



Weekly Report

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The Administration, putting the squeeze on the Financial System

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Towards the end of 2010, the National Assembly developed five legal instruments through which the Administration would be able to keep the Venezuelan financial system in check and in line with the socialist economic regimen being implemented and the new socialist production model which has been slowing gathering momentum. The legal framework was modified, which had to urgently be approved in order to hasten the process, which in the opinion of the National Superintendent of Banks, Edgar Hernández Behrens, would not only serve to consolidate the new financial architecture being implemented, but it would also increase the Administration's ability to control the banks operating within the financial system with respected how they are constituted and their functions; how they are supervised and inspected, and the controls, regulations, monitoring and sanctions that are implemented.

The plan is working

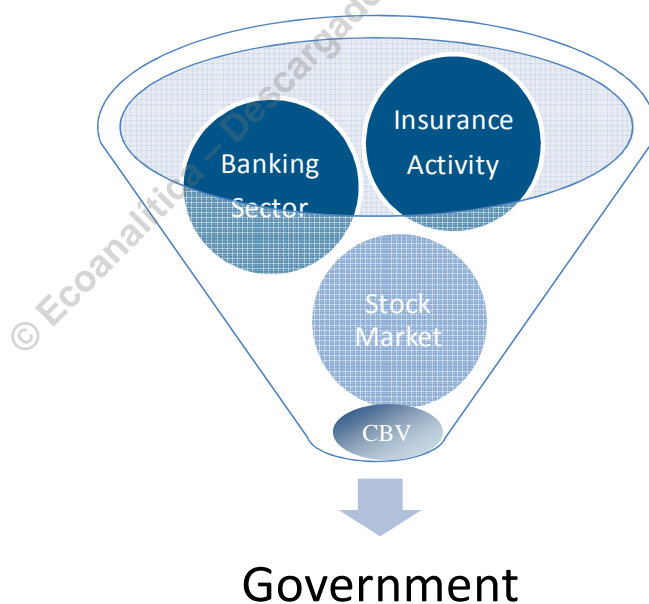
The Administration's involvement in the financial system during these last few months has had its affect and has reduced the financial system's capacity to maneuver. This, of course, reaffirms the Administration's well



documented agenda, of keeping the private sector of the economy under its thumb, weakening the role it plays in the nation's domestic economy day by day

Three years ago, the Administration led a campaign to reform the Venezuelan finance system, so that it would be in line with the new socialist production model. Among the reforms planned, first in line, was a reform of the Constitution which was rejected by the people. Now, three years later, all those reforms have been achieved.

In 2010, the National Assembly passed the following laws in order to further enhance the new socialist financial structure: the National Financial System Law, the Insurance Activity Law, the Banking Sector Institutions Law, the Securities Market Law, and the reform of the Central Bank of Venezuela Law. These new laws created organizations that would manage and regulate the banking system.



Source: Ecoanalítica

The Central Bank of Venezuela has also changed

It's important to remember that back then, the Central Bank of Venezuela (BCV) was also ordered to adapt its structure to the Administration's policies, focusing its role on the transformation process towards the social production model with the objective to propel the faltering Venezuelan economy, or in other words, as stated in the partial reform which was approved in April 2010: "the State must reinforce its role with



A new banking sector

respect to supervision and regulation in order to preserve the stability of payment systems, as well as to implement a counter-cyclical policy to improve loan conditions, in order to avoid adjustments in the real sphere that may bring undesired consequences to social wellbeing.”

The new regulatory framework highlights a number of key points in terms of new regulations among which appear the Organic Law for the Financial System which establishes that all institutions in the sector must comply with the Economic and Social Development Plan, promoting new socio production organizations, and at the same time, eliminating, among other things, other financial groups.

This follows along the same lines, though a bit broader than originally expressed in the proposal to modify the Constitution which only included the banking sector: new social and economic organizations are emerging, which are attempting to include the masses in the production process, making the production process more democratic. The banking system needs to establish new objectives that are compatible with banking policies and the aim of loans in line with objective of the social production economy.”

