



# Weekly Report

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By:  
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*And after April 14th, what then?*

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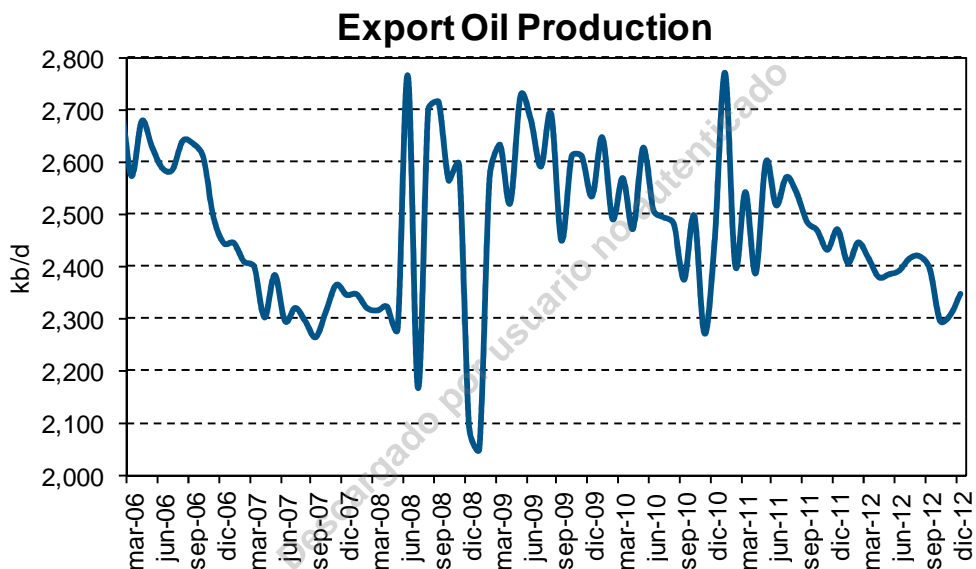
So, once again, the Venezuelan people get ready to go to the polls this Sunday, April 14<sup>th</sup>, and elect a new President. This election is anything but normal though, being that it is to replace a President who died in office. The campaign period is short and has been very intense compared to other presidential elections. But after all is said and done, the key question will be what economic challenges will face whoever wins the election this coming Sunday?

**First and foremost, the oil sector**

Venezuelan oil production has been contracting for the last few years. Between 2009 and 2012, Venezuelan oil production for export has had a negative variation of 6.7%, which translates to 172 kb/d less. And, if we include the first quarter 2013, the Venezuelan oil basket has managed to average out around US\$100 per barrel, for the last three years. In part, these two elements explain why the Administration has not been able to increase the supply of foreign currency. But there are other reasons too, such as the Venezuelan government's commitment to supply a little over 290 kb/d in energy agreements, thereby selling oil at significantly



subsidized prices and beneficial payment agreements (PetroCaribe, Cuba, PetroAmerica, just to name a few). Then there is also the 260 kb/d that is sent to China as payment for the loans received from said country. All this affects Venezuela's cash flow.



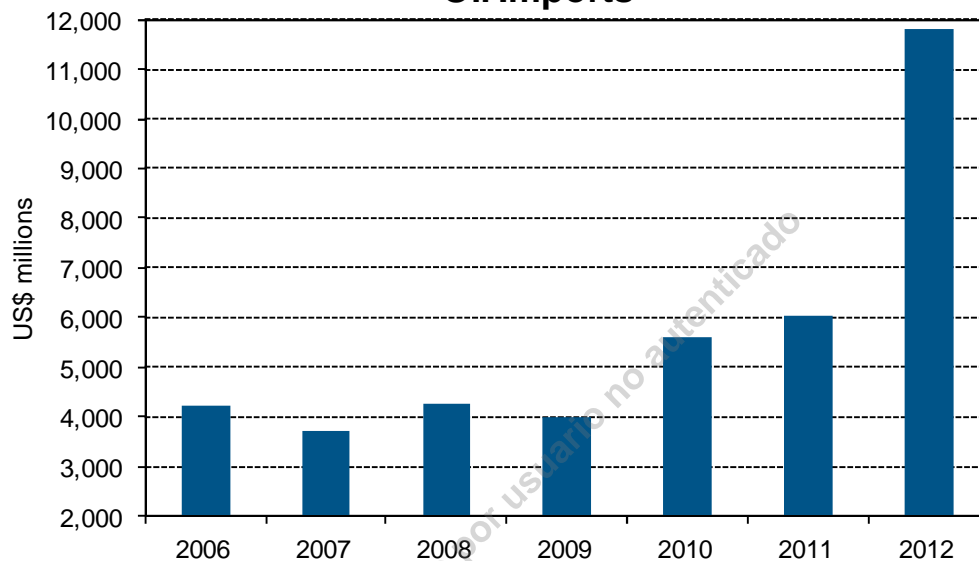
Sources: PIW and Ecoanalítica

Pdvsa continues to have serious problems, and despite the fact that during the last few years, investment has focused on exploration and extraction, refining activities has been performing very poorly, especially in 2012. So much so, that Venezuela has been forced to increase its oil imports, specifically aggregate value products and oil by-products. In 2012, oil imports increased by record amounts (up by 96.1%) totaling US\$ 11.8 billion.





