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***THE BALANCE OF PAYMENTS
CONTINUES TO REFLECT
HOW VULNERABLE WE ARE***

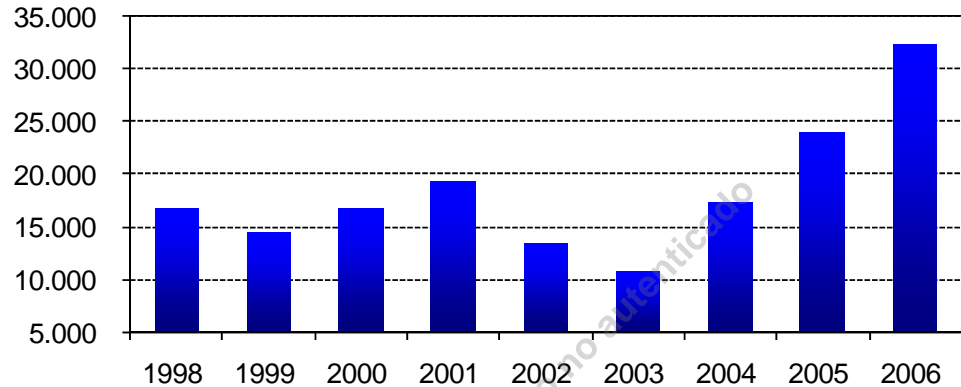
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As usual, the Central Bank of Venezuela (BCV) has published the third-quarter balance-of-payment figures. They continue to show that the economic model being employed by this Administration is not sustainable over time. Three elements are important to highlight: first, the unstoppable increase in imports; second, a public sector which shows a surplus capital account; and lastly, a significant increase in outgoing capital from the private sector.

The trend is not stopping

Foreign sector figures corresponding to the first nine months of the year continue to reflect significant increases in imports, which increased by 36% compared to the same period last year. In fact, imports up to the third quarter equal almost the total amount of imports for all of 2006. Added to this is the shrinking of the oil sector which has caused a 3% drop in oil exports despite the spectacular jump in prices. And what's even sadder is that non-oil sector exports affected by the significant appreciation of the official exchange rate and the restriction levied against the private sector only increased by 0.6%.

**Imports
(US\$ Millions)**



Sources: BCV and Ecoanalítica

Substantial deterioration of the current account

This situation has caused the surplus balance of the current account to drop by 30.3% within a high oil price scenario. Furthermore, capital outflows have also increased, which has led the balance of the Balance of Payments to go from a surplus of US\$2.99 billion during the January-September period in 2006 to a significant deficit of US\$8.89 billion during the same period in 2007.

At **Ecoanalítica**, we continue to believe that what is being reflected by the Balance of Payments is exactly what the famous phrase used by Martin Fierro says: *"El tiempo sólo es tardanza de lo que está por venir"* (Time is just the wait for what's coming). The current economic model which the current Administration is selling as "permanent" is going to collapse when foreign revenues can't compensate for imports and outgoing capital. And though this fate is not at our doorstep at this very moment, we are slowly but surely moving towards it.

BALANCE OF PAYMENTS						
Millions of US\$						
	3Q 2007	3Q 2006	Var (%)	Jan-Sep 07	Jan-Sep 06	Var (%)
Current Account	6.880	7.499	-8,3%	16.034	22.993	-30%
Goods Balance	7.237	8.436	-14,2%	18.896	28.243	-33%
Oil Exports	17.177	15.176	13,2%	44.417	45.700	-3%
Non-oil Exports	1.633	1.769	-7,7%	5.140	5.111	1%
Imports of f.o.b Goods	(11.573)	(8.509)	36,0%	(30.661)	(22.568)	36%
Services Balance	(1.444)	(1.146)	26,0%	(3.941)	(3.183)	24%
Others	1.087	209	420,1%	1.079	(2.067)	-152%
Capital Account	(2.934)	(4.317)	-32,0%	(24.925)	(19.998)	25%
Public Sector Capital Account	1.700	(2.154)	-178,9%	(6.826)	(13.192)	-48%
Private Sector Capital Account	(4.634)	(2.163)	114,2%	(18.099)	(6.806)	166%
Variation in international reserves	3.946	3.182	24,0%	(8.891)	2.995	-397%

