



Weekly Report

Year 9, Number 09
Week I, March 2014

By.
Asdrúbal Oliveros
Jessica Grisanti
Gabriel Villamizar

Controls or incentives?: How to combat food inflation

Ecoanalítica's Team*
* Daniel Cárdenas, Benjamín Matos and Lesner Castillo.

Reproduction or distribution prohibited

In June last year, the Food and Agriculture Organization of the United Nations (FAO) acknowledged the Venezuelan Government's success in reducing the number and percentage of people suffering from hunger or subnutrition in Venezuela by half before 2015. Since 2007, Venezuela has posted subnutrition of nearly 5.0%, 1.6 percentage points below the target for 2015 of 6.7%, while it managed to reduce the number of people suffering from hunger from 2.7 million in 1990 to less than 1.3 million in 2007.

According to estimates by the National Statistics Institute (INE), 94.6% of the population eats at least three meals a day, while 25.6% has at least four and 11.6% has five, a trend that, according to the INE, is observed in all socioeconomic strata.

**Eating more,
but spending
more**

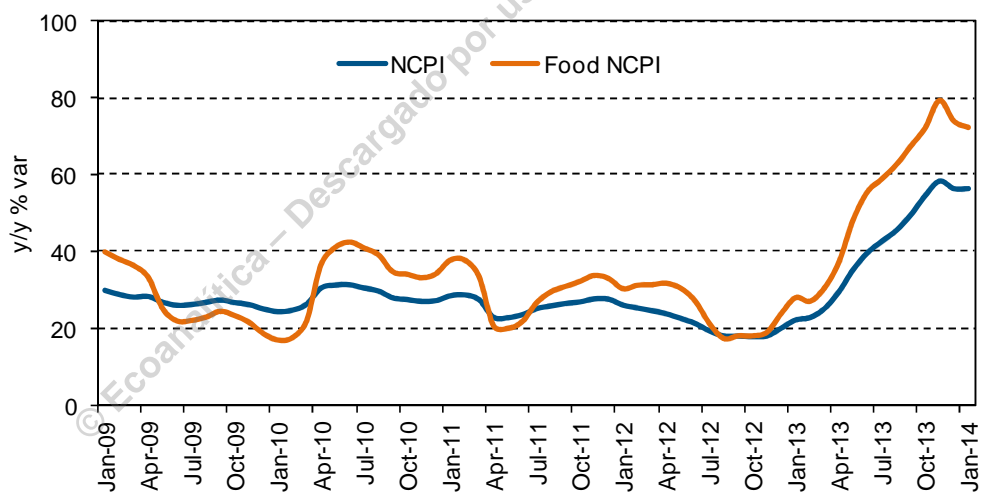
While the achievements in the area of food and nutrition in recent years are outstanding, it is also important to note that this "higher" consumption of food has been threatened by a considerable escalation in food prices,



which has hit the poorest hardest. According to the Venezuela's Central Bank (BCV), between 1997 and 2007, the weighting of the food component in the Venezuelan basket of consumer products went from 22.9% to 29.1% (and that, at the moment, it is 37.0%, according to the INE), which suggests that the population is allocating a higher proportion of its income to purchasing food.

Food is not only the group of products with the greatest weighting within the Nationwide Consumer Price Index (NCPI) but also one of the most volatile, and one of the few that has remained above the trend in overall inflation in the past four years, hitting a record 73.9% last year and contributing to higher overall inflation.

General Inflation Vs. Food Inflation



Sources: BCV and Ecoanalítica

The situation is even more serious if account is taken of the fact that the five products in the Venezuelan basic basket calculated by the INE with the highest level of consumption (chicken, cornmeal, rice, beef, and plantain) experienced average inflation of 36.1% between 2009 and 2012, some 8.9 percentage points higher than inflation posted by food in general and 11.1 percentage points higher than the average for total inflation.