## Oil Imports



Sources: BCV and Ecoanalitica

Taking all this into account, it is not surprising that Venezuela needs to improve Pdvsa's cash flow, a fact that contributed to the recent currency devaluation; but the state-run oil company also has to improve in two crucial areas: increase oil production coming from the Orinoco Oil Belt with its mix-company partners, and it has to take a serious look and reevaluate the current international energy agreements that it is in. And this is not even addressing the issue of the domestic gasoline subsidy which we will address in a future report.

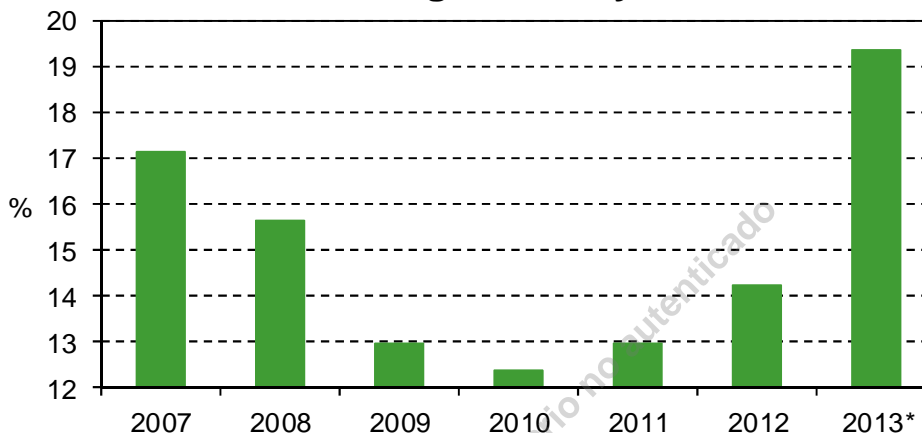
### Second: shortages, scarcity of products, and inflation

Last year the Administration was successful in its strategy to lower inflation from 27.6% in 2011 to 20.1% in 2012, taking advantage of the fact that it was an election year and that liquidity increased by 60.1%. The strategy was successful due to a number of factors: international food prices dropped in 2012; the overall whether situation in Venezuela was calm, there were record imports, and the Administration imposed stricter controls on prices and created the Sundecop.

There were no structural changes made, and once the supply of foreign currency began to drop, the problem with shortages became much more serious. Since the month of October 2012, the supply of foreign currency for the private sector began to dwindle. Then, the Central Bank of Venezuela (BCV) Scarcity Index registered 13.4%. Now, March 2013, it's at 18.0%.



## Average Scarcity Index



Sources: BCV and Ecoanalitica

\*Annual average until marc

A study recently printed in the newspaper, *El Universal*, among the 12 items in the “severe shortages group” (more than 41%), nine of these are considered high priority food items for Venezuelans: powdered milk, corn oil, vegetable oil, sugar, precooked corn flour, margarine, sunflower seed oil, pasteurized milk, and coffee. In the group labeled “significant shortage” (between 21% and 40%) there are five items: beef, canned sardines, white cheese, and yellow cheese.

And it's not only with food items that there is a problem with shortages, medicines and personal hygiene items have also been affected. The Scarcity Index registers much higher shortage percentages in the interior of the country than in the bubble that is Caracas, the capital city.

The newspaper, *El Nacional*, got access to a report issued by technicians from the BCV in which it suggests that an exhaustive review of price controlled items. After ten years now, there is no doubt that price control measures simply do not work. On Monday, after the election is over, the key to success for the Administration that is in power will be efficiency, how to eliminated shortages and reduce scarcity, and bring under control a spiking inflation rate. At the close of the first quarter 2013, the yearly inflation rate was at 25.0%, and at this rate, at **Ecoanalítica**, we are estimating inflation to close the year out at 31.4%.

