



Weekly Report

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**2012 GDP figures:
The dream is over**

By:
Asdrúbal Oliveros
José Luis Saboin
Pilar Navarro

Ecoanalítica's Team*

* Jessica Grisanti, Gabriel Villamizar, María Andrea Manuzzato and Vanessa A. Flores

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Finally, the Central Bank of Venezuela (BCV) revealed the Gross Domestic Product (GDP) growth figures for the fourth quarter of 2012 (4Q2012) and with them, the preliminary consolidated results for the year. At first glance, these figures are optimistic, however, a detailed analysis of the performance of key sectors reinforces what **Ecoanalítica** has said repeatedly: public spending is still not having the desired effects in production, and thus, not leading to sustainable economic growth over time.

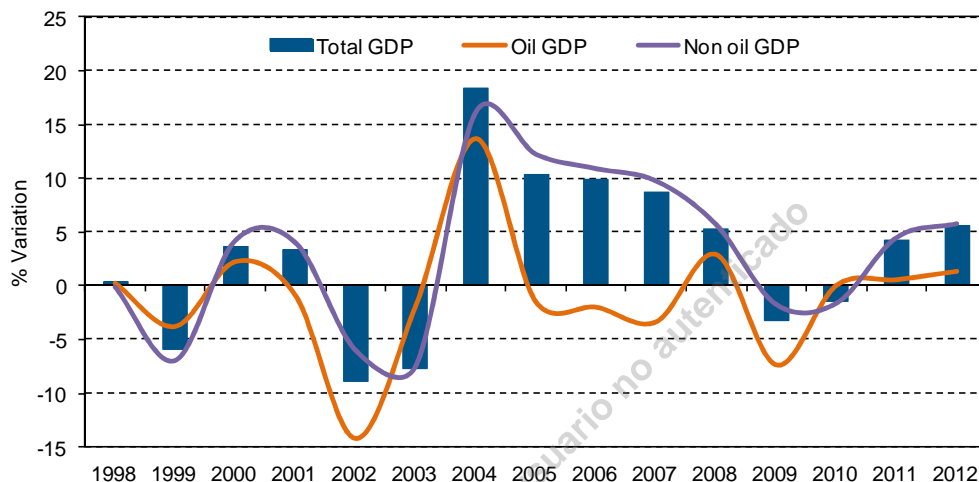
The same ingredient

High liquidity, together with public spending increases, typical of an electoral year, together with low interest rates, and directed credit policies implemented by the authorities, drove the growth of economic activity during 2012. Integrating the growth of the economy of the first 9 months of the (5.4%) with that of 4Q2012 (5.5%) we see that the 2012 GDP grew 5.6%, the highest level since 2007.





Evolution of GDP: Total, Oil and Non Oil



Sources: BCV and Ecoanalítica

This GDP performance at constant prices was due to the growth in the oil and non-oil sectors, with positive variations of 1.4% and 5.8%, respectively.

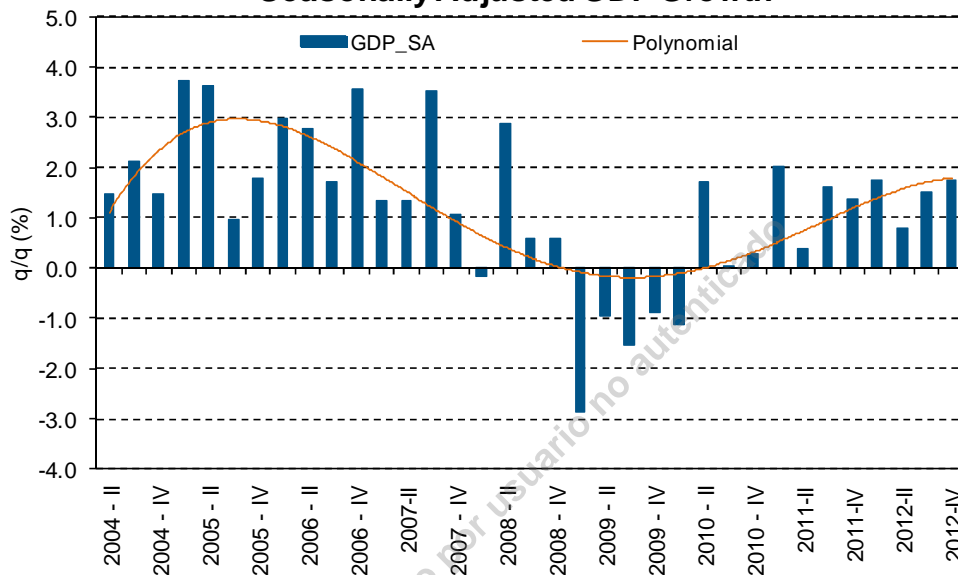
Nothing is as it seems

According to BCV figures, the growth of the last quarter of 2012 (5.5%) is an improvement of almost one percent point compared to the same period in 2011 (4.9%), however, watching the seasonally adjusted GDP, we see it only increases 1.7% compared to 3Q2012, that is, eliminating the effects of the normal variation in the economic cycle (short term), real GDP variation with respect to the third quarter is negative. In other words, far from being in a path of sustained growth, we can say that the Venezuelan economy, at the end of 2012 already started showing signs of a recession.