Another recently approved law, the Law for Banking Sector Institutions states that banking sector activity is of public interest due to its importance regarding the development of the national financing system and the means of payment system. It also orders banks to set aside 5% of their profits to finance communal council projects

This law also promotes greater participation by the banking system in the economy through its services at a higher level of quality and increasing level of penetration in the communities, with greater conscious, increasing its resources and its participation. All this is aimed at preserving the general interests of the Republic as well as guarantee quality banking service, with enhanced coverage, and including all sectors of the population in order to promote sustained growth in social production economy activities.

Before all these new changes, the private banking sector is remaining calm and does not believe the Administration is trying to do away with the private banking sector, and it is ready and prepared to work jointly with the State.





It's also important to point out that the public banking sector has been increasing its participation in the banking sector, increasing by 4.1% during the beginning of 2008 and now, in January 2011 at 21.3%. Clearly, the 13 banks the Administration intervened helped it slowly but steadily increase the public banking system. And, it's important to remember that this year a legal measure will be brought before the National Assembly which may help to increase the speed by which the public banking system is spreading.

Separate the politics

The Inter-American Development Bank stated, in reference to the characteristics that define an efficient public banking system in Latin America, *"entities that are not subject to political pressures to grant loans, with professional management, following the regulations established for the private banking sector, and a clear definition of social objectives."*

The new Insurance Activity Law, what does it include?

The new Insurance Activity Law forces insurance companies to offer coverage for community project risks such as agriculture projects, tourist projects, as well as any other risks involved in projects which are in the interest of the State. This law aims to break any monopolies which may occur and to stop abusive practices by insurance companies forcing them to redefine their terms for their products and services, with new insurance rates in many areas, especially in the health sector. This is forcing companies to create more guarantees, adjust capital, and a number of additional contributions which all lead to a cost for the industry of around VEB 1.19 billion in 2011.

Estimated cost hike brought on by new Insurance Law (Thousands of VEB)

Contribution to the Superintendent of Insurance	611
Reserves for losses not incurred	284
Contribution to public health system	206
Adjustments and guarantees	97
Total costs incurred in the sector	1,198

Sources: Venezuelan Chamber of Business and Insurance and Ecoanalítica

Reforms significantly impact brokerage house and brokerage societies

At first glance, the new Security Market Law that went into effect on August 17, 2010 is not so all encompassing as it once seemed, at least for now in terms of its reach, because if one looks at the letter of the law



it's a whole different story, and there is no doubt that this law exists to radically transform the capitals market

For now, the changes introduced by this law seem to be common and simple, changing the names of a few institutions, for example the National Securities Exchange, now is the National Superintendency for Securities, and brokerage houses, and brokerages societies are now called authorized securities operators, but there are other articles in this law that go way beyond superficial changes

Article 2 states clearly that these actors are prohibited from dealing with national public debt bonds, which practically signals the end of most of these entities, given that the market practically depends on the trade of these papers in order to survive. This also means that the private sector will have very limited access to the securities market, leaving brokers (operators) only able to trade in paper between private companies.

Some points stand out due to their absence...

The old law clearly defined what were tradable bonds (Article 50), derivatives (Article 53), the responsibilities of public bond brokers (Article 75), as well as investment advisors (Article 84), and the operations that were allowed by brokerage houses and brokerage societies (Article 78 and 79), among other Articles which defined the number of traders a brokerage house could have and representing traders (Article 41), as well as defining the participation that a Public Offer must have in capital (Article 18), and rules defining protection for minority shareholders (Article 115). None of these definitions appear stated in the new law

Some new Articles that do appear are Article 21, which clearly defines everything to do with interventions and the liquidations of intervened entities; Article 26, states that one may not be a part of a stock market if an individual owns more than 3% of any financial institution

What should this Securities Market Law have included?

The new reform should have included definitions of how to include companies in the market, new investment instruments (shares as well as bonds) there by attracting more investors as well as more investments alternatives as real estate funds, titles, index funds, mutual funds, and retirement funds; and with sights set on the long term evaluate the creation of a raw materials market (oil and by-products), as well as look into the possibility of integrating the agriculture products market alongside the stock market, all this requiring a lot of effort, without diminishing the benefits and alternatives that the securities market can offer and which represent opportunities to create companies and for investors.