Ineffective controls

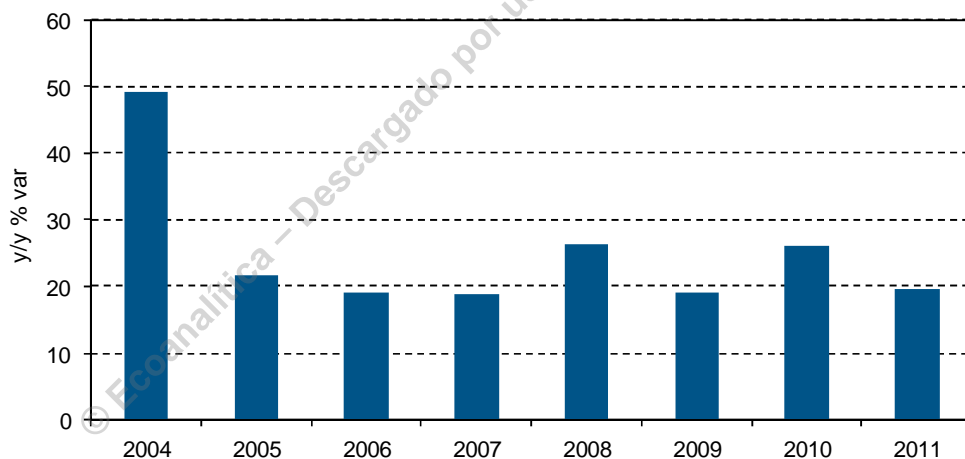
The government's main weapon for fighting food inflation has been a scheme for regulating prices that allows it to decide when and by how much to increase the prices of a series of products considered essential goods; goods that, in many cases, have ended up disappearing from Venezuelans' diet. The reasoning behind these price controls is that the



main cause of the rise in prices is “profiteering,” along with hoarding and smuggling. According to President Maduro, 40.0% of the goods circulating in Venezuela are smuggled over the border into Colombia.

The government’s policies have proved to be ineffective and even counterproductive, since consumers have not experienced lower inflation and producers have had their prices frozen while their costs increase. A case in point is the agricultural sector, which saw its costs increase by an average of 25.0% a year between 2004 and 2012, while at the same time being subjected to a regulation of its prices. In the long run, this rigid system of price controls results in big price hikes that hit the consumer when he least expects it.

Agricultural Producer Price Index



Sources: BCV and Ecoanalítica

What is it that actually affects food prices?

While the government has been focusing on fighting the ghosts of profiteering and hoarding, it has neglected the true cause of food inflation. According to economic theory, the prices of food products are affected mainly by factors having to do with supply and demand:

- **On the supply side:** Lower agricultural production and fewer imports of agricultural goods and prepared food products (owing to less foreign currency being disbursed or an increase in international prices resulting in the volume purchased being reduced) should result in an increase in food prices. It should be noted that the impact that increases in international food prices have will depend on how open a country is to foreign trade, which in Venezuela’s case is high, given that, together, imports



and exports tend to be equivalent to 56.7% of Gross Domestic Product (GDP).

- **On the demand side:** Population growth, changes in food habits (a tendency to consume more) and a higher demand for inputs for preparing manufactured products ultimately push up the prices of agricultural goods, and those increases are passed on to the consumer in the form of higher food prices.
- **Other factors:** Higher food processing and distribution costs for the industry, the devaluation of the bolivar, speculative elements, the Government participation as a producer and last but not least, food inflation posted in previous periods end up inflating food prices. As for devaluation, this ends up having an impact on production costs as a result of the higher cost in bolivars of imported inputs and final goods. As for Estate participation, a greater participation of the State in the industry, especially in Venezuelan industry, has turned in to a production contraction for many items, aggravating scarcity problems and making pressure on prices. As for food lagged inflation, this is passed on to food prices via costs, in particular via wages, to the most recent periods.

