



Weekly Report

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*Oil prices up: What's happening
in the oil market and what are
the implications for Venezuela?*

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When talking of the outlook for the macroeconomic climate in Venezuela, we need to bear the current international context in mind as, in Venezuela's case, the external sector could end up having a much bigger impact than in other countries owing to its tremendous dependence on oil revenues, which account for 95.0% of the nation's foreign currency revenues and 40.7% of the government's fiscal revenues.

At the moment, thanks to renewed volatility in the oil barrel price, the oil market has become an issue, not only on international financial markets owing to speculation, but also among economic policymakers in countries that are viewing the increase in the prices of this commodity with caution, as this could affect economic growth.

In Venezuela, on the other hand, high oil prices are unadulterated good news. However, it would seem that, in today's Venezuela, that good news will have different overtones. In this report we will give an approximation of the oil situation for 2011.

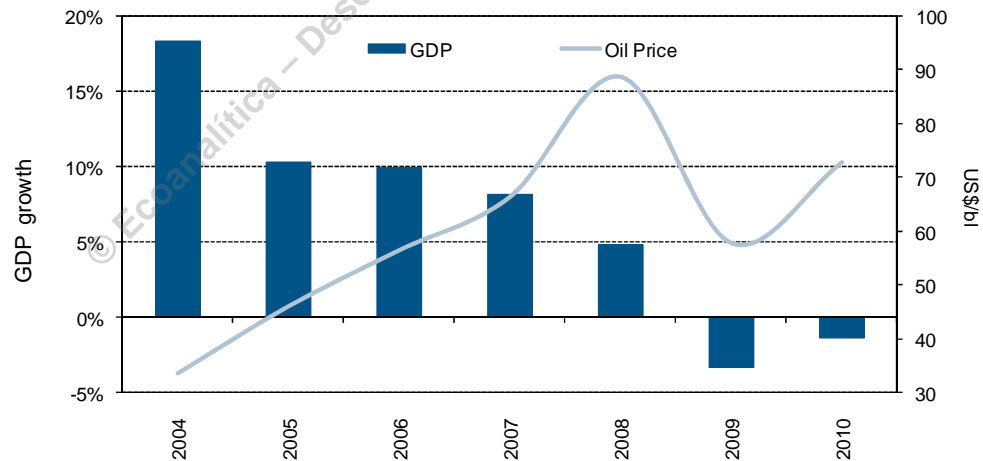


Where are we coming from?

Between 2004 and 2008, the price of oil increased at an average of 28% per year, which permitted the Chávez administration to implement a highly expansive fiscal policy, thanks to which it was possible to achieve average annual growth in GDP of 10.3% over the same period (8.3% if account is not taken of 2004, when GDP posted exceptional growth of 18.3% owing to the revival of the economy after the 2002-2003 oil strike, when GDP declined by 8.9% and 7.8%, respectively).

In 2009, average oil prices posted a contraction of 36.5% compared to 2008, which caused fiscal revenues to shrink by 29.1% compared to the previous year and generated a contraction of 3.3% in GDP. In 2010, with the recovery of the world economy, the average price of oil rose by 23.3%, but this was not sufficient to lift Venezuela out of the recession. Stagnating oil production, an ill-managed foreign exchange policy, the policy of expropriations, and many other issues that hampered economic performance produced a negative result of 1.4% of GDP during 2010.

Oil Price Vs. Economic growth (2004 - 2010)



2011 should be a different story

This year, the outlook for oil prices is extremely positive for crude exporting countries such as Venezuela. So far this year -less than three months-, oil prices have risen by 20% on average. This is not due solely to the geopolitical situation in the Middle East, as Brent (international "marker" crude) had reached US\$100/bbl even before the conflict in Egypt, indicating that the upward pressure on prices is also due to a strong increase in global oil demand.





Geopolitics and oil: together for all time?

The nature of the oil industry worldwide is determined -apart from the fundamental factors (supply and demand)- by the relations between governments and companies in a context, naturally, of the political game on both the domestic and international fronts.

Given the profits that oil generates, it is practically impossible to separate the oil industry from its political context. Nevertheless, in recent years, the tendency has been for oil companies to try to dissociate themselves from their political and geopolitical context. In other words, attempts have been made to achieve an apolitical stance to allow oil to flow regardless of the regime in power and abiding by current legal rules.