In conclusion

At *Ecoanalítica*, we subscribe to the general opinion that in order to be able to further analyze the purpose and extent of these new regulations there need to be other regulations added to compliment them and fill in the gaps eliminating the many doubts that they currently produce and have been expressed by representatives of the sectors these laws affect.

So, the current legal framework limits the role the financial system may play with respect to generating growth and it they promote a significant step forward for the public banking system. It is quite possible that in the near future the number of players in the financial system may be reduced, which in the long run, is a good thing.

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Economic Tips

February inflation down but yearly inflation up. The latest information released by the Central Bank of Venezuela (BCV) showed that inflation, far from being under control, began the year at an alarming rate. February 2011 inflation was up by 1.7% compared to the previous month, but the cumulative inflation rate of the first two months of the year was at 4.5%, the highest it's been for the last three years. With this, the y/y inflation rate registered 28.7%.

Core inflation. Core inflation for the month of February was up by 2.7%, up by only 0.4 percentage points compared to the previous month. This puts the y/y variation at 28.5%, while the cumulative variation for January and February 2011 is up by 5.1%.

Inflation for price controlled and non-price controlled products. Price controlled products registered a 1.5% increase compared to the previous month, just 0.2 percentage points less than what was registered the previous month, with the cumulated variation for January and February 2011 at 3.3%, and the y/y variation at 22.4%. Non-price controlled products registered a price increase of 1.8%, down by 1.6 percentage points compared to January, with this, non-price controlled products cumulated increase for the first two months of the year is at 4.3%, and the y/y rate is at 33.1%.

The National CPI by cities. The National Consumer Price Index shows that only three of the eleven cities included in the index registered month to month increases higher than the national average, these being: Caracas (up 2.2%), San Cristóbal (up 2.0%), and Mérida. Meanwhile, the rest of the cities registered variation equal or less than the average: Ciudad Guayana (up 1.2%), Barquisimeto (1.3%), Maturín (1.5%), Maracaibo (1.6%), Maracay (1.6%), and the rest of the nation (up 1.6%), with Barcelona Puerto la Cruz (1.7%) and Valencia (1.7%).

Wholesale price index for February. The Wholesale Price Index for the month of February was down by 2.2 percentage points compared to the previous month, with its month to month variation up 0.7%, higher than that which was registered in February 2010 (0.2%). For the year the wholesale price index has a cumulative increase of 3.7% and a y/y increase of 27.6%.

Drop in investment will limit economic recovery. After two years of the economy shrinking, soaring oil prices may be what can propel the economy forward, however,



deep rooted imbalances, such as the almost complete absence of investment create what may be insurmountable obstacles on the path to recovery.

Youth unemployment rate at 21.5%. The information provided by the National Statistics Institute (INE) shows that the unemployment rate for people between the ages of 15 and 24 was at 21.5% at the close of January, up by one percentage point compared to last year. This increase is equivalent to 499,446 people who, no matter how hard they tried, could find a job. This group represents 36% of the unemployed population during the first month of the year.

SENIAT to improve tax collection figures for first quarter by VEB8.0 billion. SENIAT superintendent, José David Cabello Rondón, announced that the tax collection entity expects to surpass its tax collection goal for the first quarter set at VEB 22.0 billion, and take in VEB 8.0 billion in surplus.

National Budget: supplemental appropriations, budget allocation increases and cancelled. During the month of February 10 supplemental appropriations were authorized, 7 Budget allocations for funds set in the National Budget were adjusted and increased, and 4 Budget allocations were nullified and the resources they included transferred to other Budget allocations. Between the supplemental appropriations and the Budget allocations which were increased the National Budget was inflated by 2.2%.

Supplemental appropriations. Supplemental appropriations authorized during the month of February totaled VEB 4.15 billion, which represents 2.0% of the initial National Budget approved by Parliament. Resources approved were distributed in the following manner: Ministry of Communes and Social Protection, VEB 3.03 billion; vice-presidency, 4 appropriations totaling VEB 420.38 million; Food, VEB 320 million; Transportation and Communication, VEB 306 million; and Ministry of Interior and Justice, 3 appropriations totaling VEB 71 million.