Seasonally Adjusted GDP Growth



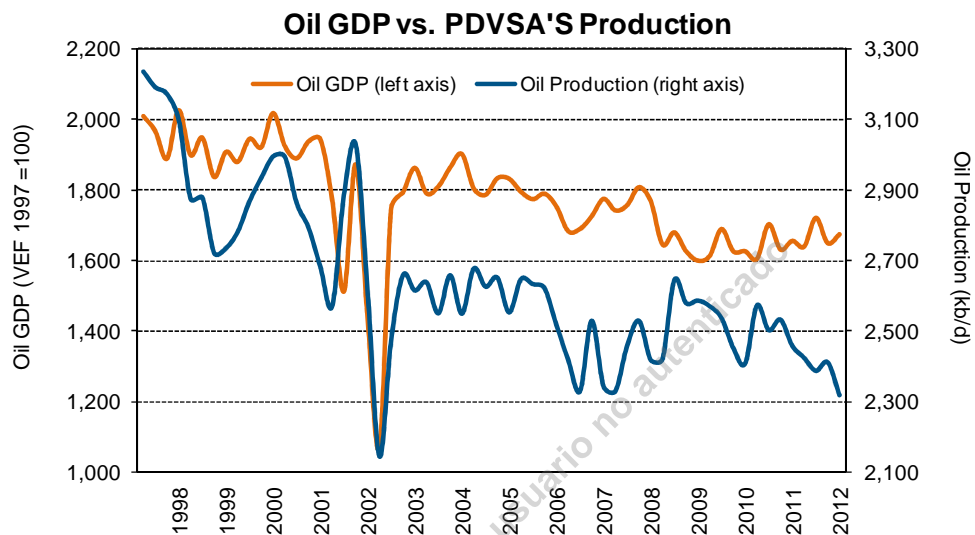
Sources: BCV and Ecoanalítica
SA: Seasonal adjustment made by X12 method

Regarding seasonally adjusted GDP variations by sector, there is a growth of 1.2% for the oil sector, and of 1.5% for the non-oil sector.

Oil activity isn't growing

We must highlight the effort that Pdvsa made to increase production, as seen in the 1.8% growth in crude and natural gas extraction during the period. However, the lack of investment of the last years is a weight that burdened, and continues to burden the oil bill, through multiple shutdowns and accidents, its worst case being the explosion of the Amuay refinery in August of last year which stopped operations and led to an interannual drop of 2.9% in the added value of in refining activities during 3Q2012, and caused the annual 0.8% reduction in this activity.





Sources: BCV, Bloomberg and Ecoanalítica

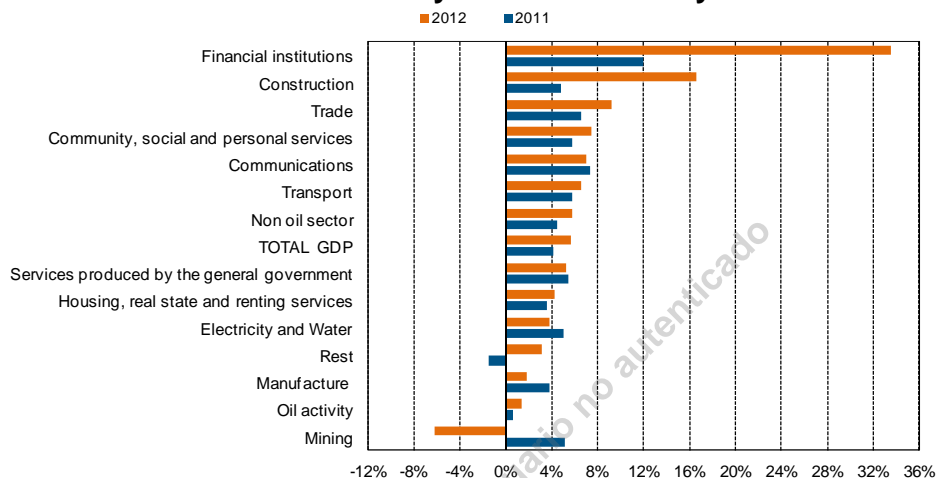
**Financial sector
and construction:
Spearheads**

Analyzing GDP figures on the side of supply, there is a generalized growth in almost all the activities of the non-oil sector. The most noteworthy were financial institutions and insurance, and construction, with growths of 33.5% and 16.6% respectively, which as we said, were benefitted by the high liquidity, thanks to spending increases for the campaign, and the works of the Gran Misión Vivienda Venezuela. However, we must not lose sight of the growth in activities like trade(+9.1%), transportation and storage (+6.6%) and real estate services(+4.2%), associated to an increase in private consumption (7.0%), thanks to the drop of inflation, and the increase in salaries and employment in 2012.