But even though oil will continue to exist regardless of who is in power, the nature of the commodity, who owns it, its price, and related capital investments are definitely influenced by the government of the day. So, despite the stance companies seek to adopt, oil continues to be highly political. Venezuela is a case in point*.

What's happening in the Middle East?

The current situation in the Middle East and North Africa (MENA) arose as a result of what could be called a *social cocktail*. In other words, there was a deterioration in social indicators that built up over time, generating general discontent in MENA countries to the point where the connections between the political leaders in those countries and their inhabitants have, in some cases, been permanently broken, changing the course of the region's history on all fronts (politics, the economy, society, etc.)

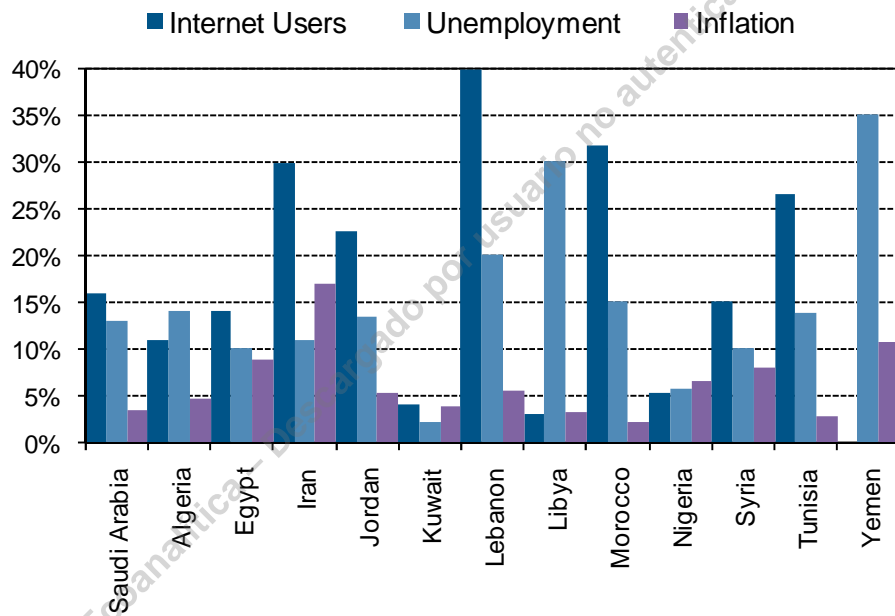
Here are some of the main social indicators showing signs of deterioration: high inflation (double-digit inflation in some cases); high levels of unemployment (20%), particularly among young people (25%); absence of democratic freedoms and basic civil rights; corruption; and inequality. Besides these structural factors, we need to add a circumstantial variable to the mix, the increase in commodity prices and the fact that, in countries where there are food and energy subsidies –a feature of MENA countries-, the cost of those subsidies is increasingly greater. This prompted many governments in the region to revise their subsidy schemes, which further fueled discontent.

* It will be noted that what is being sought in the industry worldwide is the complete opposite to what is happening in Venezuela, where the company is “*the people*” and is managed by *socialist* dogmas. As a result, the company (PDVSA) is becoming increasingly subordinated to the plans of the Executive. However, this is not an issue we will be addressing in this Weekly Report.



Today, the regimes in Tunis and Egypt have fallen owing to the intensity of the protests, producing a domino effect in the region, where countries can be broken down into two groups: Prudent (Saudi Arabia, Jordan, Algiers, Yemen, and Iraq) and Risk-takers (Libya, Bahrain, and Iran).

Socio-economic indicators



Sources: Index Mundi and Ecoanalítica

The Libya Effect

The situation in Libya is extremely serious, and not only because of the considerable loss of human life and the political instability in the country, but also because of the implications for the global oil market. Libya's crude production and marketing capacity is highly compromised and not only in the short term. A few days ago, the first column of smoke from the explosion of storage tanks and other oil facilities at Ras Lanuf provided proof of the destruction of the country's productive capital.

All this tells us that crude exports from Libya will be minimal in the second quarter of the year and that the country will continue to be a focus of instability for the oil market for a long time to come. It will be remembered that of the 1.6 million barrels per day (mb/d) that Libya placed on the international market before the conflict, it is now sending only 0.6 mb/d, or thereabouts, with Saudi Arabia making up the shortfall on the international markets.



Now it's geopolitics that is moving the market

Bearing in mind the above, we can say that it is geopolitical uncertainty that is moving the oil market at the moment. Events in MENA are increasing expectations of volatility in crude shipments and, what is worse, are casting doubts on the advisability of the investments that need to be made over the long term in order to ensure the sustainability of the industry given the increase in consumption.