PDVSA tax contribution continues its steady slide. This is the fifth consecutive year that PDVSA tax contributions have dropped and this year is the lowest level it has dropped to since 2005 when PDVSA paid US\$17.71 billion in taxes (taxes and dividends). Tax collection from Income Tax and Dividends in 2010 dropped by 59% and 40%, respectively.

Interest rate. The lending rate for the fourth week in February was at 17.7%, down by 0.01 perceptual points compared to the previous week. Time deposits and savings rates were steady at 15.0% and 12.6%, respectively.





International reserves. International reserves increased 2.9% going from US\$26,51 billion during the fourth week in February to US\$27,29 billion during the first week of March. Compared to the same period last year, international reserves have dropped by 6.5%.

Monetary liquidity. Monetary liquidity for the fourth week in February was up 0.6%, compared to the previous week settling at VEF 292.6 billion. The M2 has increased 25.0% year-on-year.

Sitme figures. To date, US\$6,36 billion have been negotiated through the Integrated System for Foreign Currency Transactions (Sitme), averaging US\$34.1 million a day, with an implicit exchange rate of VEF 5.3/US\$. Last week the traded amount reached US\$148.4 million, US\$5.3 million more than last week when braided US\$143.1 million.

Oil Tips

At risk. According to a statement released by Goldman Sachs, 3.0% of the worlds gas supply is at risk if the supply from North Africa and the Middle East is interrupted. These worries have become even more real as a result of the problems in Libya, which have stopped the hydrocarbon trade since banks will not pay transactions in US-dollars after the sanctions introduced by the United States. La italiana Eni, ERG and Saras, all concur that by stopping all financing for Libyan oil exports, this stopped all other oil industry related transactions. Libyan oil production has dropped by 90.0%. Sirte Oil Co. is only producing 9,500 barrels a day when normally it produced 95,000 barrels a day, stated Ahmed Jerski, one of the company's directors. He continued to say that natural gas production is also down significantly.

Corruption all around. As was expected, rumors of corruption regarding the deal between PDVSA and business conglomerate Alba de Nicaragua (Albanisa) have surfaced. Apparently, during the first part of 2009 a tram of auditors from PDVSA went to Managua in order to audit Albanisa's operations. Recent investigations show that the audit questioned the use of resources that were assigned for the construction of the refinery Supremo Sueño de Bolívar.

Recent developments. These rumors alleging corruption surfaced now, at the very moment that Francisco Illarramendi, pleaded guilty before a U.S. court for having



used money belonging to a PDVSA pension fund to create a Ponzi style scheme. Also arrested in the same case was Juan Carlos Horna, who fled Venezuela due to the Baninvest case.

2011 oil price estimates increase. According to the International Energy Agency, oil price estimates for 2011 have increased significantly due to the conflict taking place in Libya and other countries in the region. New oil price estimates for the year of WTI adjust the initial estimate up US\$9.0 per barrel of crude oil. This would take the estimated yearly average up to US\$102.0 per barrel. However, if estimates were done jointly, then the estimated price increase would of US\$14.0 putting the estimated yearly average at US\$105.0 per barrel. Goldman Sachs increased their estimate of Brent by US\$4.5, putting the estimated yearly average price at US\$105.0 per barrel; while Bank of America-Merrill Lynch, a bit more pessimistic, but far from being the most pessimistic, put the estimated average price for the second quarter at US\$122.0 per barrel, up from its original estimate of US\$86.0.

Another system failure. Four process units of the Isla refinery in Curacao run by PDVSA shut down on March 5 due to a system failure having to do with the supply a steam. The Isla refinery and the nearby terminal Bullenbaai serve as a storage and delivery point for PDVSA, supplying the Asian market. This facility represents 10.0% of PDVSA's refining capacity.

Waiting for contribution. A high ranking official within the Brazilian state-run oil company Petrobras stated that PDVSA has to meet its contributions for the Abreu refinery in Lima by August this year. The US\$6.0 billion that the Brazilian company received from BANDES in 2009 will have been used up by August, and the partners must use their own resources. Venezuela is responsible for 40.0% of the investment amount for the project while the Brazilian company has to put up 60.0%. Rafael Ramírez, president of PDVSA, stated that the company will comply and make this year's corresponding payment of US\$480 million.