Sources: BCV and Ecoanalítica

Public sector posts capital revenue

According to BCV numbers, the public sector capital account in the third quarter showed a positive balance of US\$1.70 billion. The BCV points out that this is due to *“Government foreign assets being reduced, in order to finance investment projects in the country, as well as assets being recomposed towards more liquid instruments. This also contributed to the foreign debt surplus of the public oil sector.”*

This is also reflected in the accumulated amounts of the first three quarters of the year. While during the 2006 January-September period, public sector outgoing capital showed a capital account deficit of US\$13.19 billion, this year it is at US\$6.83 billion. In other words, it's 48% less.

PUBLIC SECTOR BALANCE OF PAYMENTS

Million of US\$

	3Q 2007	3Q 2006	Var (%)	Jan-Sep 07	Jan-Sep 06	Var (%)
Current Account	16.734	14.423	16,0%	42.424	42.890	-1,1%
Goods Balance	16.437	14.385	14,3%	42.206	43.617	-3,2%
Oil Exports	17.177	15.176	13,2%	44.417	45.700	-2,8%
Imports of f.o.b Goods	(740)	(791)	-6,4%	(2.211)	(2.083)	6,1%
Services Balance	(8)	(25)	-68,0%	(95)	(86)	10,5%
Others	305	63	384,1%	313	(641)	-148,8%
Capital Account	1.700	(2.154)		(6.826)	(13.192)	-48,3%
Public Sector Capital Account	1.700	(2.154)	-178,9%	(6.826)	(13.192)	
Variation of International Reserves	18.434	12.269	50,2%	35.598	29.698	19,9%

Sources: BCV y Ecoanalítica

Meanwhile, the private sector significantly increased its outgoing capital

The greatest capital account distortions are reflected by the private sector of the economy. Two facts stand out from the figures released by the BCV:

1. During the first nine months of the year, private sector outgoing capital increased significantly, going from US\$3.54 billion in 2006 to US\$14.17 billion in 2007, which is to say that outgoing capital multiplied itself by four.
2. Foreign investment in the country is very weak. Up until September, a mere US\$317 million has been invested. However, this level is associated with the oil sector; according to the BCV: *“direct investment in the country registered a surplus originating from a reinvestment of profits in the oil sector, as well as increased commercial financing ordered by foreign headquarters towards their subsidiaries in the country.”*

PRIVATE SECTOR BALANCE OF PAYMENTS

Million US\$

	3Q 2007	3Q 2006	Var (%)	Jan-Sep 07	Jan-Sep 06	Var (%)
Current Account	(9.854)	(6.924)	42,3%	(26.390)	(19.897)	32,6%
Goods Balance	(9.200)	(5.949)	54,6%	(23.310)	(15.374)	51,6%
Non-oil Imports	1.633	1.769	-7,7%	5.140	5.111	0,6%
Imports of f.o.b Goods	(10.833)	(7.718)	40,4%	(28.450)	(20.485)	38,9%
Services Balance	(1.436)	(1.121)	28,1%	(3.846)	(3.097)	24,2%
Others	782	146	435,6%	766	(1.426)	-153,7%
Capital Account	(4.634)	(2.163)		(18.099)	(6.806)	
Public Sector Capital Account	(4.634)	(2.163)	114,2%	(18.099)	(6.806)	165,9%
Portfolio Invention	(269)	15	-1893,3%	(1.174)	(849)	38,3%
Direct Invention	(35)	854	-104,1%	(2.751)	(2.422)	13,6%
Private Capital outflow	(4.330)	(3.032)	42,8%	(14.174)	(3.535)	301,0%
Variation of International Reserves	(14.488)	(9.087)	59,4%	(44.489)	(26.703)	66,6%

Sources: BCV y Ecoanalítica

The Government has an important accumulation of assets abroad

The BCV points out that net international assets available to the country reached US\$82.04 billion by the close of third quarter 2007, up by 41.9% compared to the closing balance of the previous year, due to an increase in foreign asset holdings (up to US\$167.73 billions) which surpassed the increase in the level of foreign liabilities quantified at US\$85.69 billion.

What can be said of the parallel market with regard to the BCV figures?