Nevertheless, strong growth in demand will continue

While geopolitical factors are the key oil market drivers at the moment and the issues of concern, fundamental market factors had already been working in the same direction for some months. According to the latest estimates of the US Energy Information Administration (EIA), global demand for crude will grow by 1.51 mb/d compared to 2010 (up from its previous forecast of 1.44 mb/d), and growth in OPEC supply will be only 0.16 mb/d (down from its previous forecast of 0.31 mb/d). According to the EIA's estimates, OPEC needs to produce at least 30.3 mb/d in order to keep global inventories constant, that is 0.5 mb/d higher than the EIA's estimate of OPEC output for February and 0.2 mb/d higher than its estimate for January, when there was still no Libyan output loss.

What other factors need to be taken into account?

Another topic giving cause for market concern is spare production capacity. It is estimated that Saudi Arabia has three quarters of global spare capacity, with its neighbors, Kuwait, the United Arab Emirates, and Qatar, accounting for the rest. The EIA puts global spare capacity at 4.1 mb/d, 3.25 mb/d of which are in Saudi Arabia and the rest in the neighboring countries already mentioned. It seems unlikely that the present civil protests in Saudi Arabia will gain sufficient momentum to put the country's tremendous oil production capacity (the largest in the world) in jeopardy.

It is worth noting that the EIA's estimates are on the conservative side. Other estimates forecast fundamental market factors that would result in an even stronger upward trend in oil prices: higher demand estimates, lower supply estimates, and less available spare capacity.

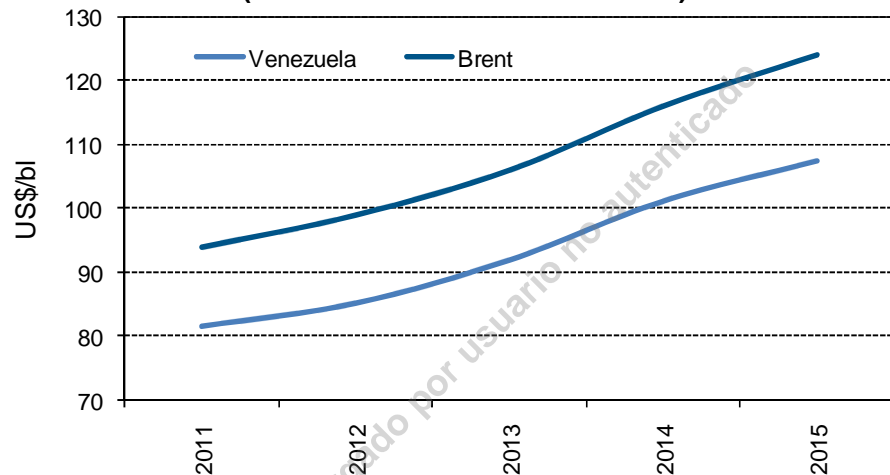
What can we expect on the oil front?

Based on this analysis of the global oil market, *Ecoanalítica* expects prices to continue their upward trend in the short and medium terms. We expect Brent (international "marker" price) to be around US\$97.0/bbl in 2011, which, taking account of the historical difference between this basket and the Venezuelan barrel, would give an average price for the Venezuela basket of US\$88.0/bbl for the year and an average of



US\$100/bl in the medium term; figures similar to levels reached in 2008, when the economy grew by 4.8%.

**Oil Price Forecast
(Brent and Venezuela 2011-2015)**



Sources: Menpet, Bloomberg and Ecoanalítica

It needs to be pointed out, however, that it was the high oil prices that maintained the illusion of harmony in the Venezuelan economy during that period. This, without taking into account that direction of the economic policy was another. Now, with PDVSA's production stagnating and with investments only being made to prevent it falling still further this year, it is safe to say that growth in Venezuela will not be the same until: (1) new investments are made (five years minimum); (2) there is a change in economic policy; or (3) both. With regard to the second point, it is not the Executive that has the last word but the Venezuelan population. It will be remembered that presidential elections are slated for December 2012.





Economic Tips

Public Spending grew by 24.5% in nominal terms in 2010. According to the Central Bank of Venezuela's report submitted to the National Assembly, the Central Government's outlay dropped by 3.5% in real terms.

Central Government's Income up by 30.3% in 2010. According to the Central Bank of Venezuela, the Central Government's 2010 income increased by 30% in nominal terms, although adjusted by inflation the increase was only 1%.