Growth by economic activity

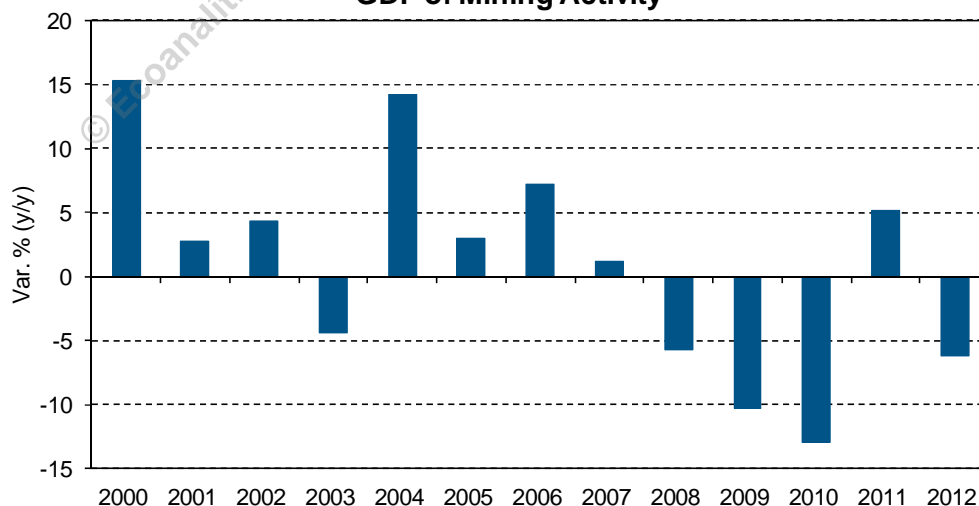


Sources: BCV and Ecoanalítica

Mining: like Cinderella

The darker side of the story was in mining, which after a brief recovery in 2011, fell again in 2012, for a drop of 6.8%, which is no surprise, given the crisis of the basic industries of Guayana, with high levels of debt, lack of investment, and low use of the installed capacity, and with a national electric power system unable to cover domestic demand.

GDP of Mining Activity



Sources: BCV and Ecoanalítica

Likewise, sectors like manufacturing (1.8%) and electricity and water (3.8%) even though they had positive variations in 2012, they slowed down compared to 2011, their growth is much slower than that of other



sectors, and their levels are below their values of 2008 and 2009, respectively.

Public sector limping

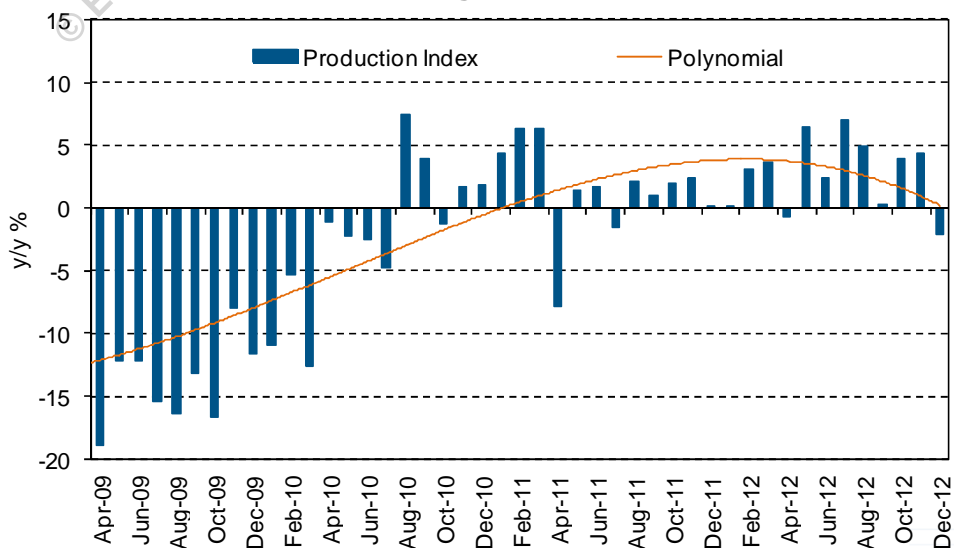
Regarding manufacturing, despite the fact that the BCV stressed the positive performance of this sector, the reality is that manufacturing activities are far from being at optimal and even reasonably positive levels.

The manufacturing sector slowed down considerably in 2012, growing 1.9 percent points below 2011, due to the drop in the production of public sector industries (-6.7%), compared to private enterprises, which grew 2.9%. As we can see, despite the fact that the Government's expropriation policy has increased its presence in the economy, this has not translated into a greater supply of products in the sector.

A difficult path

Although manufacturing grew 2.9% on average in 2012, and increased 2.4% in 4Q2012, according to the production volume index of the private sector, analyzing the year-on-year behavior of the index for the last month of the year, we see that between December 2011 and December 2012, not only was a drop of 2.2% in the general index, but also, 10 of 16 subsectors fell, between witch emphasize chemical apparatus and machinery (-39.3%) and automotive vehicles, trailers and semitrailers (-33.1%), which seems to indicate the way the sector will perform during the current year, if there is no incentive for these sectors.

Manufacturing Production Index

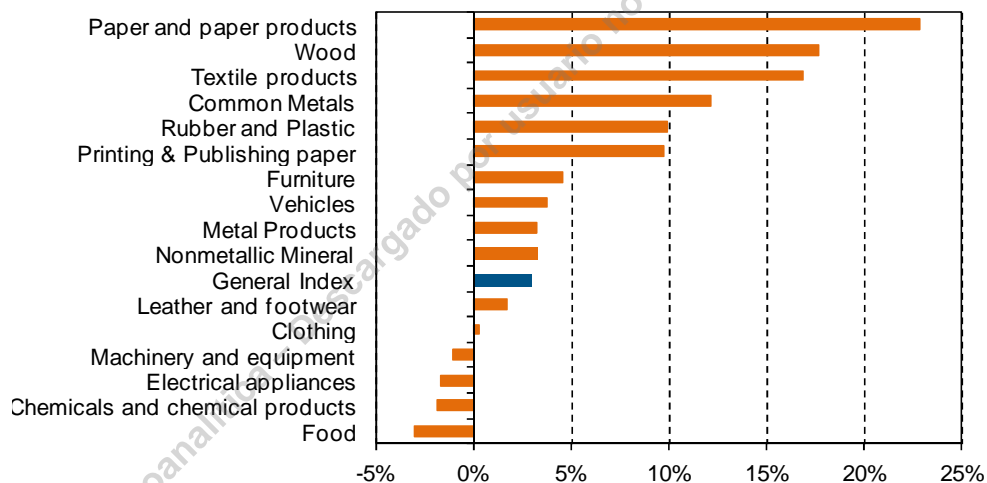


Sources: BCV and Ecoanalítica



On the other hand, BCV informed that the food, beverage and tobacco sub-sector, which represents 30% of the activity, grew 5.9% in 4Q2012 thanks *“to a greater availability of imported raw materials and products, which stimulated the production of companies that met the increase in demand”*. However, analyzing the average growth of 2012, we see that the sub sector fell 3.0%, as well as chemicals (-1.9%), metal products (-1.4%), machinery and equipment (1.1%) and machinery and electric appliances (1.7%).