Lowest levels. U.S. Department of Energy statistics indicate that during 2010 Venezuela sold an average of 967,000 barrels of crude oil and oil by-products a day to its main buyer, the United States. This figure represents a drop of 9.3% compared to the volume sold in 2009 and it is also the lowest volume sold in the last 21 years, when in 1989 Venezuela sold 873,000 barrels a day to the U.S. During the last 13 years, sales to the United States have dropped by 45.0%.

International oil baskets. At New York's market closing time this Thursday, March 10, the WTI was at US\$101.5/bl, showing a 0.2% increase compared to the US\$101.3/bl of the previous Thursday. The Brent decreased by 0.3% to reach US\$114.1/bl, compared to US\$114.4/bl of the previous Thursday.



Local oil basket price. The Venezuelan oil basket price increased last week, to close at US\$97.5/bl on Friday, March 04, up by 7.0% from the US\$91.1bl registered the previous week. Meanwhile, the basket's annual average is at US\$87.3/bl.

Business Sector Tips

Hugo Chávez to set mortgage quota stated in Emergency Law. Minister of Housing and Habitat, Ricardo Molina, stated that President Hugo Chávez will be the one in charge of setting the percentage of the mortgage loan portfolio that all banks must offer in accordance with the Emergency Law for Land and Housing.

Administration increases sanctions in new Bank Law. President Hugo Chávez modified the new Bank Law which recently went into effect on December 28, 2010. The President added two articles, the first one, Article 195, defines a new penalty; and the second one, Article 196, establishes new sanctions dealing with the inappropriate management of trust funds.

Banking sector loan portfolio to tourism sector set at 3%. The Ministry of Tourism fixed the percentage the loan portfolio offered by banks for tourism at 3%. This decision is included in *Gaceta Oficial N° 39.629* dated March 4, 2011.

Shares issued for Ron Santa Teresa. The National Superintendency of Securities authorized the Public Offer of 396,837 shares of Ron Santa Teresa at a nominal value of VEB 11 a share, which represents a total amount of VEB 4.3 million, in accordance with the resolution published in *Gaceta Oficial N° 39.629* dated March 4, 2011.

Import of priority goods exonerated from paying customs taxes. The Administration will consider the total or partial exoneration of customs taxes for cattle production related imports in accordance to the measure published in the *Gaceta Oficial N° 39.629* dated March 4. This measure will go into effect as of today and be valid for one year.

Increasing food prices more worrying than increasing oil prices. The steady increase in world food prices, and not oil prices, may become the biggest threat to



world economic growth, and affecting developing countries the most, which were responsible for leading the way during the recent recession.

Agricultural goods make up 47.4% of the basket. At the close of January, half of the value of the food basket measured by the National Statistics Institute (INE) was represented by agricultural products. Venezuelan households spent VEB 674.30 a month to purchase basic agricultural goods such as vegetables, fruits, potatoes, beets, yucca, carrots, and grains, or in other words, 47.4% of the basket.

Create food production company with China. The Venezuelan government in a joint venture with Chinese company Heilongjiang Beidahuang are creating a mixed company through which Venezuela can import food and increase its livestock production, stated President Hugo Chávez.

Heinz plant up and running again. In accordance with agreements reached between the union and the Ministry of Labor, operations were back to normal at the Heinz plant located in San Joaquín, Carabobo state.

Venezuela and Colombia sign 13 agreements. Reestablishing normal trade relations with Colombia took another step forward during the "Economic, Production, and Trade" talks which took place in Caracas. According to sources, the agreements signed look to strengthen production among sectors such as construction, textile, and pharmaceutical. There was also mention of drawing up a new trade map.

Lack of foreign currency hurts technological market. Not everything is rosy in the technological sector despite the fact that the communication sector has been able to maintain growth levels at around 9% between 2009 and 2010. The difficulty in accessing foreign currency has led the market to shrink.

See the New Rent Law as a means of acquiring housing. The Real Estate Renting Law being proposed and delivered before the National Assembly by a Movement of citizens is an instrument of extreme importance that will allow families acquire dignified housing, stated Milagros Reverón, a member of the Comptroller Movement for Housing and Life.