**Third: the exchange issue...**

What's been happening with the exchange situation in Venezuela during the last few months resemble events that could have taken place in a



novel by García Márquez. Since September 2012, the parallel exchange market has depreciated by 104.1%, and the official supply of foreign currency has dropped by 16.2%. Finally, in February 2013, after repeatedly denying that it would, the Administration devalued the official exchange rate (Cadivi) from VEB 4.3/US\$ to VEB 6.3/US\$, and the Sitme was eliminated. This measure was expected, but the Administration failed to have a mechanism ready to take its place. This left a number of important companies in “limbo.” According to BCV figures, 50% of the amount of foreign currency traded through the Sitme went to the import of goods on lists 1 and 2 (considered priority goods). It wasn’t until a month and a half later that the Sicad (the Complimentary System for the Placement of Foreign Currency) was clumsily introduced and implemented. The system is not fully operational or clearly defined.

A fundamental challenge facing the Administration in power after Monday will be to figure out how to design and implement credible exchange policies. Up until now, the government has failed at this task. The exchange issue is key to being able to control shortages. After more than 10 years of having an exchange control in place, it seems that the mechanism has run out of steam, and significant adjustments must be made regarding this issue.

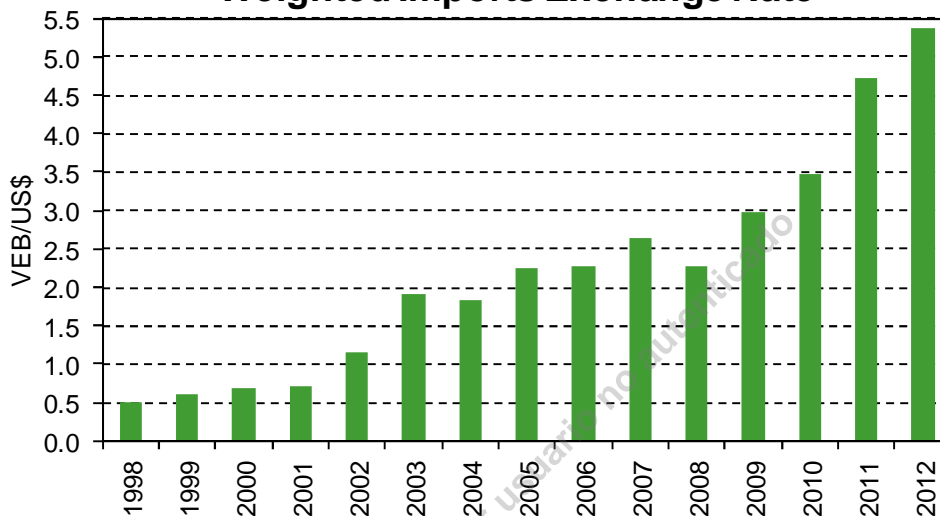
With respect to the non-official exchange market, if the Administration doesn’t continue to supply this market with foreign currency, it won’t be able to stabilize the un-official exchange rate, and in fact, it will push it to increase even more. Plus, the Sicad needs time to develop and work out all the bugs, because depending on its characteristics, it will hopefully be able to help stabilize this market.

According to our estimates, in 2013, private sector imports will be at around US\$28.96 billion, with 58.3% of this amount of foreign currency being issued via Cadivi; 26.2% coming from the new system; and the rest (15.4%) coming from other sources. We expect the weighed exchange rate for 2013 to be at VEB 9.3/US\$, up by 73.5% compared to 2012. This is the highest increase this rate has reflected since President Chávez won the presidential election in 1998.





### Weighted Imports Exchange Rate



Source: Ecoanalítica

By devaluing the exchange rate, the Administration has finally decided to take steps to correct the serious overvaluation of the local currency. This is a necessary adjustment which will allow the Administration to have space to maneuver and continue to implement changes in the exchange policies in the future.

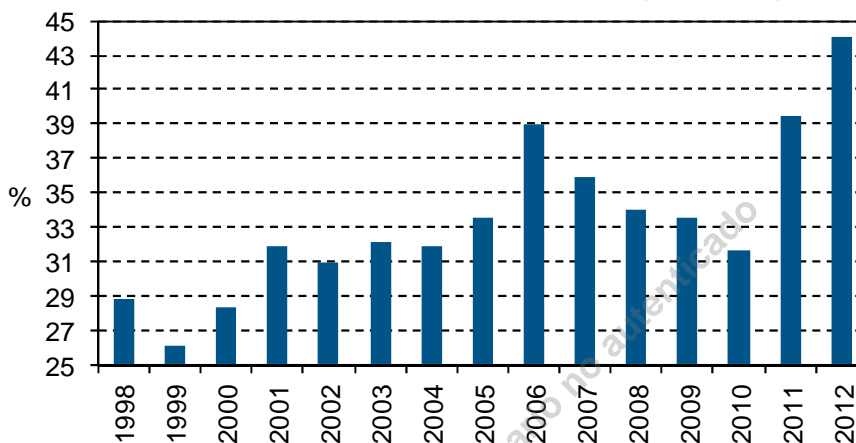
#### Fourth: Public spending, the size of the government, and the performance of state-run companies