Manufacturing is of key importance

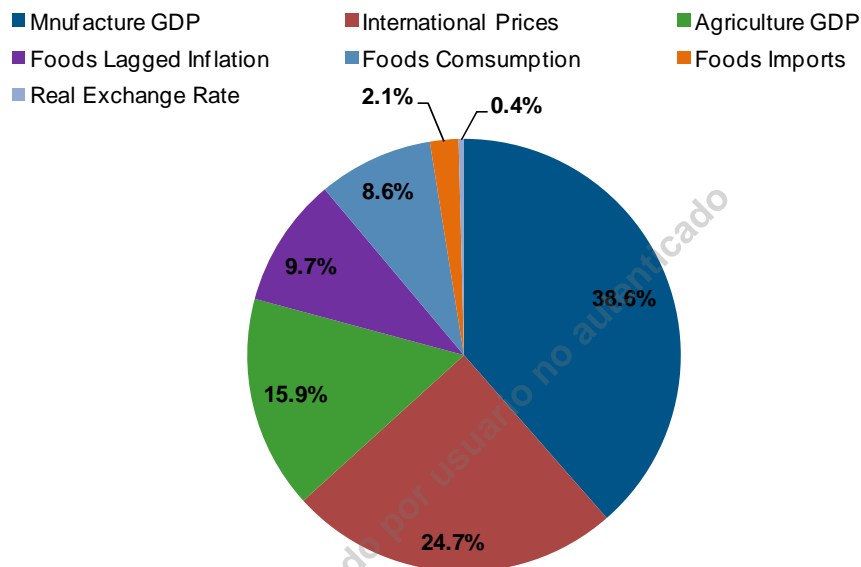
According to a study conducted by the BCV, in the case of Venezuela, food inflation is explained mainly by international inflation, the rate of depreciation of the real exchange rate, food imports, agricultural production (measured by agricultural GDP), manufactured food production (measured by manufacturing GDP), and food consumption.

According to the BCV's study, higher international prices, a more depreciated real exchange rate, and higher food consumption by the population lead to an increase in food prices, whereas increased volumes of food imports and higher agricultural and manufacturing production help to fight food inflation.

The factor carrying most weight when it came to explaining the evolution of food prices was manufacturing GDP (38.6%), followed by international prices (24.7%), whereas agricultural GDP accounted for 15.9% of the increase in food prices. As for inflation inertia (inflation from previous periods), food consumption, food imports, and the real exchange rate, each of these ended up contributing less than 10.0% to food inflation.



Determinants of the Foods Inflation in Venezuela



Sources: BCV and Ecoanalítica

As for the impact that boosts in supply would have, the BCV estimated that boosts to manufacturing production and agricultural production would lead to a reduction in food inflation three months after they occurred and that their effect would last for at least a year.

Fewer regulations and more incentives

At **Ecoanalítica** we believe that the government could help to bring down consumer prices if it were to concentrate on eliminating the obstacles that result in higher costs for industry rather than focusing on regulations that restrict profits and fix prices. The main obstacle has to do with the allocation of foreign currency, specifically the delays in disbursement, which prevents businessmen from receiving the inputs and raw materials in a timely manner and honoring the terms of payment they have with their foreign suppliers, which in many cases leads to stoppages in production.

In this regard, at **Ecoanalítica** we consider that a revision of how foreign currency allocations are distributed, which implies allocating a larger share of foreign currency to importing inputs for the food industry, would result in a far greater reduction in inflationary pressures than increasing allocations for importing manufactured food products, provided that the former goes hand in hand with an increase in production.



Eliminating the obstacles to transporting inputs and finished products is also important, particularly in the case of the latter, where state intervention through the National Agricultural Silos, Warehouses and Depots Superintendency (SADA) prevents optimum distribution based on companies' logistical structures and marketing studies. This is especially true in the case of food companies.

Last of all, we are also of the view that more attention should be paid to the problems facing agricultural producers and that a price structure should be created that would encourage production in this sector, which, according to the BCV, is *"below its maximum installed capacity while food inflation continues on an upward path."*

The government needs to react, to stop confronting the ghosts of the past and deal with today's problems, or it will not be able to continue to "harvest" achievements in the future.



Economic Tips

Less than expected: At the last auction called by the National Center for Foreign Trade (Cencoex) on February 24, US\$93.0 million of the US\$220.0 million offered was awarded at a rate of VEB 11.0/US\$ (down 7.2% from the previous week when it was VEB 11.85/US\$), to a total of 354 companies broken down as follows: 107 from the chemicals sector, 44 from the containers and packaging sector, 137 from the auto parts sector (for the agricultural sector only), and 66 from the health sector.