The most significant increase was reflected in the public sector with foreign assets reaching US\$83.63 billion by the close of the third quarter. This increase is due to *"PDVSA's commercial financing and foreign investments, as well as increased positioning in foreign currency and Government deposits, including the FONDEN resources..."*

The simple way

Given that the parallel market, in our opinion, is opaque, very shallow, and very spasmodic, with agents with power market, among other things, it's very difficult to come to any kind of agreement concerning the percentage of imports that are financed through this market. We will try to offer some kind of tentative figure here concerning this matter.

A simple way to figure out this situation that's been used lately is to take the amount that has been approved by CADIVI for imports and compare it to the level of imports released by the BCV. This way we'd have that CADIVI has approved US\$22.38 billion in foreign currency for this period for imports and the ALADI agreement. The BCV also indicates that non-oil sector imports reached US\$28.45 billion. So,

according to this, the parallel market would have financed 21.4% of imports.

Another way of figuring it Quite a few analysts particularly disagree with the methodology used to figure out this matter. A fact mentioned is that CADIVI doesn't liquidate foreign currency, it merely approves foreign currency. It's the BCV that liquidates the funds and there is a difference between approving and liquidating, especially if one takes into account the time that may transpire between approval of foreign currency and its eventual liquidation, and this is even much more significant with regard to imports.

So, at *Ecoanalítica*, what we have done is to take the BCV figures that reflect foreign currency liquidation and the ALADI agreement, and exclude the components that have nothing to do with imports and compare this figure with the total figure for imports. After doing this we find that BCV liquidations for imports and the ALADI agreement reached US\$22.71 billion. So, according to this, financing for imports through the parallel market was at 20.2%.

The results don't differ substantially It's interesting that both methods lead to similar results, which suggests that there is not such a great difference from CADIVI foreign currency approvals and BCV foreign currency liquidation. The difference in results using these two methods is only 1.2%.

A Balance of Payments with two sides to it In the last two years, Balance-of-payment figures have been reflecting two different realities. On the one hand, the figures show a Government rich in assets abroad which constitute a kind of security blanket, a sign of strength. And on the other hand, there is clear evidence of deterioration in the current accounts due to the negative affects of the exchange rate controls (disproportionate increase in imports), with a parallel market that is growing, and unable to be controlled by the Government, and an oil industry that's faltering. This tendency seems to be reaffirming itself and is the prelude to what we believe could happen in the coming years.

Economic Tips

Fonden has received more than US\$30.00 billion. With the creation of the National Development Fund (Fonden), the Administration has been able to count on a parallel mechanism to finance projects that before were handled through ordinary spending. According to the Ministry of Finance figures, up until the 8th of November this fund has received deposits for US\$30.19 billion, but there is still a pending deposit of US\$1.20 billion from PDVSA, with which the fund will have received by year-end close US\$31.40 billion.

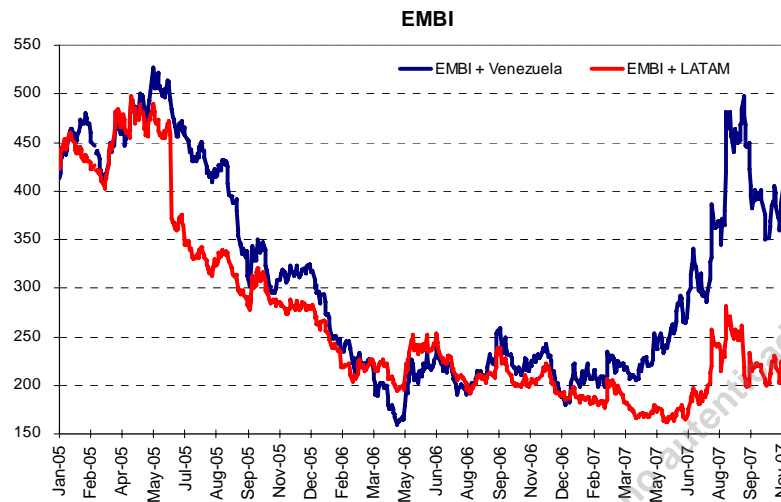
Fonden resources have been used for internal spending. Of the resources spent from this fund that was originally created to be used for making purchases abroad and servicing debt payments, a total of US\$16.45 billion has been earmarked for financing domestic spending, according to Minister of Finance, Cabeza.