Manufacturing Subsectors 2012 (Average variation)



Sources: BCV and Ecoanalítica

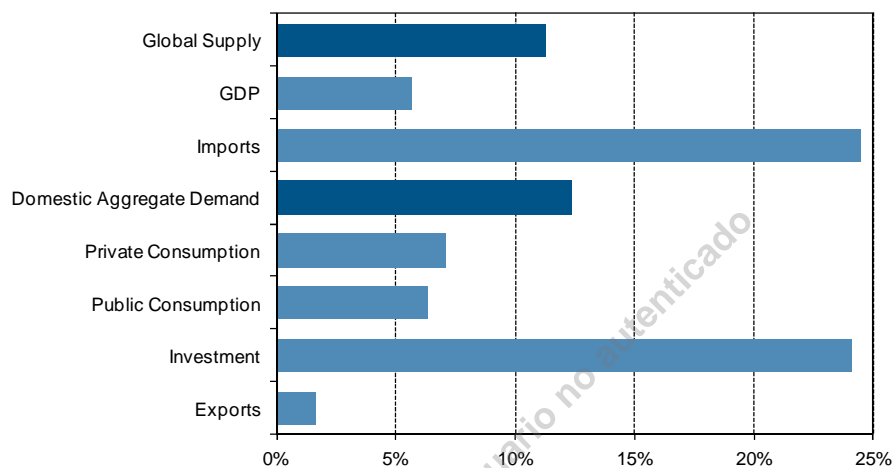
The driver was consumption and investment

Regarding demand, we see that domestic aggregate demand (DAD) grew 12.3% in 2012, and its most important component, private consumption with a weight of 47.1%, grew 7.0%, the highest level since 2007. Investment also grew significantly, 23.3%, influenced by public investment in construction and the import of capital goods, mainly machinery and transportation equipment that public sector required.





Global Supply and Demand 2012



Sources: BCV and Ecoanalítica

Domestic Aggregate Demand (DAD) grew 12.3%, while the domestic supply of goods and services grew only 5.6%; thus, this gap had to be covered by foreign supplies, that is, imports, which increased 24.4% in the same period.

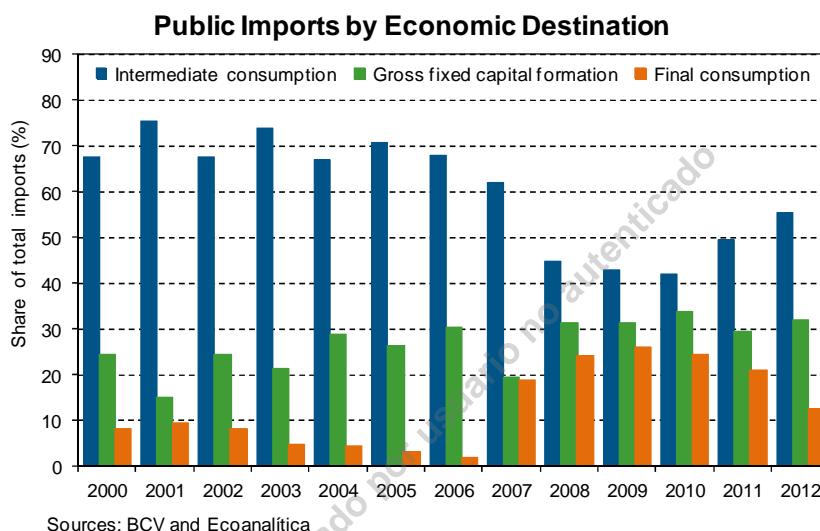
Import to produce?

BCV stressed the role of “more supplies of imported products and raw materials used for production, consumption and investment”, as the main element that contributed to the favorable behavior of economic activity in 2012. Thus, while private imports increased 21.1% in 2012, public imports increased 36.6%, and among the latter, the most dynamic economic element was the import of capital goods, with a growth of 47.9%, in agreement with the demands of the construction sector.

It is no secret that the State has been increasing its share in the country's total imports (13.4% in 1997 vs. 39.1% in 2012). However, it is interesting for **Ecoanalítica** to see that not only have public imports increased in the country, but also the way in which they are composed. One could think that the proportion of capital goods imports with respect to total imports has been increasing, given the increase in level of investment spending by the Government, but the fact is that capital goods import levels have basically remained unchanged: between 2000 and 2006. During this period, the import of capital goods represented 24.4% of public imports, while between 2007 and 2012 it represented 29.6%. The import of intermediate products went from representing 69.9 % on average between 2000 and 2006, to represent 49.4% between 2007-2012. Finally, imports



for consumption went from 5.7% between 2000 and 2006, to 21.0% in the last six years.



Thus, we can see how the higher oil revenues taken in over the last few years has been used by the Government more to position itself as an importer of intermediate products and consumption goods, which are marketed through the public networks at subsidized prices, than to leverage the country's production apparatus, with obvious consequences for the sustainability and fueling of growth for the country in the long term.