Disguised devaluation: The new foreign exchange crimes act, published in the *Gaceta Oficial* last week, establishes that essential goods and services are to be determined by the Vice Presidency for the Economy and that the sectors producing or providing them will be able to opt for obtaining foreign currency at the Cencoex rate (currently VEB 6.3/US\$). At the moment, those goods and services are medicines, food, housing, and education. Consequently, all other sectors will have to acquire foreign currency at higher rates either through the Complementary System for Currency Administration (SICAD) I or through SICAD II, which will mean another devaluation of the bolivar.

The gap widens. The gap between the official and parallel exchange rates posted a record 1,200.0% at the close of February. Despite there being an official exchange rate of VEB 6.3/US\$, access to foreign currency has become slower and more difficult, while demand has increased given the existence of a cheap exchange rate. This, added to increased expectations of depreciation and an increase in coverage requirements, has resulted in the unofficial market rate shooting up. At *Ecoanalítica* we expect that the gap between the two exchange rates will narrow with the entry of SICAD II into the market.

A “favorable” control: Minister for Commerce Dante Rivas maintained that the fair prices act is a mechanism that will allow the economy to be more dynamic and efficient, since it “*encourages competition among companies by eliminating unnecessary costs.*” Rivas added that this law will also serve to fight against goods being smuggled out of the country, hoarding, and profiteering. According to official figures, 40.0% of food production is going to countries that share borders with Venezuela.

More than 30.0%? Fair Costs, Profits and Prices Superintendent Andreina Tarazón announced that her office is to meet with productive sectors and that, depending on



the conclusions reached at those meetings, new decisions on the fair prices act will be taken and specific directives for each of the sectors will be issued. Tarazón said that she is prepared to take account of the particularities of each sector –referring to the 30.0% ceiling on profits- and that she will defend the fair prices act, as “it safeguards the well-being of the nation” and does not seek to put an end to private industry.

Sign up! The National Superintendence for the Defense of Socio Economic Rights (SUNDDE) has opened registrations in the Single Registry for Persons Engaged in Economic Activities (RUPDAE), which will be a requirement for any company that wants to engage in economic and commercial activities in Venezuela. Among the data that companies will have to provide SUNDDE are the trade name and the addresses of the company and its branches and warehouses. SUNDDE has also established that, if a company is accused of profiteering or hoarding, it will be removed from the RUPDAE and, consequently, will not be able to engage in any type of economic activity.

The 12 points: The executive president of Empresas Polar, Lorenzo Mendoza, proposed to the government 12 points that the recently created “Economic Truth Commission” should focus on if it wants production to increase and the economy to stabilize. The most important of those points are: increasing domestic production to fight shortages; ensuring a dynamic and transparent system for obtaining access to foreign currency; revising conditions in the labor market to avoid absenteeism; and guaranteeing property rights to encourage domestic investment.

Caracas is the most expensive. According to a recent study by The Economist’s Intelligence Unit, Caracas is the most expensive city in Latin America and the sixth most expensive in the world. The report took the prices of 160 goods and services in 140 cities as its points of reference. The Economist’s report highlighted that Caracas’ place in the ranking is due to the fact that the official exchange rate is artificially high, which means that the cost of living for its inhabitants (in dollars) is the same as the cost of living in Tokyo.

Interest rates. The lending rate for the fourth week of February was at 16.9%, up by 03 percentage points (pp) compared to the previous week. The time deposit rate was at 14.5%, stable in comparison to the previous week, while the passive rate, placed at 14.7%, up by 0,1pp compared to second week of February.

International reserves. International reserves increased by 3.4%, going from US\$21.01 billion during the third week of February to US\$21.71 billion during the fourth week of February. Compared to the same period last year, international reserves have decreased by 20.4%.



Central government expenditure. On Friday February 28th according to figures from the NTO primary spending was VEB 15.56 billion, which means an increase of 61.1%; when it is compared to the same period last year. So far this year, the primary expenditure accumulates VEB 102.32 billion 36.3% more than the same period last year

Monetary liquidity. Money liquidity (M2) increased 1.0% in the second week of February from the week prior, to settle at VEB 1.27 trillion. The M2 has increased 82.1% in relation with the same period last year.