On numerous occasions, in other Reports, we have mentioned how important fiscal policies and wealth distribution mechanisms are for a chavismo Administration. Ever since Chávez came into power, the size of the State has increased significantly. Public spending has gone from 28.7% of GDP in 1998 to 44.1% in 2012. And since 2007, the Administration has aggressively followed through with its expropriation policies in which it committed almost US\$ 34 billion. The performance of a significant number of these now state-run companies leaves much to be desired, and is an important reason why the public sector deficit went from 1.6 percentage points of GDP in 2006 to 15.4 percentage points of GDP in 2012.





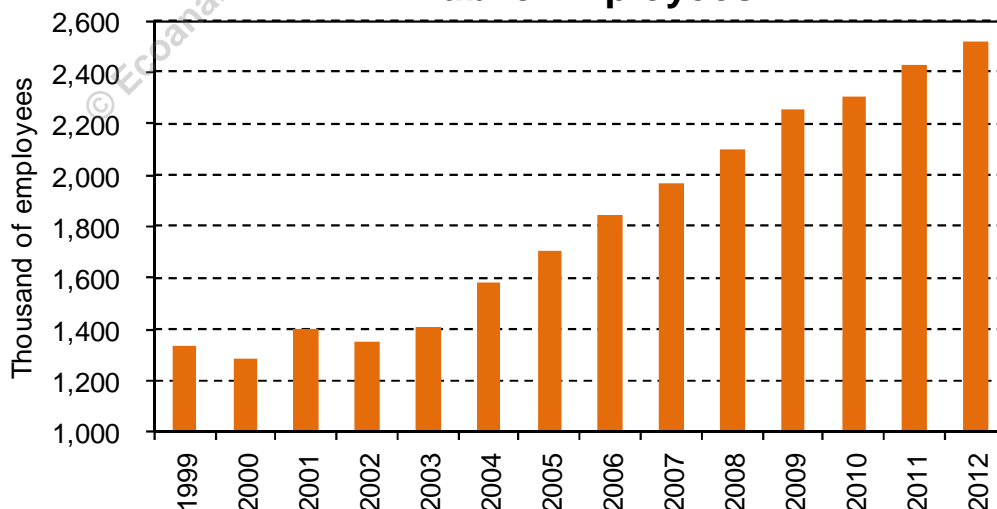
### Total Public Expenditure (% GDP)



Sources: MPF and Ecoanalítica

The public sector payroll has also bloated, with public sector employees increasing from 1,333,989 in 1998 to 2,517,367 in 2012; plus, the number of people receiving pensions increased by 529.5%. All this has increased the States need for financing and the subsequent increase in oil prices doesn't seem enough to cover these needs.

### Public Employees



Sources: INE and Ecoanalítica

For example, for 2013, at **Ecoanalítica**, we estimated that the States financial needs (deficit + debt service payments) were at US\$53.36 billion, and would be financed through acquiring domestic debt (US\$33.21billion),



and foreign debt (US\$8.0 billion), and other sources of financing (US\$12.15 billion). Plus, out-of-budget surplus resources from the close of 2012, the so-called padding resources, dropped by 35.3% compared to the same period last year.

So far, fiscal management has been inadequate and inefficient and the Administration has carried a chronic deficit these last five years. If this spending tendency continues, there is only one path to follow: one of constant inflationary pressures, unstable exchange, and weak institutions. This new Administration coming into power after Monday must find the appropriate economic policies and execute public spending more prudently.

### **Epilogue: An election campaign in the midst of an adjustment**

After a presidential period in which 21<sup>st</sup> Century Socialism has been experimented with, it's clear that the performance of the Venezuelan economy under this model leaves much to be desired, especially if we compare Venezuela's economic performance to its neighbors in the region during the same period, or the other OPEC member countries. The last two years have been influenced by a series of elections which pushed public spending to around 50% of GDP. With Venezuelan oil production and refining performing below expectation to say the least, the outlook for 2013, after the presidential election in October 2012 and the Governor's election in December 2012, it was clear that 2013 would begin with significant adjustments, and that's exactly what has happened.