Tax revenues reported a 24.8% nominal increase in 2010. As to the components of non-oil related revenues, nominal increases in VAT and customs tax collections by 34.5% and 32.7% respectively (4.3% and 2.9% in real terms) were reported, as well as an 8.1% nominal increase (a 16.1% fall in real terms) in Income Tax collection, and a nominal increase in liquor and cigarette sales taxes by 27.2% (1.4% fall in constant terms).

2010 oil revenues grew by 51.0% in nominal terms. According to the BCV, the nation's oil-related revenues recovered by 17% in real terms, thanks to the increase in the price of crude oil, which averaged US\$/b 72.7 in 2010, 28.0% more than the average reported in 2009 (US\$/b 57.0).

Non-oil revenues increased by 18.9% in 2010. Non-oil revenues showed a nominal variation of 18.9%, a real contraction by 7.8% compared to the previous year.

2010 financial deficit represented 3.8% of the GDP. The Central Bank of Venezuela reported that the Central Government's financial management closed the year with a 3.8% deficit from the Gross Domestic Product (GDP), less than in 2009 by 1.6 percent points. Meanwhile, the primary deficit reached 2.3%, 1.7% less than in 2009.

2010 income only allowed a 6.3% increase in foreign currency availability by the BCV. Last year's BCV foreign currency availability of US\$36.44 billion represented only 6.3% more than 2009's budget of US\$342.27 billion.

International reserves have fallen by 10.4% so far this year. Transfers to Fonden and the withdrawal of most resources in the Macroeconomic Stabilization Fund have caused a 10.4% fall in the nation's international reserves so far in 2011. The current



balance is enough to cover 8 months of imports, but considering the most liquid assets, foreign currency availability and investments, such cover narrows down to 3 months of imports.

BCV waiting for Petrobono 2022 to feed the Sitme. The Central Bank of Venezuela (BCV) expected that with the latest Pdvsa Bond 2022 issuance, the supply of securities to be traded in the Integrated System for Trading Securities in Foreign Currency (Sitme) would increase. However, a month after the issuance, the state-owned oil company's securities have not yet been incorporated to the exchange system.

Government to ask China for another loan. US\$4 billion from China's loan to the National Government through an agreement known as the Chinese Fund have already been used. However, even though there are still US\$16 billion left to be used by the State, the amount seems to be insufficient, as President Chavez indicated in his Sundays' broadcasting. President Chavez also said during his TV/radio show that the Minister of Commerce, Edmee Betancourt, along with Pdvsa and Ministry of Finance representatives, had traveled to China to formalize the request.

Supplementary appropriations increase. In an extraordinary session, the National Assembly's Finance Commission authorized four supplementary appropriations for VEB 1.2 billion to be used by the Capital District Government, the Ministry of Electric Energy, especially for transmission lines, and the Ministry of Internal Affairs and Justice. With these four extraordinary operations, the total amount of supplementary appropriations authorized this year reached VEB 5.3 billion.

Food basket reported a 3.2% increase in February. According to a monthly report issued by the Workers' Documentation and Analysis Center (Cenda), the food basket cost VEB 2,616.6 in February, VEB 81.2 more than the price reported in January. Based on this result, a household of five people receiving only the current minimum wage of VEB 1,223 would only be able to acquire 46.7% of the food basket.

Basic Product Basket. Cenda's latest monthly report indicates that February's basic product basket reported a 2.0% increase compared to January, closing at VEB 5,051.3, for a y/y variation by 26.2%.

Interest rate. The lending rate for the first week in March was at 17.4%, down by 0.3 perceptual points compared to the previous week. Time deposits and savings rates were steady at 14.5% and 12.6%, respectively.

International reserves. International reserves decreased 0.5% going from US\$27.29 billion during the first week in March to US\$27.15 billion during the second week of



March. Compared to the same period last year, international reserves have dropped by 7.0%.

Monetary liquidity. Monetary liquidity for the first week in March was up 2.7%, compared to the previous week settling at VEF 302.02 billion. The M2 has increased 25.9% year-on-year.

Sitme figures. To date, US\$6,51 billion have been negotiated through the Integrated System for Foreign Currency Transactions (Sitme), averaging US\$33.9 million a day, with an implicit exchange rate of VEF 5.3/US\$. Last week the traded amount reached US\$84.7 million, US\$5.3 million more than last week when braided US\$148.4 million.