The dream is over

Although BCV said that the achievements of 2012 (inflation below the target + an economic growth of 5.5%) guarantee the conditions for an economic growth rate of around 6% in 2013, **Ecoanalítica** considers that last year's figures and the economic growth rate reflected will not be sustainable over time. The driver of the economy, public spending, has already started to slowdown and the year is marked by political uncertainty, restrictions for the private sector to access hard currency, supply issues, and a worsening of the public/private sector dichotomy.

In this context, with a public sector that despite the fiscal party of 2012 only grew 3.4% and that must tighten its belt and cut spending in 2013, and a private sector that grew 6.2% in 2012 and is still the most important sector of the economy (with a 58.2% share of GDP, but continues to be fenced in by government policies), **Ecoanalítica** considers it very improbable that the Administration will meet the economic growth level goals it has estimated in 2013, and we believes that growth levels for the year will be between - 2% and 2%.



Economic Tips

Inflation reached 1.6% in February. According to figures published by the Central Bank of Venezuela (BCV), the National Consumer Price Index (Índice Nacional de Precios al Consumidor - INPC) variation for February was 1.6%, or year on year inflation of 22.8%. According to the press release by BCV, these figures represent a deceleration for the fifth consecutive month. According to the press release by BCV, these figures represent the best monthly result observed in the last five months.

Meanwhile, core inflation registered an increase of 3.3% in February compared to January. The year on year inflation registered 23.2%

Restaurants and hotels, and recreation and culture with higher inflation. Among the 13 categories studied by the BCV, the group of restaurants and hotels recorded the highest inflation in April with 3.9%, followed by the categories of recreation and culture with 2.9%, and transport, health, household equipment and clothing and footwear all with a variation of 2.4%.

CPI reached 1.4% in February. According to figures published by the Central Bank of Venezuela (BCV), consumer price index for the Metropolitan Area of Caracas (IPC-AMC) variation for February was 1.4%, or a year on year inflation of 22.1% since February 2012.

Higher inflation for the rich. Although the month on month inflation in February of the consumer price index for the Metropolitan Area of Caracas (IPC-AMC) had a variation of 1.4%, inflation for class IV of the population, which includes the richest families, increased 1.9%. Classes I, II and III registered a variation of -0.2%, 0.9% and 1.8% respectively.

Inflation in controlled products increased 18.2%. In February the inflation of controlled and non-controlled products was 1.7% and 1.5% respectively. The non-regulated goods had an inflation of 26.0% and controlled goods of 18.2% since February 2012.

Geographical results. Of the 11 cities surveyed in February, the greatest variations were observed in Maracay with an inflation of 2.5%, followed by San Cristóbal with 2.4%. The areas with the least variation in February were Barquisimeto 1,3% and Caracas with 1.4%.



Scarcity index decreases. In February, the scarcity index increased from 20.4% to 19.7%, which means that out of every 100 products that consumers requested in stores, supermarkets and other establishments throughout the country, 19 were not available.

The mistake of eliminating Sitme. According to the last report of the Bank of America Merrill Lynch, having eliminated Sitme without having a mechanism to replace it was a serious mistake in terms of economic policy, which could lead to a much more contraction in 2013. According to the U.S. bank, that fact that Cadivi has not adjusted its regulations, nor has a mechanism been put into place, to be able to absorb and supply foreign currency to importers that depended on the Sitme, this could lead to the economy slowing down significantly.

Another achievement of the Revolution. At the presentation of the Annual Report of the Ministerial Cabinet, Vice-President Nicolás Maduro claimed that the administration has been able to cut by more than 50% the inflation rate inherited from previous administrations (the so-called 4th Republic), which averaged 52.5% in 1999. Maduro explained that to continue fighting inflation, it is necessary to “produce more overall and more quality products,” as a basis to defeat inflation in the medium term.

US\$74 million for telecom. In the two first months of the year, Cadivi has allocated US\$74.1 million to companies in the telecom and computer, insurance and reinsurance sectors, as informed by Cadivi in a press note. The note added that Cadivi gathered with representatives of the chambers grouping companies of the abovementioned sectors, in an attempt to continue with the process of permanent meetings with the country’s production sectors.

Bourgeoisie power. The Minister of Commerce, Edmée Betancourt, blamed businesses for the jump in prices registered over the two past months. In Betancourt’s opinion, even bolivar devaluation announced on February 8th was also provoked by businesses: “*They knew what they were doing and they were forcing us to devalue, as in fact they did,*” the Minister pointed out.

No justification. For the National Director for Inspection and Surveillance of Indepabis, Trino Martínez, “*increasing prices (of some products) alleging that costs have multiplied due to devaluation has no justification,*” because “*all products that are stored in warehouses throughout the country were nationalized or bought with dollars at VEB4.30/US\$ or through Sitme.*” Martínez claimed that no foreign currency has been allocated at the new exchange rate of VEB 6.30/US\$ yet.

Let’s control even what isn’t controlled. Vice-President for the Productive-Economic Area, Ricardo Menéndez, pointed out that price levels of non-controlled



products should be regulated. Menéndez assured that prices of products that are not controlled have been adjusted in November, December and January, adding that they will firmly urge businesses that have adjusted their prices not to do that, because they are “speculative increases.”

Not even with the best business in the world. According to statistical data released by the International Monetary Fund (IMF), at the end of 3Q2012, public debt accounted for 51% of GDP, which places Venezuela as the second most indebted petrostate of the world, after Iraq, which is fighting to overcome the ravages of war. According to the IMF, most petrostates have taken advantage of their prosperity times to reduce their debt levels.