The most significant element to describe this adjustment process has to do with President's death. In a regime like Chavismo, where the President held so much power, with no true second-in-command existing, and where multiple ideological currents exist; decision making in terms of public policies, now, with the absence of a supreme leader, turns into a complex affair; even despite the fact that in the end, Chávez himself anointed his heir.

It's clear that the Venezuelan economy has accumulated significant imbalances and that the administration has taken actions to overcome them in the short term. However, in our opinion, none of the actions taken so far is aimed at attaining sustainable economic growth in the long term. The new Administration that will take power on Monday is going to face a harsh reality. Oil revenues are not enough to sustain the current economic model (21<sup>st</sup> Century Socialism). This is why, for the first time in the history of Venezuela's economic crisis, which is to say, since 1983, a devaluation of the local currency hasn't been enough to correct the huge and



numerous distortions. In our opinion, overcoming these imbalances necessarily entails rethinking the economic model applied over the last six years.

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## Economic Tips

**Now Sicad belongs to all.** Sicad, the new mechanism that replaced Sitme to provide private firms that aren't covered by Cadivi (or that are facing backlogs at Cadivi) with foreign currency, will include small companies and other sectors that have been excluded from the auction mechanism, Minister Rafael Ramírez informed assuring that *"Rusad will be streamlined and purged so as to include small companies and production sectors that are excluded"* under a new method that he didn't explained.

**Seniat collected VEB 21.0 billion in Income Tax.** According to information provided by Seniat Superintendent, José David Cabello, his office collected about VEB 21.0 billion in 1Q2013, thus meeting 159.2% of the target set for this tax (VEB 13.2 billion). Cabello highlighted that the amount collected for Income Tax allows the administration to execute programs included in 2013 budget in areas such as education, housing, health and urban development, which will benefit of all Venezuelans.

**Imported products are expensive.** According to figures published by the BCV, wholesale prices for imported goods, as measured based on the wholesale price index (IPM), increased 7.4% in the first two months of the year, up about 6.1 percentage points from 2012, for the highest increase for this period since 2003. This wholesale price increase is expected to be transferred from producers to consumers over the following months (May and June).

**Shortages aren't scarce.** According to a report by the BCV released at end-March, food products with the highest shortage index were those produced with imported raw materials. The report highlights shortages of mixed oil (75.3%), butter (74.5%), sugar (73.7%), milk (70.0%) and coffee (50.9%). Representatives of the food industry have said that the major problem they're facing is the shortage of foreign currency to refill stocks of raw materials, inputs and packaging materials

**Interest rates.** The lending rate for the first week of April was at 14.8%, up by 0.7 pp compared to the previous week. The time deposit rate was at 14.5%, without variations compared to the previous week, while the passive rate has not experienced any significant variation since November 2011, placing well at 12.5%.

**International reserves.** International reserves go up by 1.0%, going from US\$26.77 billion during the fourth week of March to US\$27.04 billion during the fifth week of



March. Compared to the same period last year, international reserves have decreased by 2.0%.

**Central government expenditure.** On Friday March 05<sup>th</sup> according to figures from the National Treasury Office (ONT) primary spending was VEB 6.33 billion, which means a decrease of 28.5% when compared to the previous week when it was VEB 8.85 billion; when compared to the same period last year we observe an increase of 194.3%.

**Monetary liquidity.** Monetary liquidity (M2) was increased 1.6% in the fifth week of March compared to the previous week, settling at VEB 757.6 billion. The M2 has increased 66.3% in relation with the same period last year.

## Oil Tips

**Never-ending love ties.** The National Assembly (AN) authorized the creation of a joint venture between PDVSA and Russia's Rosneft for the development of prospection activities to search for crude oil deposits, lifting and development of associated natural gas in the Orinoco Oil Belt, specifically in Anzoátegui and Monagas States. The joint venture will perform primary activities for 25 years and will be able to directly market the mix of crude oil derived from upgraded crude.

**Production drops 3.1% in 2012.** Production of crude oil and natural gas liquids reached 3.03 million barrels daily (mb/d) in 2012, down 95,000 barrels daily (kb/d) from 2011, Rafael Ramírez, Minister of Energy and Petroleum, informed. Ramírez stressed that investments are expected to increase (US\$24.58 billion in 2012) and exceed US\$25.0 billion in 2013. Most of them will be earmarked for the Orinoco Oil Belt, which is now producing 1.25 mb/d, Ramírez explained.

**Exports increased in February.** According to Petrologistics, in February Venezuela's crude oil exports reached 2.03 mb/d, that is, 19 kb/d less than the previous month. The more significant increases were in exports to North America, around 742 kb/d (135 kb/d more than in January) and China, at around 331 kb/d (44 kb/d more than in January), although shipments to the Caribbean, fell 86 kb/d.