Oil Tips

On the spotlight. The oil company Shell is turning everyone's eyes to Australia due to its plan to drill the Australian seabed looking for natural gas near the Ningaloo coral reefs, one of the planet's most biodiverse environments. The multinational oil company asked the Australian Government to authorize small drilling jobs for 60 days 50 km outside the limits of the protected area, a paradise for scuba divers in the nation's subtropical northeast. According to official data, this region holds 90% of the recoverable natural gas reserves in Australia, the world's ninth largest energy producer.

Gadafi tries by all means. Muamar Gadafi is trying to get around the diplomatic fence by personally and reiteratively offering oil supply to Chilean, Indian and Russian ambassadors in Tripoli. According to the Libyan official news agency Jana, the Libyan leader has used the crude oil trick to try and free his regime from its current isolation led by the United States, the European Union and the Arab League. Foreign oil companies were forced to suspend operations in the country as a consequence of the rebellion taking place throughout the nation since February 16 of 2011 and the exodus of expatriated workers and immigrants who worked in the oil industry.

Gasoline is unstoppable. Driven by the unstoppable increase of crude oil prices in international markets, the price of gasoline in the United States reports a y/y increase by 28.0% as of the first week of March, reaching US\$3.52 per gallon. The average



price of gasoline in 2010 was US\$2.78 per gallon. However, opposite to gasoline, the price of natural gas has dropped by 19.6% y/y.

Deficit gets complicated. The US trade balance increased to US\$46.3 billion during January, boosted by a 12.8% increase in imports caused by the worldwide increase in oil prices. Analysts think the deficit should have been US\$41.5 billion, but the constant increase in the price of a crude oil barrel led the deficit to its largest increase since March of 1993.

Surplus distributed. According to opposing Governors and Mayors, the Administration is running short in distributing surplus resources from 2010 oil sales. The supplementary appropriation authorized by the National Assembly for the regions was for VEB 863.1 million, contemplated in the 2010 budget allocation as the last raise installment.

Decrease estimated. OPEC's March report indicates that, after having estimated a 1.8 billion barrel/day increase for 2010, only 1.4 million barrels/day are estimated for 2011's demand. They indicated that the increase in demand reported during the first quarter was due to the harsh winter experienced in the northern hemisphere. Demand levels are expected to reach more healthy levels in the second quarter of 2011.

Supply will not grow so much. OPEC's March report indicates that the supply of non-Opec countries should increase by 0.5 mb/d during 2011, after having increased by 1.1 mb/d in 2010. The number was increased by 0.1 mb/d from the first estimate.

About OPEC. Another important number published in OPEC's March report was the cluster production demand, expected to average 29.8 mb/d in 2011, a 0.5 mb/d increase compared to 2010's production when the average was 29.3 mb/d.

Inventories keep growing. OPEC's March report indicates the US crude oil stock grew by 3.2 million barrels in February. With this registry, US commercial crude oil inventories are still above the usual numbers, reporting a total of 1.05 billion barrels in stock.

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 17, the WTI was at US\$100.9/bl, showing a 0.6% decrease compared to the US\$101.5bl of the previous Thursday. The Brent remained at US\$114.1/bl the same as registered the previous week.

Local oil basket price. The Venezuelan oil basket price increased last week, to close at US\$101.3/bl on Friday, March 11, up by 3.9% from the US\$97.5bl registered the previous week. Meanwhile, the basket's annual average is at US\$87.3/bl.

Business Sector Tips

Venezuelan Government simplified public imports process. According to a resolution issued by the Ministry of Science, Technology and Intermediate Industries (Mctii), published in *Official Gazette N° 39,630* dated March 9, Public Administration Agencies *"shall not be subjected to obtaining and presenting import licenses, certificates of insufficiency or certificates of non-national production and other documents contemplated in the customs regulation; as well as any other document in the applicable normative."*

State to centralize raw materials imports. The National Government plans to "centralize" the import of raw materials used to prepare the foods in the basic basket. *"Whoever thought food importing was good business needs to know it is not anymore, it is exclusively to satisfy the people's needs,"* said Carlos Osorio, Minister of Nutrition.

Communities to supervise and penalize the tenancy market. The proposal to reform the Law of Property Tenancy, introduced last week in the Parliament, incorporates social comptrollership, so the supervision and penalization of the tenancy market is delegated to the community.

