

Region's alliances on shaky ground

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MEXICO CITY - Latin American leaders head for a meeting with the European Union this week amid disputes that threaten some of the Western Hemisphere's political and trade alliances -- and that could harm ties with the old continent.

Chile and Mexico have strategic alliances with the European Union already in place, but other Latin American countries have not been able to reach major trade agreements with the EU.

Until recently, many viewed the three-day EU-Latin American summit, which kicks off Thursday in Vienna, Austria, as the ideal place to push such initiatives.

But member nations of the Mercosur and Andean Community trade blocs have become bogged down in internal fighting.

Venezuela's President Hugo Chávez has said his country will drop out of the Andean Community because two member nations, Peru and Colombia, have signed free trade deals with the United States.

Chávez also said Sunday that his government may drop out of the G3 trade group with Colombia and Mexico, saying it only benefits Mexican companies.

Uruguay has said it was "useless" to stay in Mercosur -- which it founded with Brazil, Argentina and Paraguay -- unless the bloc makes reforms. It has been considering a separate deal with the United States.

Adding to tensions, Bolivia last week nationalized its natural gas industry. The move by Bolivian President Evo Morales led to a hastily arranged presidential summit in Argentina, which along with Brazil relies heavily on Bolivian natural gas imports.

The decision has reverberated in Europe, where several firms are prominent investors in Bolivia's gas sector.