**Purchases of refined products don't stop.** The growing trend registered by gasoline purchases, which surged in 2012, continued in January 2013 and imports



are expected to continue as long as Amuay refinery isn't operating at full capacity. The US Energy Information Agency (EIA) informed that Venezuela had closed 2012 with a daily purchase volume of 154 kb/d in comparison to no more than 46 kb/d imported until last year.

**Oil exports to EE UU. decreasing.** According to the Department of Energy of the U.S. government, Venezuelan oil exports to that country in January 2013 closed at 898 kbd. The Memory and account of the Ministry of Petroleum and Mining, reported that in 2012 U.S. crude oil exports averaged 990kbd, down 15% compared to 2011.

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**International baskets.** At closing time on Wall Street, WTI traded on last Friday April 05<sup>th</sup> at US\$ 95.5/bl, which means a decrease of 0.5% from US\$93.7/bl recorded the previous week. Meanwhile, Brent decreased by 0.2% to reach US\$108.8/bl compared to the previous week when it reached US\$108.9/bl.

**Local basket price.** On Friday, April 05<sup>th</sup> the Venezuelan oil basket price closed at US\$104.0/bl an increase of 0.5% compared to US\$103.5/bl recorded the previous week. Meanwhile, the average of the Venezuelan oil basket stands at US\$ 103.7/bl.

## Business Sector Tips

**New car sales decline 21.0%.** According to data released by the Automotive Chamber of Venezuela (Cavenez), sales of new cars went back 21.0% in March with respect to the same period in 2012. In January-March, 25,639 units were sold, down about 7,605 from the same period in 2012. Of these, 13,763 were domestically manufactured vehicles (down 50.5%) and 11,876 were imported (up 118.9%) in January-March.

**Sundecop will set prices of new cars.** According to one of the 14 articles that have been approved so far, the draft law that will govern purchases and sales of motor vehicles will set maximum sale prices of new cars. This price will be set by the



National Superintendent of Costs and Prices (Sundecop), taking into account the “vehicle’s price structure”.

**List of drugs requiring prescription should be revised.** The National Chamber of Generic Drugs (Canamega) has requested a review of the list of drugs that can be sold over the counter at pharmacies. Jorge Rivas, Canamega’s president, explained that savings for requesting prescription to buy medicines could be lower than costs derived from having to visit the doctor to fetch the prescription.

**Car prices have increased by 50% since devaluation.** The price of used cars has been continually increasing since the devaluation was announced in February. The new law that will rule purchases and sales of motor vehicles is expected to set “fair prices” for used vehicles.

**No foreign currency for food.** The Venezuelan Food Industry Chamber (Cavidea) has dismissed hoarding claims against the entity and states that applications totaling more than US\$895 million are still pending at Cadivi.

**Venalum isn’t working even at half capacity.** Venalum’s processing cells are operating at 29.8% of the installed capacity. The state-run firm’s production has dropped 41% since 2011, due to the lack of inputs, labor conflicts and electric power rationing over recent years.

**Outages are pure “sabotage.”** Several power outages occurred around past Wednesday midnight in different sectors of Caracas. Argenis Chávez, Corpoelec president, assured that these outages cannot be technically explained and that they were due to sabotage. Chávez announced that Sebin detained in Puerto Ordaz an individual allegedly involved in the events and guaranteed that electric power service won’t be interrupted during the coming election.

**Food shortages continue.** According to a document that leaked to the press, 17 basic food products are scarce. Furthermore, based on the BCV methodological framework, shortages reached 19.5% in February, thus approaching the line between “light shortages” and “significant shortages.” Wheat flour, cooking oil, butter and ground coffee are some of the products that are most difficult to find.

**Mercosur Mode is “On”.** The tax authority (Seniat) informed that a new nomenclature (customs classification) will be adopted as from April 5<sup>th</sup> as part of Venezuela’s accession as a full member to Mercosur. According to Seniat “*this new customs include the product nomenclature used by Mercosur, as well as tariff rates that are common to all member countries.*”



**“First come, first served.”** As part of the process to adopt Mercosur customs nomenclature, the new tariff shall be applied based on the goods’ date of arrival; therefore, shipments that arrived before April 5<sup>th</sup> will pay old tariffs, whereas those arriving after that date will pay Mercosur rate. The adoption of the new tariff will force some importers to pay a higher or lower amount than the previous one and this has caused administrative delays at the customs office.