National Government invested VEB 2.6 billion for water supply. So was stated by President Hugo Chavez during his Sundays TV/radio show *Alo Presidente N° 371* broadcasted from Hacienda Bolivar Bolivariana, on Km 12 in the Santa Barbara Parish, Colon Municipality, Zulia State.

Industrial production down to lowest level since 2005. The private industry, a key sector for generating jobs and reaching the goal to diversify exports, is still in the pit.



The thermometer prepared by the Central Bank of Venezuela reports that industrial production contracted for the third consecutive year, decreasing by 2.34 in 2010 and reaching its lowest point since 2005.

Labor protests report 42% increase in February. Almost half of the protests reported in February were labor-related, according to a report prepared by the Observatory of the Latin-American Council of Social Sciences (Clacso). According to the report, "Labor Conflicts and Protests in Venezuela," 203 labor-related protests took place last month, a 42% increase compared to the 143 reported in January.

Farmers report shortage supplies. Cereal, vegetable and other Government-labeled strategic item producers are reporting shortages in the supply of provisions and agro-chemical products. The president of Fedeagro, Pedro Rivas, admitted there was a shortage in the market and that some private agro-stores were having trouble importing due to delays getting their certificates of non-national production or insufficient production.

Government transfers Cemento Andino's assets. According to a resolution published in *Official Gazette N° 39,631*, the Ministry of Science and Technology and Intermediate Industries delegated the administration of Cemento Andino's assets to Fabrica Nacional de Cementos (formerly Lafarge). The company's board of directors is now authorized to sign reports on the daily management of the cement company located in the Trujillo state.

FAO states the risk of worldwide food crisis is growing. The growth of basic food prices increases the risk of relapse in the food crisis that hit developing countries from 2007 to 2008, said Jacques Diouf, head of the organization.

Cadafe losses reached VEB 5.4 billion in 2010. According to the company's preliminary statements, the amount represents a 55.5% increase compared to 2009, when the company's loss balance was VEB 2.4 billion. These red numbers, recurrent in the state-owned electric company, are caused by different factors, such as the structural weakness of its commercial management (delays in the billing/collecting process), collective hiring and the 8-year out-of-date fees.

Cadivi has authorized US\$114 million for footwear and stationery companies. The Currency Administration Commission (Cadivi) reported that, as of March 4, it had authorized US\$114 million for companies in the footwear, stationery and graphic arts sectors.

State purchases homes for refugees. The Ministry for Housing and habitat, through the National Housing Institute (Inavi), acquired 2,439 housing units with a



VEB 465-million investment for families that were left homeless by the rains of late 2010.

National Government to buy house-building equipment from China. The President of Venezuela, Hugo Chavez Frias, announced last Sunday during his TV/radio show “*Alo Presidente*,” he was in the process of obtaining a new loan from China to be destined to housing development.

World Economy Tips

Catastrophe in Japan. The earthquake and subsequent tsunami suffered by Japan last Friday March 11 has left a balance of 3,373 deaths, 6,746 reported missing and 1,897 injured, so far, according to official numbers released by the Asian nation’s national police.

Sequels. There is great concern worldwide as to the high possibility of a large-scale nuclear disaster as a sequel to the natural disaster that took place in Japan. There have been several explosions in nuclear reactors at the Fukushima nuclear plant that, according to statements issued by Japanese and other countries’ Government representatives, could expose Japanese people to highly hazardous radiation.

Solutions proposed. In light of the nuclear emergency taking place at the Fukushima plant in Japan after the earthquake and tsunami, Japanese experts will try to pour on block 4 of the nuclear plant using helicopters, so was reported in the TV channel NHK. The plan is to pour the liquid through the holes in the facility’s destroyed roofs. This way, they expect to cool down the fuel bars inside. Block 4 is the only reactor that can not be cooled down with salt water due to technical reasons.

Situation in Libya still a protagonist. Gaddafi’s forces artillery-attacked and bombed Ajdabiya, the last point of rebel resistance 160 km north of Benghazi, killing at least five people and injuring more than twenty. This attack was key for Gaddafi, as his forces made way to try and recover Benghazi.

Shot in the back. Muamar Gaddafi assures he feels “betrayed” by his, up until now friend, prime minister of Italy, Silvio Berlusconi, with whom he maintains no relations, and said that French president, Nicolas Sarkozy had some kind of “mental disorder” because he has “said things only a crazy person would say.” Gaddafi also said in an



interview for the Italian newspaper Il Giornale, that if western governments behaved “with us” as they did with Iraq, “Libya will leave the international alliance against terrorism, join Al-Qaeda and declare holy war.”