More about FONDEN. Minister Cabeza stated that of the money deposited in the Fund, US\$23.81 billion has been earmarked for 159 projects and a total US\$16.45 billion has been used. Of the resources that have already been earmarked for projects, most of it is going for projects in energy related areas. US\$5.13 billion has been promised for this area. The area of financing has received US\$4.45 billion from the Fund, Infrastructure has received US\$4.0 billion, Defense US\$3.68 billion, and Housing US\$2.35 billion.

How much is left? Taking the previous figures into account, the Administration has used 54% of the Funds resources, which leaves a balance of US\$13.74 billion, and if interests generated by investments are added, then the balance increases to US\$14.04 billion.

National Assembly approves 2008 budget. Without any adjustments made, the National Assembly approved the 2008 Budget and Debt Bill presented by the Ministry of Finance. Next year's spending has been set at VEB137.5 trillion and it's expected that VEB51.7 trillion in oil revenues and VEB63.2 trillion in non-oil revenues will cover it. Of the funds coming from tax collections, the financial transaction tax stands out and will contribute VEB12.3 trillion, 20% of budget spending.

American crisis affects Venezuelan economy. The fear that a significant slowdown of the U.S. economy may impact developing countries is leading investors to dump Latin American bonds producing a general drop in the emergent debt and especially in Venezuela. Risk-country has shown an upward trend these past few weeks.



Sources: Reuters and Ecoanalitica

More Argentinean bonds. Argentina received US\$500 million in a direct sale of Boden 2015 bonds to Venezuela, according to a source in the Argentinean Ministry of Economy. This makes it more than US\$5.0 billion in bonds that Venezuela has purchased from Argentina in the past few years. The source stated that the purchase took place on Tuesday, November 13th, and that the funds were deposited in the Argentinean Treasury on the 19th of this month and that the yield of the placement was of 10.43%. The rate paid to Venezuela is similar to the 10.5% that Argentina must have paid last week when it placed US\$574 million in face value of a 2017 bond on the local market which represented a cash income of US\$459 million. Venezuela's purchase and last week's placement, added to the Inter-American Development Bank's disbursement for US\$350 million all add up to a total of more than US\$1.0 billion in revenues for Argentina.

More bonds. After the Venezolano II bond placement, the Ministry of Finance's intentions is to continue with these kind of operations. The Ministry estimates that by the first half of the month of December it will continue to carry out combined offers of paper just like it has been doing lately, and the amounts will be similar to the last operation. It's probable that during the beginning of January it will carry out another similar operation, besides keeping tabs on a new Sur III bond issue. The Administration has an authorization to carry out debt placement for more than US\$4.0 billion, taking away what's already been issued through the Venezolano I and II, there is still US\$1.50 billion available.

Weekly Report

The parallel market may give in. The change in strategy that the Ministry of Finance has begun to put into effect with regard to managing and reducing the gap that exists between the official exchange rate and the parallel exchange rate may be effective if it continues to periodically carry out offers and it doesn't leave the corporate segment unattended.

Labor changes, with or without the reform. Francisco Torrealba, a union leader loyal to the Government, stated that new labor policies such as reducing the workday, the creation of an Independent Workers Fund and retroactive social benefits, will begin to be developed in 2008, regardless of whether the constitutional reform is approved or not.

Salaries rounded up. The BCV has decided that, because of the upcoming monetary conversion operation and specifically with regard to how pay, salaries, and pensions will be converted, they should be divided by one thousand, and any decimal that has a thousandth digit other than zero must be rounded up to the next hundredth digit.

Tax collection increases in October. Tax collection for the month of October reached VEB4.95 trillion, up 24% from what was collected during the month of September. This puts the total amount of taxes collected during the first ten months of this year at VEB49.1 trillion, up 17%. However, when factoring in inflation, the real variation of taxes collected so far this year is at -1%. The segment which has increased its collection the most, both in nominal as well as in real terms, is Income Tax, responsible for 32% of taxes collected during the month. The VAT, clearly showing the effects of its progressive rate drop, reflects a drop in taxes collected representing 28% of the total collection.