Automobile sales continue to drop. During the first two months of the year, new car sales has dropped by 8.2% compared to the same period last year, according to the Chamber of Automobiles of Venezuela (Cavenez). The Chamber's monthly bulletin reports that between January and February only 15,501 automobiles were sold, down by 1,393 units compared to the same period last year.





Venalum demands labor strike cease due to critical conditions. The board of CVG Venalum requested that the Regional Command Unit N° 8 of the National Guard intervene in the labor strike that began on March 1 and to order that the doors be opened.

World Economy Tips

US labor market recovers. The US labor market showed clear signs of recovery. Non-agricultural payrolls increased by 192,000 workers in addition to an increase of 63,000 in January, which was initially reported as 36,000. December's figure also was adjusted upwards up to 152,000 from 121,000. The last data slightly surpasses the expectation that estimated an increase of 175,000. An additional sign of improvement was the unemployment rate which dropped to 8.9%. This level was lower from April, 2009, and in comparison to expectations, which estimated a 9.1% increase.

US: Growing trend in car sales. Consumers continued to show appetite for new cars, which is reflected in a slight increase of 6.4% in car sales past month, to 13.4 million units, as compared to January. According to Bloomberg survey, Consensus had estimated sales for 12.7 million units. The increase rose sales by 27.5% in comparison to past year, the highest level since August, 2009.

Fuel Prices raise further with Oil: Oil prices have continuously risen since early-year. Regular gasoline price increased by \$0.14 last week to US\$3.5 per gallon, the highest since October-2008 and more than double the price of December-2008, when it reached \$1.61. In general, gasoline prices use to fall this time of the year, due to the seasonal drop in demand. Seasonally adjusted gasoline prices moved higher up to US\$3.7 per gallon last week.

Japan recovers. Japan business condition indexes for January suggest that the Japanese economy has gained the momentum it appeared to have lost in the fourth quarter, when the Gross Domestic product fell by 1.1% (seasonally adjusted annual rate, SAAR).

Germany: domestic demand recovers. The value of manufacturing new orders in Germany was strong in January, up 3.7% from December. The recovery from the low point has been sharp and, currently, new orders are just 8% below their November 2007 peak sales, which, on the other hand, were up only 0.6% in January. The index



of the value of sales declined 27% from its peak of 121.7 in February 2008 to 89.4 in April 2009. The recovery in sales since then has been more muted than that of new orders, but sales are currently only 6% below their peak of February, 2008.

Brazil: Real continues to appreciate. Brazil's real appreciated last Friday, a little after the business opening time breaking the 1.65 BRL/US\$ ceiling for the first time since past January and maintaining the increasing trend amidst the continued resource inflow to the country. In end-2010, specifically in December, the Brazilian real was quoted at 1.75 BRL/US\$, for an appreciation of 6% for the year-to-date.

Chile: taking measures... Chile's Central Bank unanimously agreed to raise key interest rates by 25 points, up to 3.5%, at the Bank's meeting in last February, given the increased inflation expectations and amidst an exchange intervention plan. "The way is paved for an upward adjustment in activity/inflation expectation for the next Report on Monetary Policy (RMP) and it is inferred that breaks in the normalization process, reported in the last RMP, are less and less probable," pointed out the Central Bank in a statement.

Peru: bilateral trade with Chile outstandingly recovers: Total exports to Chile in 2010 increased by 88% (vs. 2009), reaching US\$1.38 billion, whereas non-traditional exports reached US\$428 million, for a 30.6% increase. In this regard, Peru's Export and Tourism Promotion Commission (Promperú) estimates that Peruvian exports to Chile will post an increase of 20% in 2011; the same expansion level will be recorded by exports from the manufacturing sector.

Colombia: The highest female employment in Latin America. Stating that companies managed by women have better results is a general comment that hasn't been useful for new female entrepreneurs to move up in the productive sector in Colombia. Every Women's International Day, the same reflections around women's achievements in the business world come back. In the capital city, the percentage of employed women was 44.6% the past year, higher than the figure recorded in Latin America (42.4%). A recent GEM (Global Entrepreneurship Monitor) reveals that for every 10 employed men, 8.8 women have a job, so that, 40,200 jobs for women would be necessary for the situation to be even..