Sales gain ground. According to Haver Analytics, US total retail and food service sales increased by 1.0% in February of 2011. This record is quite positive, as this would be the eighth consecutive month of retail sales increases, which indicates economic recovery. Consensus expectations had estimated 0.8%. Over the last three months, sales have grown at a yearly rate of 9.7%, while in all 2010 the growth rate was 6.5%. February’s y/y growth rate was 8.9%.

Trade shows less dynamism. German exports fell in January, although analysts maintain a positive outlook for 2011. Reviewing the exports under a seasonally adjusted quarterly rate starting in January, we find a 0.1% fall compared to the previous quarter. This would not be the only detail, imports, under the same comparison, grew by 15.4%. The fall of exports was mainly caused by a 10.1% fall in quarterly vehicle exports.

Wall Street concerned about Japan. For the second consecutive day, the New York Stock Exchange (NYSE) and the S&P 500 showed strong decreases in light of the possibility of a nuclear catastrophe in Japan, almost reaching 2010 closing levels. Analysts believe the stock market could fall even 20.0% more, before hitting bottom.

What this could cause. As an indicator of the possible damages expected on Germany after the Japanese tragedy arises the Economic Expectations Indicator, based on the opinions of institutional investors and financial analysts, which registered a 1.6% fall compared to the previous month and a 30.4% decrease compared to the same month of 2010. These are definitely not good signs.

Political Tips

19-year prison sentence against Mazuco ratified. The Court of Appeals ratified the 19-year prison sentence for the former secretary of Citizen Safety of Zulia, and elect National Assembly Representative, Jose Sanchez Montiel (Mazuco), so was reported by the criminal lawyer and president of the non-governmental organization Justicia y Proceso Venezuela, Theresly Malave. In the opinion of Counselor Malave, this



measure is nothing but an atrocious political retaliation in violation of fundamental rights.

PCV rejects criminalization of the union fight. We reject the criminalization of labor unions. Demanding respect for our freedom to form unions and negotiating collective labor agreements. These flags, commonly raised by government detractors, will be raised by the Communist Party of Venezuela within the framework of a series of demonstrations scheduled for this month.

The president's law of especial powers "is another Government fraud. William Ojeda, National Vice president of Social Affairs for Un Nuevo Tiempo, stated yesterday that the president's Law of Especial Powers turned 3 months old this week and has not been used to take care of the people's needs, so that "excuse was yet another fraud."

President urges "battle for electors' minds." Throughout the 5 hours and 40 minutes that lasted his show, Chavez expressed his concerns for the communication flaws that keep Venezuelans from "knowing the truth" and learning about his Administration's achievements. Chavez also talked about the opposition and said they "poisoned" their followers now that they realized they "can't authorize their house rules" in the National Assembly.

Morel Rodriguez calls governors to internal elections. Rodriguez thinks governors and mayors with successful administrations and support from their respective regions should be given the opportunity to participate in primary elections. Such elections should be open for all sectors of society, because doing otherwise might create highly complex situations.

PJ proposes social plan for oil surplus. Yesterday, the national coordinator of Primero Justicia, Julio Borges, proposed President Hugo Chavez to dedicate the oil surplus to housing, health, education, safety and roads.

Minister of Higher Education refused to receive college commission. The Minister of Higher Education, Yadira Cordova, urged college students to talk about ending the hunger strike. However, she did not receive the commission integrated by students, teachers and workers that visited her office last Friday, but sent her office manager, Lourdes Baltodano, and the director of OPSU, Tibusay Hung.

Chavez urged debate but UBV students were not admitted. The president's statements urge to dialogue, but not in practice. Last Friday this reality was reinstated when during morning hours a commission of college students asked to meet Minister



Cordova and she refused to receive them, as was announced by the professor of Universidad de Carabobo, Jesus Villaroel.

Falcon proposed a card and primary elections for this year. In the debate about the primary election to choose the opposition's presidential candidate, the Governor of Lara, Henri Falcon, has already stated his opinion.

Ombudswoman urges students to end their hunger strike. Ombudswoman Gabriela Ramirez urged the students on hunger strike in front of the PNUD offices to abandon their stance in order to give way to dialogue and understanding between the parties involved.

Students chained at UCV end their protest. The students part of movement 28 (M-28) who chained themselves to the gates of Universidad Central de Venezuela rector's office last Monday, decided to end their protests to dialogue with students demanding improvements in the college education budget.

