pdbDetail.asp?THREATS>

Poverty	↑	This years <i>Clinton Global Initiative</i> raised \$7.3B for anti-poverty programs , almost 3 times that of 2005 — the World Bank has put "the fight against graft at the heart of the bank's work", but Europe said this may hurt the poor.
Infectious Disease	↓	Malaysia has established a new <i>BSL3</i> facility that can handle "all kinds of viruses and diseases, including SARS, Nipah virus, avian flu, tuberculosis and anthrax." The worst forms of the killer <i>tuberculosis</i> bug are gaining ground in the United States. <i>Polio</i> is making a comeback in India because inoculation has been neglected.
Environment	↑	The EPA has cut the existing standard of 65 micrograms per m3 of maximum <i>soot</i> in the air to 35 micrograms per m3. Virgin's <i>Richard Branson</i> has matched the Bush administration's \$3B investment in <i>global warming</i> mitigation. A "revolutionary" project to reverse Aral Sea damage is said to be making progress.
Inter-State Conflict	•	Lebanese government forces have now been deployed along the border with Israel for the first time in decades. The US opposes the Arab League's plan to meet and redraft a new Palestine peace plan. Tribal leaders in Iraq's Anbar Province are "ready to purge the city of these infidels [i.e. foreign insurgents]" and they ask for the weapons to do it.
Civil War	↓	A " <i>Council of Administrative Reform</i> " with King Bhumibol Adulyadej as head of state seized power in Thailand without a shot fired. A "characteristically <i>al Qaeda</i> -type attempt" was made on the life of Somalia's President Yusef.
Genocide	•	With Sudan's firm rejection of UN forces, the announced African Union extension is the only (temporary) arrangement possible.
Other Atrocities	↓	The UN has urged Guatemala to start the trial process on the more than 200,000 people who died during the war, 80% allegedly killed by <i>state security forces</i> .
Proliferation	!!!	<i>Oxfam</i> said "...global <i>military spending</i> is expected to reach some \$1.06 trillion this year, higher than the previous record set during the Cold War." Destitute Russian nuclear specialists could easily be hired by terrorist groups to fabricate <i>dirty bombs</i> .



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Terrorism

- A *National Intelligence Estimate* issued in April has confirmed "The war in **Iraq** has become a primary recruitment vehicle for violent Islamic extremists". A French paper at four removes of hearsay says **Osama bin Laden** is dead; later reports said he is not dead but quite ill. **Philippines** military says that bombs seized in **Sulu** "show a capability heretofore unseen; ... close similarities to improvised bombs [IEDs]being used in the **Middle East** and **Afghanistan**." A **US** study says radicalized *prisoners* are a potential pool of recruits by terrorist groups while in prison. An analyst says that **Southeast Asia** "has become a key link in US efforts to unravel the secret web of international terrorism."; or should be. An **Australian** academic reminded the intelligence community it needs to engage more with Asia to stop the growth of radicalism; **HUMINT** not **SIGINT**.

Transnational Crime

- [nothing significant to report]

↓ deteriorated	• steady	↑ improved	!!! ALERT
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Policy		<i>see daily items on the web at</i>
Summary		http://meta2.com/PDB/pdbDetail.asp?POLICY
Agriculture	•	[nothing significant to report]
Debt	•	[nothing significant to report]
Diplomacy	↓	In answer in a hypothetical question, President Bush intimated there was no need to consult Pakistan if US forces had to strike bin Laden there. Turkey's Muslims, and others, are angered at the Pope's quotation about Islam ; in reference to a planned papal visit, banners said "Either apologize or don't come."
Economy	•	[nothing significant to report]
Education	•	A report has found that educated citizens are better citizens; that education level correlates with "civic health" and social participation.
Energy	•	[nothing significant to report]
Family	•	[nothing significant to report]
Immigration	•	<i>Boeing</i> has won a multibillion-dollar high-technology contract to about 6,000 miles of <i>border security</i> .
Justice	•	A new compromise on <i>treatment of detainees</i> is confusing -- "These complex provisions reflect some of the last-minute changes to broad legislation drafted by the White House and Republican lawmakers." The ICRC is finally to visit the 14 detainees who had been held in <i>secret prisons</i> -- "It has been a priority of ours to gain access to those people."
Security	↓	Some analysts say the new <i>Homeland Security</i> Bill is more style than substance -- "...several of the measures also run counter to the wishes of Secretary Michael Chertoff, reflecting how politics trumps policy come election time." The CIA's new head is critical of barriers still in the CIA -- "...operations officers who <i>collect</i> intelligence need to work more closely with the analysts who <i>interpret</i> what it means." The National Guard says "We are now in a dangerously low resourcing level for missions back here at home, and that must be seriously addressed."
Social Security	•	A study found that fewer than 3% of <i>black churches</i> are participating in the <i>faith-based initiative</i> due to lack of infrastructure.
Water	•	[nothing significant to report]
↓ deteriorated		• steady
		↑ improved
		!!! ALERT