**Companies producing price-controlled products demand adjustment.** At a technical meeting held at the Ministry of Commerce, representatives of the companies whose products are controlled by the National Superintendent of Costs and Prices (Sundecop) demanded price adjustments. Sundecop has kept prices of personal care and household cleaning products frozen for 17 months now; during this time, companies have seen costs of labor and local and imported raw materials increase.

**Hamstrung.** At a meeting in the Ministry of Commerce, business representatives highlighted the consequences of abolishing Sitme, above all at the time of importing raw materials or finished products. Sitme was a mechanism through which companies excluded from Cadivi could obtain dollars, because it was a more expedite way and didn’t require Non-Production Certificates. Dollar quotation at Sitme was slightly higher than Cadivi’s and didn’t impact businesses’ cost structures.

## World Economy Tips

**More cuts in the US.** US President Barack Obama will propose further cuts in terms of social welfare in the draft budget to be presented next Wednesday. Moreover, Obama would be willing to cut spending in other programs if Republicans at the Congress approve tax increases. All this is intended to reduce US\$ 1.8 billion deficit.

**Unemployment beats American workers.** Unemployment dropped one tenth of percentage point (pp) in March, to 7.6%, partly due to last month’s budget cuts. In this regard, it’s worrying to see that the cut period is starting and the most significant impact on the economy is expected to be seen in April-June.

**US labor force declines.** The size of the US labor force declined to 63.3%, the lowest level since 1979. The number of pensioned people that come back to study or give up looking for a job has damaged labor force growth, thus leading



unemployment figures not to accurately reflect the impact that public spending contraction policy has had on the economy.

**The EU doesn't move interest rates.** The European Central Bank decided not to change interest rates, but stated that they will be ready to implement cuts if necessary. EU interest rate is 0.75%, the lowest in history, but the highest of the main central banks.

**Portugal is looking for alternative measures.** Although the Constitutional Court refused to comply with four of the nine austerity measures established in 2013 budget, the government pledged to reduce public spending so as to comply with bailout targets. Portugal is expected to reach an agreement with the IMF and the EU to compensate for the decision issued by the Court.

**Italy will pay debt to private companies.** With the aim of providing highly indebted firms with more liquidity, Italy's interim government approved the payment of EUR 40.0 billion to private companies to pay off State's debts. This injection could help the Italian economy to come out from recession.

**The BOE refuses to introduce changes.** The Bank of England (BOE) didn't change its interest rates, and kept them at a minimum of 0.5%, and refused to inject money into the economy by purchasing debt.

**The Bank of Japan surprises with its monetary policy.** The governor of the Bank of Japan, Haruhiko Kuroda, announced plans to increase the country's monetary basis, doubling its holding of public debt bonds over the next two years. This sudden change in Japan's policy will push yen downward, increase competitiveness, accelerate inflation and decrease bond yields.

**Chinese tourists are pioneers of world tourism.** An increase of 40% in China's spending in tourism with respect to past year has turned China into the country with the highest spending levels in tourism. With US\$102.0 billion, China is now first in the ranking of tourism spending, followed by the US and Germany. Russia also increased spending in this sector, with 32% with respect to 2011.

**Bank transactions via Internet grow in Latin America.** Access to banks via Internet is expected to grow 65% per year according to a report prepared by Deloitte. This will mitigate difficulties to access financial services in some rural areas. The number of Latin American people to use the new technologies for bank operations is expected to reach 140 million in 2015.





## Political Tips

**The campaign will be paid by militants.** Héctor Navarro, Minister for Electric Power and member of the national direction of PSUV party, underscored the financial effort that the election campaign for next April election requires. In this regard, the party has more than 7 million militants that are “contributing.” *“The party’s finances should be paid by militants instead of being paid with State’s funds, as it used to happen with other administrations,”* Navarro pointed out.

**Who controls voting machines?** MUD’s secretary Ramón Guillermo Aveledo reported that at the audit of the voting machines, they found out that a PSUV technician had the access passwords used to activate or deactivate the machines. Aveledo assured that a political party having this information is “abnormal” and warned that any individual that has the code *“can sabotage the equipment or make it fail”* before the start of the election process, although the vote isn’t at risk.

**Safer than Fort Knox.** CNE’s director Sandra Oblitas replied to MUD’s member reports that a PSUV technician possessed the access password to the polling system, assuring that an investigation will be initiated. Oblitas said that she is certain that next April 14’s election will be very fast and that the Venezuelan election system cannot be violated and is an example for the world.

**From driver to shaman.** At a campaign meeting in Amazonas and wearing an Indian plume, Acting President Nicolás Maduro assured that people that vote against him in next April’s election will be *“voting against themselves”* and the *“course of Macarapana would be hanging over them.”* This is the second time in less than a month that Maduro shows his “spirituality” before his followers; a few days ago, he claimed that the late President Chávez had appeared before him as a “little bird.”