VEB 5.4 billion in Income Tax. The tax authority (Seniat) informed in a press note, that Income Tax collection for the year-to-date amounts to VEB 5.4 billion. Tax Superintendent, José David Cabello, exhorted tax payers to comply with their obligation before March 27th and remembered that the Income Tax collection target is VEB 54.0 billion in 2013.

Higher consumption, more imports. The increase in public spending in 2012 led family consumption to shoot up to the highest level since the historic data beginning registered, which amidst an industry that doesn't have any incentive to increase its production has brought about a 24.4% increase in imports as per figures released by BCV. Last year, 33.3% of total supply in the economy consisted of imports; up 14.3% from 1999, which signifies a significant increase of the country's dependence vis-à-vis the rest of the world.

Could consumption have grown more? Even though consumption grew 7.4% in 2012, according to numbers released by the BCV, Datanálisis's Luis Vicente León assured that the limited supply of products prevented consumption from growing even further. “*What is stopping consumption from expanding is the amount of products on the market, which grew less than demand,*” León pointed out and added that another limiting factor was the meager growth in consumer credit.

International reserves. International reserves grew up by 0.5%, going from US\$27.14 billion during the fourth week of February to US\$27.29 billion during the first week of March. Compared to the same period last year, international reserves have decreased by 4.8%.

Monetary liquidity. Monetary liquidity (M2) was increased 0.3% in the fourth week of February compared to the previous week, settling at VEB 702.16 billion. The M2 has increased 57.3% in relation with the same period last year.



Central government expenditure. On Friday March 1st according to figures from the National Treasury Office (ONT) primary spending was VEB 9.65 billion, which means a increase of 45.5% when compared to the previous week when it was VEB 6.64 billion; when compared to the same period last year we observe an increase of 37.9%. In February primary spending was VEB 31.44 billion, a 28% decrease in comparison to the prior month.

Oil Tips

Oil boats' operational capability drops. Workers on the Eastern Coast of Lake Maracaibo reported that boats that provide oil services in the area are in a very bad condition. Currently, only 17 boats are operating, out of 174 units that were operating in May 2009, when the government nationalized all companies that provided services related to oil activities.

Pensioned oil workers demand an answer. More than 25 thousand pensioned workers of the Venezuelan oil industry are still waiting for Petróleos de Venezuela to respond to a series of doubts about the management of the Administrative Board of the Pension Fund. About 90% of pensioned workers earn a pension of VEB 2,600 and the last increase was of VEB 809 in 2011.

PDVSA is focused on repairing olefin round tanks in Amuay. The first works of PDVSA to recover Amuay's optimum operational capacity will be focused on repairing olefin round tanks and gasoline tanks required to mix fuels. PDVSA expects that two of these olefin round tanks and one of isobutene will be operative by April; the repair work schedule in the case of the tanks has been already prepared and the tanks are being dismantled to build new ones; the construction works will take more than one year.

Uruguay will continue to buy crude oil from Venezuela. Uruguay's Ancap president, Raúl Sendic, pointed out that Uruguay will continue to buy crude oil under advantageous terms from PDVSA. Sendic added that they haven't received a more convenient financing offer than PDVSA. Ancap already paid off the debt it had with the Venezuelan State-owned oil company and is in conditions to resort to this mechanism again to finance its investments; its financing needs are lower than in previous years.



Chevron is willing to extend financing to Petropiar. Ali Moshiri, Chevron CEO for Africa-Latin America, explained during his visit to Venezuela how businesses of the U.S. oil giant are going in Venezuela, highlighting that at this moment, the best performance is being registered in Petropiar and Petroboscán, which have their best level since 2003 and 1995, respectively. He also pointed out that they don't have any specific proposal to expand Petropiar, but that they are willing to discuss it, just as they did last year when they invested US\$300 million to redesign Petropiar upgrader.

Amuay neighbors demand relocation. Residents of the Alí Primera sector protested close to Amuay refinery, because they claim that since last year about 100 families are waiting for a home to vacate the area surrounding the refinery. Six months after the explosion, no report on the causes of the explosion has been presented, and the zone affected by the accident hasn't been reopened.

International baskets. When market close in New York, WTI traded on last Friday March 1st at US\$93/bl, which means a decrease of 2.4% from US\$95.3/bl recorded the previous week. Meanwhile, Brent decreased by 3.0% to reach US\$114.9/bl compared to the previous week when it reached US\$116.3/bl.

Local basket price. On Friday, March 1st the Venezuelan oil basket price closed at US\$103.9/bl a decrease of 3.0% compared to US\$107.1/bl recorded the previous week. Meanwhile, the average of the Venezuelan oil basket stands at US\$ 104.2/bl.

Business Sector Tips

Sidor inputs are held at the Customs Office. José Luis Hernández, president of the Steel and Iron workers' union (Sutis), reported that raw materials and spare parts necessary for steel production are being held at maritime and airport customs offices in Venezuela. Hernández stated that these items are held due to the lack of funds to pay the corresponding fees and charges.

Agricultural production will hardly grow this year. According to production targets set by the Ministry of Agriculture (MAT), this sector will grow 34% this year; however, Carlos Machado, professor at the IESA and expert in the agro-alimentary area, points out that the growth level registered by some agricultural items last year is very low in comparison to the drop recorded over recent years. Machado also said that growing



3% in terms of cereals “means nothing” when production dropped about 45% in 2008-2010.