Challengers

Summary

see daily items on the web at

<http://meta2.com/PDB/pdbDetail.asp?CHALLENGERS>

Brazil	<ul style="list-style-type: none"> • Lula da Silva has distanced himself (slightly) from his Workers Party in the last days before the presidential vote by dismissing his controversial campaign manager.
China	<ul style="list-style-type: none"> • China is doing time-saving unconventional group diplomacy – joint meetings with Portuguese-speaking Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, Timor-Leste. There is a rush on learning Mandarin in Latin America which sees immense opportunities in going Chinese. China has held an unconventional group meeting with Costa Rica, Guatemala, Dominican Republic, Panama to impress on them the advantages of dropping recognition of Taiwan. "Eighteen Chinese <i>air marshals</i> ... completed 2 weeks of training in the US on how to be armed undercover officers aboard China's passenger jets." Despite policy and effort, China's <i>oil imports</i> increased by almost 18% in the first half of 2006. In vice-Premier meetings, China and Indonesia have confirmed that both regard their dialogue relationship as strategic. <i>Amnesty International</i> warns that between now and the <i>Olympics</i> is the only time to address China's <i>human rights</i> record -- "Time is running out. If the United States is serious about human rights, then it should secure China's adherence to specific human rights benchmarks."
India	<ul style="list-style-type: none"> • [nothing significant to report]
Indonesia	<ul style="list-style-type: none"> • Riots in Sulawesi followed <i>execution</i> of three Christians found guilty of religiously-motivated killings in 2000. In vice-Premier meetings, China and Indonesia have confirmed that both regard their dialogue relationship as strategic.
Iran	<p>!!! Iran displayed a locally-made <i>laser defense system</i> that can "jam and divert various types of laser-guided missiles, bombs, rockets or shells". President Clinton speaking of Iran said "The United States should not be afraid to talk to anyone." Analysts say "U.S. officials have quietly acquiesced in a European-led effort to find a face-saving way for the [<i>nuclear program</i>] talks to begin." OPEC members Venezuela and Iran have confirmed they are united against "world hegemony [by the US]".</p>
Russia	<ul style="list-style-type: none"> • The US and UK have expressed "deep concern" over the Kremlin deviously grabbing a greater share of <i>gas</i> and <i>oil</i> projects. Mikhail Gorbachev has belatedly agreed with President Putin's assertion of Kremlin authority as best for Russia. With reported turnout of 80%, voters in Transdniester overwhelmingly voted in favor of independence from Moldova, with a view to eventually joining Russia. Analysts said Georgia is in danger of falling back into post-communist violence."
Venezuela	<p>↓ DHS denied the Venezuelan <i>Foreign Minister</i> was mistreated at JFK Airport -- but the State Dept apologized for a "regrettable incident". Chile demanded apology for "unacceptable" remarks the Venezuelan ambassador made about Chile's Christian Democrat Party. The second-most-wanted man in Colombia, a <i>cocaine</i> boss, has been arrested in Venezuela with Colombian cooperation. President Chavez exorcised the UN podium of "the Devil" and said President Bush had left a smell of sulfur in the chamber from his appearance the previous day. OPEC members Venezuela and Iran have confirmed they are united against "[US] hegemony".</p>
[wild-card]	<p>↓ Two more bombings in Eastern Turkey have been attributed to Kurdish rebels. There is no obvious succession to the third President of South Africa [unlike with the first two]-- and unaccustomed splits are appearing in the ANC.</p>

↓ deteriorated

• steady

↑ improved

!!! ALERT