***“The country will be freed from that course on April 14.”*** MUD presidential candidate, Henrique Capriles, assured in a campaign rally in San Cristóbal (Táchira) that *“the country will be freed from that course on April 14”* referring to what government’s candidate Nicolás Maduro had said. *“People that put a course on the people don’t have the right to govern them. This is a fight to defeat fear and raise hopes,”* Capriles added.

**Respect for election results.** Acting President/presidential candidate Nicolás Maduro pledged to respect the next April 14’s election results. *“I will respect on*



*behalf of this Constitution the election results and the decision made by the people, whatever it may be; I will be the first to respect it.*" Maduro also sent a message to his competitor, Henrique Capriles, for him to say *"if he's going to respect the will of the people."*

**A problem that has to be faced with unity.** MUD's candidate Henrique Capriles pointed out that violence is a problem around which all Venezuelans should be united, because nobody can say that *"since I belong to a party, I don't have to deal with violence."* People have to understand that the fact that you wear a color *"doesn't mean that you are going to be safer."* About the law on disarmament, Capriles said that this isn't a solution but another "show" of the administration.

**Whose fault is it?** MUD's presidential candidate Henrique Capriles assured that entrepreneurs or citizens aren't to blame for today's shortages in Venezuela. *"The problem is that production has dropped."* For Capriles, shortages should be fought with *"increased local production."* Finally, Capriles said that shortages are the result of the government's incapacity due to its policies in terms of dollar allocation, which harm imports and discourage local production.

**Winning convinced.** MUD's presidential candidate Henrique Capriles said in his campaign closing speech in Caracas that *"firmly, honestly and convinced,"* he and his followers *"are winning"* next 04/14 election. Capriles highlighted that thanks to the *"hope of millions of people,"* justice will be imposed in Venezuela next April 14.

**Everything is ready for next 04/14.** CNE's director Sandra Oblitas showed the election materials distributed throughout the country and informed that polling stations' members are being trained. The Ministry of Education has decided to suspend classes from April 10<sup>th</sup> to 15<sup>th</sup> so as to facilitate logistics and installation of polling stations for next presidential election.

## Legislative Tips

**Law on disarmament slowed down.** The promise to tackle the problem of personal security was the starter engine of Nicolás Maduro's campaign, but signs changed inside the AN and the urgency to pass the law was stopped. It was believed that the law would be passed at the regular session of April 2<sup>nd</sup>, but just 14 articles of the law were discussed and the rest could be hardly approved in the next session.



**Law on motor vehicles moves forward.** After having been sleeping since 2009, the draft law that regulates purchases and sales of new and used, national or imported motor vehicles is about to be passed. The National Assembly approved 14 articles of the 33 comprising the new law last Tuesday. Articles approved include matters regarding the creation of an entity that will set prices, the obligation to set maximum prices of new cars, and of assemblers to supply information on models and quantities of vehicles delivered to dealers.

**Sundecop now deals with cars.** The AN is expected to approve the remaining 21 articles of the law. Article 4 provides for that the Executive office, through the competent entity, will set maximum sale prices of new or used vehicles. This suggests that Sundecop could be the entity determining maximum sale prices of cars and spare parts.

**Total loss.** The General Attorney, Luisa Ortega Díaz announced that the Public Ministry will bring an innominate legal recourse in coming days to ban insurance firms from selling vehicles that have been declared as total loss after having been involved in an accident. Ortega explained that one of the petitions will be prohibiting the National Land Traffic Institute from including these vehicles into the national registration system.

**Rise in ceiling for loans granted through Housing Law.** The Ministry of Housing published a resolution in the Official Gazette No. 40,137, dated April 1<sup>st</sup>, increasing by VEB 50,000 the ceiling for loans granted through the Housing Mandatory Savings Fund (FAOV), up to 350,000. Furthermore, families, regardless of their income, may request loans through the Housing Law and they will receive the maximum amount allowed by law. Previously, families were requested to earn a minimum of four basic wages or VEB 8,188.

**Created new aluminum firm.** The decree through which Acting President Nicolás Maduro authorized the Corporation of Intermediate Industries (Corpivensa) to create the state-owned company Aluminios La Victoria (assigned to the Ministry of Industries) was published in the Official Gazette No 40,137, dated April 1<sup>st</sup>. La Victoria is the seventh state-owned company that Acting President Maduro has authorized Corpivensa to incorporate. In the same Gazette, Maduro ordered the creation of six state-owned firms, also depending on the Ministry of Industries.





## ECONOMIC OVERVIEW