Public powers submitted annual reports and accounts to National Assembly. Unlike the executive cabinet, of which ministers appeared before the plenary session and answered questions during five sessions, the Judicial, Electoral and Citizen Powers only submitted their reports to be forwarded to the corresponding commissions within the Parliament.

March delayed. Due to pavement replacement labors at the Regional del Centro Freeway, 10 buses from universities throughout the nation didn't make it on time to Caracas to join the student march for a fair budget, so was reported by Diego Sharifker, president of the Federation of University Centers (FCU) of Universidad Central de Venezuela (UCV), last Tuesday, March 15.

Urges to constitute a majority to change the country. The political organization Vanguardia Popular stated the need to articulate the people's dissatisfaction with the national administration in order to build a new national majority and change the nation's path, so was expressed in a press release issued to celebrate of its fourth anniversary.

Human Rights Watch doubts Afiuni will receive a "fair trial." In a press release, the international pro-human rights organization urged the United Nations Working Group on Arbitrary Detention to "continue to closely monitor the case of Judge Afiuni and to demand the Venezuelan Government to dismiss all charges against her." In the document, the organization did not hesitate to label the process against Judge Afiuni as a demonstration of the "huge setback for Venezuela's rule of law".



Legislative Tips

Socialist companies to be included. One of the reforms to be included in the National Assembly's 2011 legislative agenda is the modification of the Venezuelan Code of Commerce. The intention is to include social production companies and cooperatives in the new text, as well as to diversify other branches. Representatives say "the current code of commerce only caters to economic sectors' interests, and doesn't give way to the democratization of economic freedoms". They are also planning to modify some regulations and adjust out-of-date financial penalties, as well as anything regarding finance, reciprocal warranty partnerships and trade registries, since the current instrument is too restrictive.

More and more restrictions. The purpose of the draft presented to the National Assembly for the reform of the Law of Property Tenancy, known as the Law to Regularize and Control Home Tenancy, is to establish more regulations to home and room rent deals. However, the proposal includes more controls on the construction and sale of primary homes. This new part states that rental properties are "of general public, social and collective interest." The Law will regulate tenancy in rooming houses and room rents in particular homes, because for tenant's organizations, those deals also report speculation.

And more bureaucracy. According to the draft of the Law to Regulate and Control Home Tenancy, people will now need to carry out a new series of steps to execute lease agreements. Lease agreements will need to be reviewed by the Tenancy Office and, once signed, it shall be sent to that instance because there will be a census of lease agreements. Additionally, rental rates will be calculated according to the methodology indicated in the text.

Latin-American Parliament is Active. During the next meeting of the Latin-American Parliament's (Parlatino) Gender, Childhood and Youth Equity Commission, Representative Delsa Solorzano will present a draft of Social Safety for Home Workers. "This draft will be our flag so that all Latin-American women who are homemakers can enjoy the social recognitions other workers have."

Trying to promote it. In an act including the governor of Lara, Henri Falcon, National Assembly Representatives Alfredo Ramos and Eduardo Gomez Sigala as well as regional legislators, more than 60,000 signatures were submitted in support for the



reform to the Law of Nutrition introduced in the National Assembly looking to incorporate the benefit for social security pension holders and government retirees. Ramos said they had already collected half a million signatures nationwide supporting this project considered to be “a necessity for social security pension holders and government retirees who spend most their money in medicine and health services. This project has had a great impact throughout the nation.”

They will need to negotiate. Now that the political scenario has changed, Psuv will need to negotiate with the National Assembly’s opposition section to obtain approval for the Organic Law of Borders during the new legislative period. The secretary general of the National Commission for Borders, Feijoo Colomine, explained that the Parliament was in legislative delay as the Constitution established in its transitory provisions that said legal instrument should have been approved by 2011. “There are 32 articles approved in second discussion but, being an organic law (requires the votes of two thirds of the NA), PSUV will need to negotiate with the opposition,” said Colomine.

To be reviewed. The Supreme Court of Justice (TSJ) will review the reform to the Organic Law of the Municipal Public Power looking to determine whether its provisions delegate the election of parish board members in communal councils, and whether the cease and desist order issued on parish boards elected in 2005 was constitutional or not. The modification of this law caused strong rejection reactions. Over the last few weeks, tens of parish board members appeared before the higher court to demand the annulment of said modification.





ECONOMIC OVERVIEW