Oil Tips

OPEC recovers. A survey conducted by Reuters showed that oil production from member countries of the Organization of the Petroleum Exporting Countries (OPEC) recovered in February compared to the two-and-a-half-year low posted in December, thanks to more shipments from Iraq and Angola and the upward creep in Iranian exports, which averaged 1.3 million barrels a day (mb/d) in February. If this upward trend continues, the forecast is for OPEC supply to recover in 2014 and for it to have a significant impact on prices.

Nearly down to minimal levels: Oil and Mining Minister Rafael Ramírez claimed that oil exports to the United States are being maintained within a margin of 1.0 mb/d. However, figures from the US Energy Information Agency (EIA) show that exports to the United States came to 796,000 b/d in 2013, down 17.0% from 2012 and a 25-year low.

With the help of the “Empire”: The need to cover the domestic market, given the growing demand for fuel in order to maintain the pace of crude production and the continuing deterioration of Venezuela’s refining circuit, has meant that Venezuela’s purchases of oil from the United States have increased by 174.0% since 2011. According to official figures from US agencies, in 2013, Venezuela purchased 84.0 kb/d of refined products on average.

Imports down: According to the US Department of Energy, US oil purchases went from 10.59 mb/d in 2012 to 9.78 mb/d in 2013, dropping below the levels posted in 1996. The United States forecasts that it will continue to reduce its oil purchases in the coming years, the goal being for oil imports to account for 26.0% of its domestic



market by 2020. This goal is feasible given the increase in its domestic production of fuel and a diversification of the energies used. Venezuela continues to be among its five main suppliers, and there have been no official statements so far regarding where Venezuela stands in this plan of fuel import cuts.

Fewer barrels for Cuba: PDVSA has cut its exports to Cuba and Petrocaribe. Shipments of crude and fuels to Cuba were reduced by between 23.0% and 32.0% in 2103, and shipments to the remaining Caribbean countries were reduced by 14.8% compared to 2012. Most of the cuts were due to a reduction in diesel shipments owing to the need to meet the demand from thermal generation stations in Venezuela.

No more gasoline for Colombia. The Venezuelan Government has decided to suspend the monthly shipments of 11.5 million liters of gasoline to Colombia owing to the uncontrollable smuggling of fuel and the demonstrations in border zones such as Táchira state. The Colombian Government said that failure to ship the supplies of gasoline agreed in 2013 could generate a crisis in the border region between the two countries. The Venezuelan Government has still not said whether the measure is to be temporary or permanent.

Colombia doesn't want gas. A few weeks ago, Oil and Mining Minister Rafael Ramírez stated that Venezuela was starting to export natural gas to Colombia. However, the Colombian oil company, Ecopetrol, has said that, at the moment, the Colombian market does not need gas. As for Colombia's Vice Minister for Energy, Orlando Cabrales, he has stated that he hopes that the contract that allows Ecopetrol and Chevron to sell around 150 million cubic feet of gas per day (MMCFD) to Venezuela will be renewed very shortly.

First place goes to PDVSA. The state-owned PDVSA has become the first supplier of the Indian company Reliance, replacing shipments made by state-owned companies of other oil countries, such as Saudi Arabia. PDVSA sent 263,000 b/d of crude in January, which is 34.2% below the maximum quota (400,000 b/d) and represents a reduction of 22.0% compared to the 337,200 b/d dispatched in December.

Iran disappointed: Iran's Foreign Minister, Javad Zarif, admitted that his country is deeply disappointed and concerned over India's decision to reduce its oil imports, which, according to him, is due to international pressures brought by the United States, and which are interfering with Iran's trade. In the same statement, the foreign minister revealed that Iran expects the repatriation of US\$5 billion that India owes it for oil exports.



War-induced increases: Due to international tension caused by Russia's military intervention in the Crimea (Ukraine), oil prices shot up this week. Russia has used the "energy" weapon in the past. Russia is a key supplier of oil (4.8 mb/d) and natural gas (198 billion cubic meters) to Europe, and if it were to be sanctioned with economic measures, both Russia and Europe would be in difficulties.

International oil baskets. At closing time on February 21th in the New York Stock Exchange, the price of the WTI was US\$101.9/bl, increasing by 1.7% when compared to the reported the previous week. The Brent increased by 1.0% when compared to the previous week, to reach US\$109.9/bl.