Political Tips





Lina Ron died. The Partido Socialista Unido de Venezuela (PSUV) regreted this past Saturday the “painful and shocking death” of the social fighter Lina Ron, leader of the UPV party and follower of President Hugo Chávez’ ideas. *“Courageous, audacious, passionate defender of popular movements, founder of UPV, social fighter, Lina Ron leaves us with her popular wisdom, her authenticity and her heart full of sentiments,”* reads part of the statement from the government’s party. Lina Ron (53) founded the Unión Popular Venezolana Party (UPV), and died of a heart attack last Saturday.

Capriles knows how to bat. *“The candidate, leader or pitcher that is going to pitch in for the Democratic Unity Table (MUD) in 2012 is not going to be elected by any political party, but through the people’s participation in the primary elections that were already announced,”* stated the governor of the State of Miranda, Henrique Capriles Radonski. *“The only thing I can tell you is that I know how to bat. For 2010, we are going to set up a tricolored team that is able to articulate the construction of the new Venezuela,”* he assured. Capriles added that he is waiting for the MUD to announce the rules and date for the primary elections, which, in his opinion, are fundamental to guarantee the democratic system in the country.

PSUV already has its candidate. President Hugo Chávez doesn’t have any doubt about who will be the candidate of the Partido Socialista Unido de Venezuela (PSUV) for presidential election in 2012. *“Chávez is the candidate; period!”* said president Chávez in the swearing of 360 members of regional teams of the PSUV. *“Some could say: well Chávez, how come that you are already the candidate? I’m certain that having an internal election would be a waste of time. Why are we going to waste time?”*

Is the Polo Patriótico back? On December 15, 2006, twelve days after having conquered an overwhelming electoral victory, President Hugo Chávez told his allies: *“Those existing parties that do not want to join the only and one party, are free to go. Of course, they will be out of the government.”* Since that date, many things have happened. On October 10, 2010, two weeks after the defeat in the legislative election and closer to presidential election, President Chávez said: *“we cannot limit ourselves to the PSUV. Beyond political parties, there is a social country; the solution transcends political parties.”*

PCV: There isn’t true Socialism in Venezuela. According to the political line proposal of the Communist Party of Venezuela (PCV), *“after several years of repeated speeches and reiterated socialist projects, there aren’t any concrete advances that indicate that we are effectively moving toward that strategic perspective.”* The document, presented yesterday at the ceremony for the party’s 80th



anniversary, points out that in the country “plans to construct Socialism based on values and procedures that are typical of Capitalism are more and more evident.”

Luisa Estella Morales: TSJ to decide on López’ case. The Supreme Tribunal of Justice will be the entity deciding, based on the Constitution, if Venezuela is to obey or not a decision by the Inter-American Court of Human Rights in favor of Leopoldo López’ concerning his ban from running for public office, Luisa Estella Morales, president of the TSJ warned today.

They do not want Chávez’ reelection. A survey conducted by Varianza throughout February showed that most Venezuelans are against President Chávez being elected for a new presidential term in 2012’s elections. To the question: Do you want Chávez to remain in power after 2012? 52% of respondents answered “No”; this represents an increase of 10% in the number of people that don’t want a new reelection.

Deteriorated image. Varianza’s survey also reports that 53% of the surveyed citizens dislike President Chávez, vs. 46% who like Chávez. Besides his image, Chávez’ ideas are also rejected. For instance, 66% of the respondents were against the statement in the sense that governor’s offices should be replaced by communal councils. The same happened to the possibility of Chávez “deepening Socialism before 2012,” which was rejected by 51% of the sample. Expropriations aren’t accepted by 57% of interviewed. The same survey reports that 48% of the respondent says they are against Chávez’ government and 44% follow the PSUV party.

Poor economic management and lack of personal security. According to the same survey, 52% describe Venezuela’s economy as “dreadful” and “bad”, vs. 31% with a positive view vis-à-vis this subject (23% good and only 8% said “outstanding”). However, the first place among the problems affecting citizens is not the high cost of life, because for 46% of the interviewed, lack of personal security is the worst problem.