NATIONAL TAX COLLECTION
(VEB Billions)

	OCTOBER			
	2007	2006	Var %	Real Var %
TOTAL	4.958	4.006	23,8%	23,8%
Income TAX	1.587	902	75,9%	75,9%
Tax	1.389	1.497	-7,2%	-7,2%
Customs	1.784	1.475	20,9%	20,9%
Others Incomes	198	132	50,0%	50,0%
Debit Tax	-	-		
	JANUARY-OCTOBER			
	2007	2006	Var %	Real Var %
TOTAL	49.055	41.890	17,1%	17,1%
Income TAX	17.505	15.465	13,2%	13,2%
Tax	15.346	13.545	13,3%	13,3%
Customs	14.658	11.302	29,7%	29,7%
Others Incomes	1.546	1.255	23,2%	23,2%
Debit Tax	-	324		

Sources: SENIAT and Ecoanalitica

Unemployment is down. The unemployment rate is down to 7.2% in October compared to the 8.9% it was at last year at this time. The National Statistics Institute (INE) announced that the unemployment rate dropped 1.7 percentage points, putting the number of unemployed people in the country at 915,936. This information also supposes an improvement with respect to the month of September.

Structural problem. According to the data managed by the Integrated System of Social Indicators of Venezuela (SISOV), an office that reports to the Ministry of Planning and Development, structural unemployment affected more than one third of the unemployed population at the second semester of 2006, which means that 34.1% of these unemployed take more than six months to find a new job. The SISOV divides the problem among those that take between six months to a year to find a job, which are 6.1% of those unemployed; those that take between one year to two years to find a job, which are around 18%; and the last group made up of 10% of those unemployed which suffer greater difficulties finding a job since it takes them more than two years to find a job. More than half of those unemployed (56.4%) at the second semester of 2006, found a job in less than six months.

Money for Christmas bonuses. The amount paid for this year's Christmas bonuses reaches a total of VEB7.5 trillion. This includes public workers who are entitled to three months wages in Christmas bonuses and pensioned workers from the Venezuelan Social Security Institute who are entitled to two months. Of this amount, VEB5.0 trillion has

already been paid out during the first two days of the month of November, equaling two of the three months owed. The third month will be paid during the end of November and the first days of December along with the benefits owed the pensioned workers for which VEB2.5 trillion has been authorized.

International Reserves. The latest BCV figures show that the international reserves are at US\$31.46 billion, up 2.04% with respect to last week.

Interest rates. The average lending interest rate for the 6 banks for the week of November 16th, 2007 was at 20.25%, up 0.38 percentage points from the previous week. With regard to 90 day term deposit average interest rates for the 6 banks for the week of November 16th, 2007 was at 11.72%, up 0.72 percentage points compared to the previous week.

Monetary liquidity is up. For the week of November 16th, 2007, monetary liquidity was up 0.6% compared to the previous week settling at VEB144.0 trillion.

OIL TIPS

Up again. The Venezuelan crude oil basket and oil by-products went up to US\$87.40 per barrel, an increase of US\$2.36 compared to last week figures. This makes the accumulate figure for the month of November reach US\$86.06, significantly higher than the monthly averages registered during the previous months of the year. Just a few weeks before the close of the year, the yearly average price for a barrel of Venezuelan oil is at US\$63.14.

PDVSA will buy up debt. In order to prevent the debt balance of the now extinct strategic association Cerro Negro from going into default, PDVSA is preparing to buy back the debt with which it plans to acquire all current titles. This information comes from the president of the company, Rafael Ramírez. He added that in the next few days, the debt buy-back will officially be announced which will total US\$480 million. Once the buy-back officially begins, it will take 20 working days to complete.

Venezuela will export oil to Portugal. President Hugo Chávez announced that as part of the agreement with Portugal, PDVSA will export 100,000 b/d to that country, which represents one third of the country's daily oil consumption. Within the framework of this agreement, Portugal will also be able to carry out exploration activities in the Orinoco Oil Belt and produce export crude oil.