Local oil basket price. The Venezuelan oil basket price closed at US\$98.6/bl on Friday February 21th, a 0.9% increase compared to the US\$97.8/bl of the previous week. The annual average price of the Venezuelan oil basket is US\$96.4/bl.

Business Sector Tips

There was no Carnival. The president of Mérida State Tourism Chamber, Gerardo Alexis Montilla, said that, of the 90.0% prepaid reservations at the 20 main hotels in the region, 80.0% were cancelled. He explained that, on the Thursday prior to Carnival, occupation was only 8.0%. The president of Tucacas Chamber of Commerce, Elio Pestana, reported that 80.0% of reservations in inns and hotels in Tucacas were cancelled owing to the violent incidents that have been occurring in recent weeks.

Carnival diet: Minister for Food Félix Osorio said that, during Carnival 2014, they held a total of 1,124 open-air operatives via the Mercal and Pdval network at which 6,981 tons of food were distributed. He said that the prices of the food sold during these operatives were 85.0% below "profiteering" prices.

Shortfalls in distribution: In the past six months, the distribution of essential goods has been at 25.0%. In the case of formal establishments, in the past three years, the distribution of essential goods has been in the region of 75.0%, way below the 98.0% observed 10 years ago. Problems in production, a reduction in the size of the distribution fleet owing to the lack of spare parts, and the inefficient participation of



the State in distribution activities are apparently the factors that are most to blame for these problems.

Táchira will go hungry. Minister for Food Félix Osorio announced that, owing to the recent demonstrations and disturbances in Táchira state, it has been impossible to supply at least 50.0% of the food required by establishments in Táchira. The minister held movements of the Venezuelan opposition responsible for current and future shortages in this border state as, according to him, the government's food self-sufficiency plans are already underway.

Chops to go up soon: The Executive, together with representatives of the productive sector, agreed to revise the cost structures of the goods in the food sector whose prices have not been raised for more than two years. Agreement was also reached on facilitating the sector's access to foreign currency and also on strict compliance with the Labor Law.

Cavececo asks to be heard. The executive director of the Venezuelan Chamber of Shopping Malls (Cavececo), Claudia Itriago, has said that she will meet with the Minister for Housing and Habitat, Ricardo Molina, to analyze the situation of establishments that are members of the chamber with regard to the regulation of lease rentals. She mentioned that Cavececo had submitted a number of proposals to government spokespersons, among them the application of a variable lease rental based on the performance of the leaseholder's business.

Where are the customers? Representatives of a number of shopping malls in Caracas have reported a drop in sales during Carnival. Despite Cavececo's decision to reduce the business hours of shopping malls on the recent non-working days, some establishments decided to close earlier because of the low influx of customers.

They continue to have confidence. The executive president of the Colombian airline Avianca announced that the amount owed the company in foreign currency comes to US\$300.0 million. He also explained that he is confident that the exchange rate of VEB 6.3/US\$ will be respected. The airlines, one of the sectors most affected by the foreign exchange controls, were recently excluded from the working groups on the economy.

A mere eight million: Via his Twitter account, President Nicolás Maduro announced that VEB 8.7 million had been approved for investment plans to "*speed up economic-productive actions in agriculture.*" He also explained that these resources would go directly to the people working the land and also to "urban agriculture."



Agriculture gets a chance to breath. Antonio Pestana, the president of the Confederation of Agricultural Producers (Fedeaagro), said that, since the Executive started to disburse the foreign currency held back since 2012 to companies that import and market agricultural inputs, *“the outlook is starting to look clearer.”* Although the agricultural sector expects to grow in 2014, continuing the trend observed last year in most items, shortages of inputs and the deficit of spare parts and machinery are the main obstacles.

Efficient consumption? According to Corpoelec and the Ministry for Electric Power, in Venezuela the demand for electricity will grow by 1.6% this year. Carlos Sánchez, the company’s National Generation Commissioner, highlighted that, thanks to the substitution of energy saver light bulbs for incandescent light bulbs, inspections of big users, and the contribution made by the public and private sectors to increasing the efficient use of energy, the demand for energy was below the levels forecast last year.