Minimum loan quota for tourism is raised to 4%. The Ministry for Tourism raised the minimum mandatory loan quota that banks have to earmark for tourism, as published in the Official Gazette No. 40,119. Before, banks should earmark 3% of their loan portfolio for the tourism sector.

Chinese firms also have to adjust. Five official entities gathered with representatives of the Embassy of the People’s Republic of China in Venezuela to request their cooperation for the compliance with the law by Chinese businessmen residing in Venezuela. Sundecop exhorted the Chinese community living in Venezuela to get informed and adjust to legal provisions that are in force in Venezuela.

More outages. A fire in the transmission trunk line (TTL) that interconnects Guri hydropower plant and the rest of the country left twelve states of Venezuela without power service, compromising a load of about 7,000 Mw. February 27th outage is the third major power failure registered this year.

Galletera Carabobo Plant is trying to resume activities. After a four-month shutdown, the plant will try gradually to resume activities. When the conflict ceased in January, maintenance works of machineries and facilities were started; just three weeks ago, operations were progressively reassumed. Up to date, the plant is operating at 40% of its installed capacity and total production is expected to be recovered over coming months.

Cement companies face operational problems. Cement supply for private construction works has been failing in 2013. Operational problems in two cement firms have led them to reduce cement shipments. Cement companies have to earmark a large part of their production for the “*Gran Misión Vivienda Venezuela (GMVV)*,” therefore, private construction firms are already receiving less cement, but with the recent operational problems they have been facing lately, supply problems became acute.

Milk price for producers is accumulating a backlog. Cattle farmers from the southwest area in the Venezuelan Andes gathered to analyze the cost structures for this sector, and pointed out that producing a liter of milk costs VEB 9.4 at farm gate, whereas milk retail price is set at VEB 3.35. The last adjustment was made in October 2011 and costs haven’t been reviewed in the past 17 months. President of the Federation of Cattle Farmers of Venezuela (Fedenaga) stressed that local milk production is stagnated while imports grow at an accelerated pace.



Small and medium-sized coffee processing industries are in crisis. During the harvesting time, which started in September and ended in December last year, greater volumes of coffee were available than previous years; however, this raw material hasn't flown toward small and medium-sized coffee processing industries that are still operating in the Venezuela. The largest part of the production was bought by state-owned CVA Café to supply Fama de América and Café Madrid companies (expropriated in 2009) mainly. Furthermore, Corporación de Abastecimiento y Servicios Agrícolas (CASA), responsible for supplying imported coffee hasn't delivered coffee to plants during the first two months of 2013.

World Economy Tips

Fiscal Cliff II. U.S. President, Barack Obama, signed an order putting into service general budget cuts, after the U.S. Congress didn't reach an agreement on an alternative plan. The order obliged the different government agencies to cut their budgets by a total of US\$85.0 billion before October. Half of the cuts will correspond to military expenses of the world's largest economy.

A fiscal cut with global impact. According to the IMF, automatic spending cuts that entered into force in the U.S. will have a significant impact on growth of global economy, especially their main trade partners. The IMF claimed that fiscal tax will likely make them to lower their growth outlook for the U.S. by at least a half percentage point of its current growth estimate of 2% for 2013.

If things don't get better, other options will have to be considered. Ben Bernanke, president of the Federal Reserve (FED), assured that if the U.S. labor market doesn't show any progress, the FED will have to reconsider its policies. Bernanke also suggested that government spending cuts could be replaced with minor measures that may take longer to be implemented; however, Bernanke explained that those measures should be compensated for with longer-term changes.

China will grow less in 2013. At the annual session of the Chinese Parliament, the outgoing Prime Minister of China, Wen Jiabao, pointed out that the Asian giant is expecting that their economy will grow 7.5% (below the 7.8% of 2012) and an inflation rate close to 3.5% for 2013. Wen also said that China will register a fiscal deficit of YUAN 1.2 billion (US\$192.8 billion), or close to 2.0% of China's GDP for this year.



Japan is struggling for... higher inflation? The Bank of Japan appears to be wasting its time; inflation data released by the Bank for January showed that consumer prices fell 0.2% (y/y) in Japan. The price structural index, in turn, which doesn't include food and energy, declined 0.7% (y/y). Japan is trying to leave almost two decades of deflation; therefore, its authorities have set a target of 2% (y/y) for this year.

Germany: performance close to zero. According to data released by Germany's Labor Office, the number of unemployed people in that country dropped for the third month in a row by 3,000, to 2.9 million of people, in February. The results of the second month of the year show a stable unemployment rate of 6.9%, close to the lows of the period immediately after the reunification of Germany and give hope that domestic demand could support growth of the largest European economy.

Spain isn't pulling through. According to data released by Spain's National Statistics Institute (INE), Spanish economy contracted 1.9% (y/y) in 4Q2012, which brought about a 1.4% drop in 2012, or the highest drop of the last 43 years. According to INE, domestic demand continues to crush the country's economy by shrinking 0.7% (y/y) in 4Q2012, and external demand didn't help either since it dropped 0.9% (y/y) in the same period.

Ireland asks for more time. The Republic of Ireland requested the European Union (EU) to extend by 15 years the periods to repay loans taken. Ireland's Finance Minister, Michael Noonan, pointed out that Irish debt maturities range between 5 and 20 years and therefore, they are asking for "a mean extension of 15 years." Noonan also said that they are aware that the request cannot be satisfied just as it is, but, notwithstanding, he expects that periods will be extended somehow.

Bankers are earning less. The EU reached an agreement according to which European bankers will see their premiums limited starting in 2014. The interim agreement calls for that bankers will have an automatic ceiling for the premium payments in terms of their wage level. The ceiling would also be applied to bankers employed by a community institution but who work in another place of the world.