The country has overcome its operative emergency. With only 112 drilling rigs to support production estimated in this year's National Budget at 3.6 million b/d, PDVSA had to declare a state of operative emergency half way through the year and to commission the recently created subsidiary PDVSA Servicios to find extra drilling rigs abroad. Having recovered a group of drilling rigs that had been in maintenance for over two years and PDVSA having received eight and six units respectively, in the last two national tenders that have been held; the country was able to put 139 drilling teams on the active roster, to which the first two of the Chinese drilling rigs that arrived in Venezuela last week will be added.

Venezuela and Ecuador contemplate constructing a refinery. As part of the strategies being carried out by Ecuador concerning matters of hydrocarbons, it is considering building a refinery along with the Venezuelan Government, in order to reduce the amount of oil by-products being imported which currently consume one third of the Ecuadorian budget.

Cheering on the French. Rafael Ramírez, president of PDVSA, announced that Venezuela hopes that France will become the country's "prime foreign investor." France is currently the country's third investor after the U.S. and Spain. These investments would be mainly in the energy sector.

Agreement with Total. Minister Ramírez also announced the signing of an agreement with the French group Total for the development the Orinoco Oil Belt reservoirs in order to increase production from the current 200,000 b/d to 600,000 b/d.

BUSINESS SECTOR TIPS

Venezuela puts four conditions to its return to the Andean Community. The Venezuelan Government sent a memorandum out to the members of the Andean Community (CAN) with its four conditions to returning to the group. The first condition is

to create mechanisms that will impede “triangulations,” which is to say that CAN products that one country receives from a third party through bilateral trade agreements may not be sent to another country. The second point is that the CAN regulations adapt themselves to the new socialist model promoted by President Hugo Chávez, and if necessary, to accept a different treatment for Venezuela; Caracas will not modify its copyright system to adjust it to the CAN, and finally that more importance be given to infrastructure and social cooperation plans.

EDC net profits down by 54.3% between 2006 and 2007. During a special stockholders’ meeting, the EDC approved the financial statements for the 2007 January-September period, which reported net profits of VEB92.20 billion, down 54.3% to the balance reported at the same time last year. This result was mainly attributed to the increase in operational costs produced by the impact of the pension plan, the consolidation of the retired pension plans at the current and higher minimum wage rate, and maintaining the tariff levels without variation.

98% of workers buy food with food coupons. According to the Institute of Economic and Social Research of the Universidad Central de Venezuela, close to 2.36 million people who receive food coupons use them to buy food, especially meat. According to a recent report, food coupons cover between 40% and 80% of the Reference Food Basket measured by the National Statistics Institute. Furthermore, 86% of workers prefer to receive food bonuses than receiving cash, since the coupons help them control their family budget.

CAF approved US\$75 million for the agriculture sector. Aiming at supporting the development of the Venezuelan agriculture sector, the Andean Development Corporation (CAF) approved a US\$75 million loan to Venezuela, for the Yacambú-Quíbor hydraulic system located in the western part of the country.

Shortages could get worse. The president of Conindustria, Eduardo Gómez Sigala, warned that for the first quarter of next year there would be shortages because CADIVI has a delay of 4 months in authorizing US-dollars. Gómez Sigala assured that December items have already arrived. He continued to say that the industry sector is working at maximum capacity but that there are policies that negatively affect producers like controls, regulations, and the foreign currency acquisition process.

The Government is at fault. The people are beginning to blame the Government for the shortages, as opposed to six months ago when they saw the private sector as being the culprit. So says a survey carried out by Datanálisis during the current month. Results indicate that 46% of those surveyed blamed the current Administration, but not President Hugo Chávez, for the food shortage crisis. 31% blame private sector businessmen.

420 tons of milk arrives from Brazil. Since last Sunday, 420 tons of milk from Brazil has arrived and are in the process of being nationalized in the customs area at Maiquetía, according to official sources. In total, seven loads, 60 tons each, have been unloaded and will be distributed mainly through the Mercal chain.

Guards required to sell milk at supermarkets. Some supermarkets have been having to ask the police to maintain order while receiving milk delivery since consumer desperation has led to situations getting out of control and violence.

Polar foods operating at maximum capacity. Personnel from the Institute of Consumer and User Education and Defense (INDECU) and the Ministry of Light Industry and Commerce (MILCO) inspected five Empresas Polar plants, due to rumors of the company suspending activities. They found, however, that the company was working at maximum capacity.

