

Bolivia, Brazil patch up differences

THE MIAMI HERALD
May. 13, 2006

VIENNA, Austria - The presidents of Brazil and Bolivia said they patched things up Saturday after days of accusations and threats that marked a low point in a century of close relations between the South American neighbors.

But they gave no indication about how the two countries will resolve their spat over Bolivia's nationalization of its natural gas industry.

"We are great allies - as countries, as presidents, as governments, and given that, no one can ever pit us against each other," Bolivian President Evo Morales proclaimed as they emerged from two hours of hastily arranged talks. As he left the closed-door meeting at a Vienna hotel, Morales described their discussion as "cordial."

Both leaders were in Vienna for a summit of EU, Latin American and Caribbean leaders.

"I told Evo Morales that Brazil needs Bolivian gas and that Bolivia needs to sell its gas to Brazil," Brazilian President Luiz Ignacio Lula da Silva told reporters.

He said the two sides must find "the right point of balance so that Brazil is satisfied and Bolivia is satisfied."

Meanwhile, as relations with Brazil - the largest foreign producer of Bolivian natural gas - were deteriorating over the past week, Morales was busy cementing his bond with Venezuela's leftist president, Hugo Chavez.

Morales and Chavez said their two countries would meet May 18 to sign new accords on natural gas. Then, after the close of the summit Saturday, they went across town to attend the Alternative Summit, joined by Cuban Vice President Carlos Lage.

"Our brother, we are with you in the nationalization of Bolivia's natural resources," Lage told Morales there before a crowd of hundreds.

Brazil's escalating dispute with Bolivia over nationalization - and further threats to seize Bolivian land held by Brazilian farmers - had dominated the three-day summit of 58 leaders.

Morales said on May 1 that Bolivia would nationalize its hydrocarbons industry, sending troops to guard natural gas installations and giving foreign oil firms six months to renegotiate contracts and turn over majority control to La Paz - or leave.

Arriving in Vienna on Thursday, Morales accused some foreign oil firms - including Brazil's state-run Petroleo Brasileiro SA - of operating illegally. He also warned that some firms may not be compensated for assets or investments in Bolivia.

Brazil is the largest importer of Bolivian gas, and Petrobras has invested more than \$1.5 billion in Bolivia.

In La Paz, Bolivia's energy minister said Petrobras should be left out of plans to build a \$25 billion pipeline that would link Venezuela's vast natural gas reserves through Brazil to Argentina.

On Friday, European leaders urged Bolivia and Venezuela to keep their markets open to foreign investment. Venezuela is planning to issue a new tax on foreign oil firms

Brazilian Foreign Minister Celso Amorim said Bolivia must compensate Petrobras for any assets it seizes, adding Friday that he had not ruled out pulling Brazil's ambassador from La Paz in protest.

But Morales insisted late Friday that he did not want Petrobras out.

Amorim said the leaders did not discuss prices, and neither Morales nor Silva explicitly mentioned Petrobras. Amorim said he would travel to Bolivia in the near future for further talks on energy.

After his talks with Silva, Morales appeared interested in traveling to Brazil to meet the president - perhaps on a soccer field.

"I would very much like to play soccer with the president of Brazil," he said.

But it seemed clear in Vienna where Morales' loyalties lay.

Bolivian opposition leaders who warned Morales' earlier in the week that his tough stance on foreign oil firms could drive investors away said they feared he was far too influenced by Chavez.

But Chavez and Morales in recent days announced a series of deals: the natural gas accords, a credit line of \$100 million for Bolivia and a \$35 million donation for computers in Bolivian schools and food for children.

Chavez on Saturday acknowledged a regional rift.

"Latin America has, well, various visions," he told reporters in Vienna. But he predicted that one day, the region would be integrated along a "single political and geopolitical line."