No lead, no batteries: The executive president of the Chamber of Automotive Products Manufacturers (Favenpa), Omar Bautista, spoke of the need for supplies of pure lead powder for producing vehicle batteries. He said that the sector is waiting for the codes to be approved in order to import via ALADI. He also mentioned the lack of materials and the shortage of both domestic and imported spare parts. He gave a reminder that the slow pace at which foreign currency is handed over has resulted in delays in payments to international suppliers amounting to more than US\$126.0 million.

World Economy Tips

Miscalculations: The US Department of Commerce reported that, between October and December 2013, the US economy grew less than originally calculated. The United States’ GDP grew by 2.4% in 4Q2013 compared to the same quarter in 2012, whereas the Department of Commerce had estimated growth of 3.2%. This reduction was caused mainly by lower growth than expected in consumption, which went up by 2.6% (0.7% less than expected).

Income inequality equals slower growth. A research study by International Monetary Fund (IMF) staff found that income inequality can lead to slower or less



sustainable economic growth, while redistribution of income, when measured, does not hurt and can even help an economy. Although this study does not reflect the IMF's official position, it is another sign of a shift in its thinking on income disparity. *"It would still be a mistake to focus on growth and let inequality take care of itself,"* say the IMF's economists in the study.

Slowing down impossible to hide: A survey by the Chinese government showed that activity in China's manufacturing sector slowed down in February to an eight-month low, confirming the thesis that there is a slowing down in the world's second largest economy. The purchasing managers index (PMI) went from 50.5 in January to 50.2 in February, according to the National Bureau of Statistics, a figure that puts China in a delicate situation, as an index below 50 indicates a contraction.

Figures continue to give cause for alarm. A recent Eurostat publication shows that inflation in the European Union remained unchanged in what the European Central Bank (ECB) described as a *"danger zone,"* while unemployment remained near its historic high. In the second month of the year, inflation in the euro zone grew by 0.8% year-on-year, the same as in January and December, whereas 12.0% of the EU's labor force continued to be unemployed in January, unchanged from the previous month.

Spain should continue with the reforms. The managing director of the IMF, Christine Lagarde, explained that Spain should continue with its reforms, in particular the reform of the labor market, in order to return to the path of sustainable growth and create jobs. Lagarde added that Spain's public administrations and private companies should also reduce their levels of debt and create a more favorable environment for the creation of companies and for fostering their competitiveness.

Ukraine has options. The finance ministers of the world's most industrialized countries (G7) undertook to offer Ukraine financial aid if the government agrees to implement the financial reforms proposed by the IMF. *"We are united in our commitment to offer Ukraine solid financial backing,"* assured the G7 ministers in a communiqué, adding *"the transition to a new government in Ukraine offers a unique opportunity to put in place urgently needed market-oriented reforms."*

A crucial agreement: The Panama Canal Authority reported that it had reached an agreement with the international consortium Grupos Unidos por el Canal (GUPC) for completing the expansion of the interoceanic waterway, following disputes between the parties over cost overruns. *"We have reached a conceptual agreement that protects the interests of the Panama Canal within the terms of the contract and respecting our positions,"* said the Panama Canal authority's administrator, Luis Quijano.



A new third Latin American economy: The consulting firm Capital Economics has ranked Colombia as Latin America's third largest economy in 2013, ahead of Argentina and coming after only Brazil and Mexico. The London consulting firm estimated that Colombia's GDP last year was US\$347 billion, whereas Argentina's was US\$337 billion. This estimate takes into account the repercussions that the devaluation of the Argentinian peso had last year.

Political Tips

I don't like you anymore Panamá. The President Nicolás Maduro announced the rupture of political and commercial relations between his government and the government of Panama, after pointing that the president of this country, Ricardo Martinelli, and his Chancellor of generating a *"lobby to justify foreign intervention"* in Venezuela. *"Today was launched an international campaign to justify an imperialist intervention in the political life of Venezuela (...) There is a campaign in the U.S., in collusion with a lackey President (...) is the president of Panama"* Maduro said.