Argentina doesn't want to pay. Representatives of the Argentinean government, including Vice-President Amado Boudou, and the Minister of Economy, Hernán Lorenzino, assured before an appeal court in New York that Argentina will not honor the payment demand of the total amount of its debt with a group of bond holders that rejected the two restructurings proposed by Argentina after its default of 2011, which amounts to US\$1.3 billion.





Political Tips

Hugo Chávez: 1954-2013. On a national TV and radio broadcast and surrounded by the Ministerial Cabinet, Vice-President Nicolás Maduro announced that president elect Hugo Chávez had died, after fighting for 2 years against cancer. Maduro, Chávez' political successor, asked President Chávez' followers to "*channel their pain in peace*" and thanked all presidents and Heads of State that expressed their solidarity with President Chávez throughout his illness.

National mourning. A few hours after President Chávez' death, Foreign Minister Elías Jaua announced a seven-day national mourning. "*Starting today, we are decreeing seven days of national mourning and the suspension of educational activities at all levels, in both public and private institutions on March 6th, 7th and 8th,*" Jaua informed. Minister Jaua also stated that after consultations with the family of President Chávez, it was decided to transfer his mortal remains to the Military Academy in Fuerte Tiuna, where an homage will be paid.

Jaua: Maduro will assume presidency temporarily. Foreign Minister Elías Jaua assured that the Executive Vice-President, Nicolás Maduro, will assume as Acting President after President Hugo Chávez' passing. "*An absolute absence has occurred; the Vice-President assumes as Acting President and new elections will be convened in the coming 30 days,*" Jaua pointed out. Minister Jaua also reiterated that Maduro will be the government candidate for the next presidential election, "*according to Commander President Chávez' mandate.*"

But some say something different. Representative to the National Assembly (AN) Fernando Soto Rojas denied that a vacuum of power has occurred in Venezuela due to President Chávez' passing and stated that Diosdado Cabello, president of the AN, should assume as Acting President and convene presidential elections. Soto Rojas agreed with Jaua in the sense that new elections have to be called within 30 days and that the government candidate will be Vice-President Maduro.

The National Armed Forces will guarantee personal security. The Minister of Defense, Admiral Diego Molero, stated that the different military components will be deployed to "*guarantee sovereignty and personal security of all Venezuelan citizens*" and that the Armed Forces are united to "*comply with and enforce the Constitution.*" Molero also took the opportunity to inform all branches of power of the Venezuelan



State that the Armed Forces are ready to *“give everything to enforce the Constitution.”*

Confidence in the institutions. President of the Supreme Tribunal of Justice (TSJ), Luisa Estella Morales, expressed her solidarity with the Venezuelan people and assured that the stance of the Judicial Power is to *“get stronger when adversity hits.”* Morales asked the people to trust the State institutions and send special greetings the National Armed Forces (FANB) and said that she *“reaches out her hand from the judicial power to share the corresponding responsibilities.”*

It's time for unity. Political parties in the Democratic Unity Panel (MUD) expressed their sympathy for the passing of President Chávez. *“We understand the painful moments deceased President's family is going through, as well as his companions and many Venezuelans throughout the country. To them, our sympathy (...) we have had known disagreements, but one thing are human beings and another their stances or actions. And this is not the time to underscore the things that separate us,”* the communique read by Governor of Miranda, Henrique Capriles, said.

Good will. In response to the communique issued by MUD, Vice-President Nicolás Maduro pointed out that *“we replay to them with good will and we truly hope that the tone of the communique, the opposition spokespersons and their candidate help our Venezuela to go through these difficult days in peace.”* Maduro asked for respect, peace and reflection on the transformation process the country has been experiencing during the past three decades.

A new chapter in history. After Chávez' death, U.S. Barack Obama assured that his country *“reaffirms its commitment to policies that promote democratic principles, the rule of law and respect for human rights”* in Venezuela. Obama also stated that *“at this key time, after the passing of President Chávez, the U.S. reaffirms its support for the Venezuelan people,”* as well as its interest in developing a constructive relation to the Venezuelan government.

Legislative Tips

Nicolas Maduro as acting president. The Official Gazette No. 40,123 contains the decree signed by President Nicolas Maduro as manager, after the absence of the President Hugo Chavez, also in this gazette is decreed seven days of national



mourning. And from Wednesday March 3rd to Tuesday March 12th, its prohibited the distribution, sale and consumption of alcoholic beverages across the country.

The National Assembly (AN) set 2013 legislative agenda. According to its agenda, the National Assembly will discuss nine economic and social laws this year. The priority will be the lay that controls the purchase and sale of new and used vehicles. Likewise, the Finance Commission will discuss the Antimonopoly Law; the Energy Commission will review the Law on Renewable Resources and the Mining Code; and the Social Development Commission will discuss the Law of the Pension Regime.

New Organic Code of the Penitentiary Regime (CORP) for this year. The Commission of Cults and Penitentiary Regime of the AN will approve the new CORP in 2013. This new Code would replace the Lay of the Penitentiary Regime currently in force, which was created in 1073. This new code will include elements like the admission and release registration of prisoners, under a protocol adjusted to all agreements on human rights.

Vice-President and ministers presented their Annual Reports. On February 28th, a special session of the AN was convened for the Executive Cabinet to present their Annual Reports for 2012 to the AN. The AN President will receive the reports from the different branches of the National Public Powers and will forward them to the commissions entrusted with their analysis.

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ECONOMIC OVERVIEW