Pasta industry with limitations. Representatives from the pasta industry have announced that they will begin to distribute their products only in the premium presentation and in 500gm quantities, since they are still having problems with raw material supplies, and therefore unable to produce other varieties.

Insurance sales increase by 56.3%. Insurance sales totaled VEB9.6 trillion in August 2007, up 56.33% compared to the same period last year.

Venezuela and Belarus organize company. Both Republics will constitute a mixed company to make construction items, machinery and construction equipment, and supply technology. It will have VEB215.00 billion in social capital.

Political Tips

Latest surveys. Joseph Saade, Datos' CEO, states that 41% of the population will vote No in the next referendum on December 2nd, and 30% will vote Yes. 29% of the population surveyed remained undecided. According to Saade, 60% of this 29% that are undecided lean towards voting No. "In other words, the majority of the country is in disagreement with what is being proposed as a reform," said Saade.

Latest Keller poll. The "No" continues to gain ground. This is what one must conclude after seeing the latest national survey carried out by Keller & Associates pertaining to the fourth quarter of the year. Evaluating the opinions of Venezuelan without taking into consideration whether they intend to vote on December 2nd or not, the survey indicates that 31% support the reform proposal, 45% reject the reforms, and 24% are undecided. For Keller & Associates 65% of Venezuelans plan to vote. Still, 15% of those planning to vote have yet to make up their minds.

Ecoanalítica's comment. For the first time, the opposition is faced with the possibility of winning a victory this December 2nd. However, the Government's "acceleration" (capacity to mobilize, use of resources, increase in propaganda, etc.) is much superior to the opposition, making the prediction of this referendum a very difficult matter. This, in our opinion, is the worst scenario for the market, because it just increases uncertainty.

Venezuelan Government "frustrated" due to end of mediation in Colombia. Through a communiqué delivered by the Foreign Affairs Ministry, the Venezuelan Government expressed its surprise by "the decision of the Colombian Government to terminate President Hugo Chávez's mediation and that of Senator Piedad Córdoba in their search for a humanitarian prisoner swap." The document points out that "The Government and the Venezuelan People, despite this regrettable decision by the Colombian Government, remain with their hearts and arms open in order to continue humbly serving in the name of life and peace."

Relations with Spain and Colombia frozen. President Hugo Chávez announced that economic and commercial relations with Colombia are frozen but not broken. After having called Colombian President Álvaro Uribe a "cynic and liar", and accused him of not facing up to issues but of only being a "paper pusher," he called for a "better and more dignified leader for that nation." He also referred to the incident in which the King of Spain, Juan Carlos I, told him to "be quiet" during the recent Ibero-American Summit in Chile: "Until the King doesn't apologize, I'm freezing relations with Spain. There's dignity here."

Uribe accuses Chávez of legitimizing terrorism. Just three hours after President Hugo Chávez froze relations with Colombia, Colombian President, Álvaro Uribe, accused the Venezuelan President of wanting to install a guerrilla government of the FARC in Colombia, as part of his agenda to ignite the Continent. "Your words and your attitude don't give the impression that you are interested in peace in Colombia, but that Colombia be the victim of a terrorist government of the FARC," said Uribe, in response to Chávez's polemic reaction. "We need mediation against terrorism and not legitimizers of terrorism," added Uribe.

Other Tips

Once again the time change. Héctor Navarro, Minister of Science and Technology, announced that upon approval of the Council of Ministers, the new date proposed to change the legal time in Venezuela will be Sunday, December 9th. On this day, Venezuelans must turn their clocks back one half hour. He assured that all the international notifications have been made and that all that is pending is to publish it in the *Gaceta*.

Perú attracts oil investments. The Peruvian Government signed 18 contracts to explore for oil and natural gas, which imply a minimum investment of US\$600 million. If oil is found, the companies involved will pay a 26% royalty, higher than the 5% paid for other contracts. The contracts were signed with companies from Canada, Colombia, Korea, the United States, Ireland, Peru, Russia, and Viet Nam. The number of contracts signed this year for the exploration of hydrocarbons is now at 24. Peru is aiming to be a net oil exporting country by 2011.

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ECONOMIC OVERVIEW