Neither to you OAS. President Maduro also warned to the General Secretary of the Organization of American States (OAS), José Miguel Insulza, to *"stand still"* because *"Venezuela has not requested a debate about its situation"* to the international organization. *"None delegation of the OAS will set a foot in Venezuela without our permission (...) we do not believe in the OAS. There's little to do. Our destination is South America now"* Maduro said.

Dialog is the path. Primero Justicia's national coordinator, Julio Borges, gave his opinion regarding radical, violent demonstrators, stressing the need to orient them so that this protest *"does not boomerang on us,"* saying *"with violence, we're all going to lose."* He also reminded people that the Venezuelan Government had to wait for *"18 deaths, thousands of injured and all the brutal repression in order to then accept that the country should dialog."*

No dialog without justice: Primero Justicia's national coordinator, Julio Borges, said that the party he represents has not attended the "Congresses for Peace" called by the Venezuelan Government, because there is no specific agenda and, under those conditions, dialog will bear no fruit. He concluded saying that, once the students and the politicians who have been arrested are released, the branches of government



have been renewed, and the collectives have been disarmed, then there will be a willingness to dialog.

The United Nations makes a pronouncement. UN Secretary General Ban Ki-moon called on the Venezuelan authorities to listen to the “*legitimate aspirations*” of the demonstrators. He also asked the Venezuelan authorities to respect the right to freedom of expression and the right to demonstrate and invited the demonstrators to protest peacefully.

The protests in numbers: According to the latest report by *Foro Penal*, the demonstrations and abuses by the State security forces have resulted in “*18 dead, 33 injured and tortured inside places of imprisonment, and 150 injured outside places of imprisonment*” thus far. It also reports that 983 people were deprived of their freedom. The Democratic Unity Alliance’s Human Rights Committee reports a total of 1,051 people deprived of their freedom in Venezuela.

Maduro does his own sums. President Nicolás Maduro claimed that more than 50 people have been killed as a result of the barricades and *guarimbas* (attacks by demonstrators mounted from a safe haven). He also said that, while they (the government) are working, “*acts of violence continue to produce victims of fascism,*” and that, at the end of the day, “*the truth will prove more powerful than manipulation.*”

We are one. In his Twitter account, Miranda State Governor Henrique Capriles Radonski criticized the language of hatred used by the government and invited his followers “*not to vanquish hate with hate,*” because “*it’s not just a matter of saying you’re different, but of acting differently.*” Last of all, he reminded everyone that “*the challenge we all have is to unite Venezuela.*”

Fear of protests: According to a report issued by Universidad Católica Andrés Bello’s Human Rights Center (CDH-UCAB) on the arrests and violations of human rights that have taken place during the demonstrations in Caracas, Guarenas, Guatire, and the Altos Mirandinos, “*practically all those arrested claim that they were attacked physically and psychologically.*” The report highlights that in practically all the cases in which the courts handed down a ruling, a precautionary measure forbidding demonstrating was issued, something that is not provided for in the law.

There is no social unrest. In his speech before the United Nations’ Human Rights Council, Foreign Minister Elías Jaua denied that social unrest is the cause of the protests that have been happening in Venezuela, claiming that the origin of the protests is “*political and ideological*” and that the protests are aimed at overthrowing a legally established government. He also said that those who are leading the



demonstrations “are the same people who have mounted an attack on the democratic institutions following each of the revolution’s electoral triumphs.”

Prepared to act: In his speech before the United Nations’ Human Rights Council, Elías Jaua said that the protests have resulted in 51 police officers and National Guardsmen injured and 18 deaths, and that there was presumed involvement of police officers in only three of those deaths. He closed saying that “*we are prepared to respond to the requirements of the Human Rights Council, but we do not accept unilateral evaluations or pressures and rulings from governments or international bodies with which we have no obligations.*”

United States is not turning a blind eye. Democrat Senator Bob Menéndez and Republican Senator Marco Rubio submitted a resolution to the US Senate in which it requests President Barack Obama to impose sanctions on Venezuela, such as revoking visas and freezing assets of Venezuelan government officials who are “*accomplices to the murder of peaceful demonstrators,*” and also to support the process of dialog between the government and the opposition in Venezuela.



ECONOMIC OVERVIEW