Expression of Vassalage: Venezuela’s ambassador to the OAS, Roy Chaderton and the president of the National Assembly, Fernando Soto Rojas, charged against the OAS Secretary General, José Miguel Insulza, whom they described as “ventriloquist” and “expression of vassalage”, respectively, for having said that Venezuela is going through a political crisis.

Clinton: Venezuela is the exception in Latin America. Latin America enjoys a phase of stable democracies and economic growth, with the “notable exceptions” of Cuba, Venezuela and Nicaragua, Hillary Clinton, US Secretary of State, stated this



Wednesday. The countries of the region, “with the notable exceptions of Cuba and some others like Venezuela and Nicaragua, Latin America have entered an era of stable democracies and economic growth,” Clinton said during a visit to the US Senate.

Legislative Tips

Dynamics will change. According to the President of the National Assembly (AN), the parliament board will convene a regular meeting for the next March 15, for authorities of the remaining public powers, i.e., Electoral, Judicial and Citizen (the latter consisting of the Ombudsman's, Attorney General's and Comptroller's Offices) to present their reports corresponding to 2010. However, he pointed out that these won't be official appearances, as happened to ministers of the Executive Cabinet, who answered questions from the plenary session on specific topics, throughout five legislative sessions held in February. “They will only submit their reports, which will be forwarded to the respective commissions.”

Fun races were prohibited. The president of the Constitutional Chamber of the Supreme Tribunal of Justice, Justice Luisa Estella Morales Lamuño, accepted a claim to protect rights brought into by the Ombudsman's Office and issued a number of precautionary measures intended to prohibit Fun Races throughout the country.

Either you like it or not. According to the draft Law for Regulation and Control of Home Rentals, the owner of old buildings intended for renting and built before 1987 are obliged to sell apartments to tenants, in a maximum term of 180 days upon publication of the provision. This ruling states that the time the apartment has been rented is irrelevant.

Like always, threats and reprisals. The draft Law for Regulation and Control of Home Rentals provides for that “if owners, upon expiration of the established term, do not offer for sale the properties referred to herein, tenants or occupants of said properties may go to the local competent authority to report the situation. The authority shall post letters requesting the presence of the building's owners (...) If 15 days after the last publication, owners do not appear before the authority, this latter, through expropriation, shall acquire the property and from that moment on and during the 30 following days, the process to grant and transfer the property to tenants shall begin.”



Forced review. Gladys Gutiérrez, justice of the Constitutional Chamber of the Supreme Tribunal, will review the Public Sovereignty and National Self-Determination Law, which prevents political parties and NGO's to receive financing from abroad. This review results from the nullity claim based on unconstitutionality grounds that lawyer Gustavo Briceño filed against the law, because it violates article 67 of the Constitution, as well as agreements and resolutions issued by international organizations.

No agenda. Two months upon its installation, the new AN has not passed any law or announced any agenda. Furthermore, the new regulations drafted by the representatives of the government's party in 2005-2010, halves the number of sessions. This panorama seems to indicate that all legislative decisions in the country are in hands of the Enabling Law.

The situation will be discussed. According to Representative Julio Borges, Primero Justicia national coordinator, the suspension of the bilateral agreements signed between the Bolivarian Republic of Venezuela and Lydia will be proposed, on the grounds of the reprisal of Gaddafi's government against dissident population, because this kind of attitudes shouldn't be supported.

Punishment could be increased. Representative Enrique Mendoza said that he is currently considering the possibility of submitting to the AN the reform of the Law against Kidnapping and Extortion to increase the time in prison for express kidnapping, which now ranges between 15 and 20 years. Mendoza considers that the reform is viable.

Strategies are being tuned up. The direction of the program for Smoking Control and the regional health Comptroller's Office are tuning up the strategy to enforce the new resolution that prohibits smoking in public and private areas, published on past March 3, 2011. The resolution will be implemented upon expiration of the 90-day term established for Venezuela to be declared free of cigarette smoke zone. The resolution will be applied to public transportation, squares, avenues, restaurants, casinos, discotheques, lavatories and stairs at workplaces.





ECONOMIC OVERVIEW

