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## Chavez warns against Andean-Europe pact

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CARACAS, Venezuela --

President Hugo Chavez urged the Community of Andean Nations not go through with a proposed free trade pact with Europe because it would be worse than similar deals he has fiercely opposed with the United States.

Chavez yanked his country out of the five-nation Andean group last year after Peru and Colombia signed U.S. free trade deals. He has since refused appeals from his close ally Bolivian President Evo Morales to rejoin.

Chavez said Thursday that Morales had told him that in some areas the proposed deal with Europe were worse than those with the U.S., which he has argued are designed to only benefit the United States and its corporations.

"That of course is true," Chavez said in a speech, criticizing purported European demands for the Andean countries to give preferential treatment to international companies when making government purchases.

Chavez, who strongly opposes capitalism and free trade, says he is leading a socialist revolution and warned Thursday that private companies in Venezuela that break the law trying to oppose that process will disappear.

"Private Venezuelan companies can coexist with the Venezuelan socialist process," he said. But those that "try to sabotage the government, create shortages in the country and create anxiety will progressively disappear."

Shortages of basic food staples like milk, beans, eggs and cooking oil have appeared as producers and distributors protest government price controls, which they say make it impossible to sell those goods at a profit.

Chavez has accused them of hoarding goods and speculating, and said Thursday that if the shortages persist, he may stop penalizing businesses and instead begin expropriating them.

Addressing Trade Minister Maria Cristina Iglesias, Chavez said "any (business) that reveals itself to be hoarding, speculating, breaking the law, Maria Cristina - immediate expropriation."