

The Labor Market: Beyond the Wages

Last week the increase in the minimum wage decreed by President Nicolás Maduro was made official. The 30.0% increase, effective May 1, is the fourth in the past 12 months, bringing the minimum wage up to VEB 4,251 a month, 73.0% more than 12 months ago and 13.7 percentage points higher than inflation forecast for the same period.

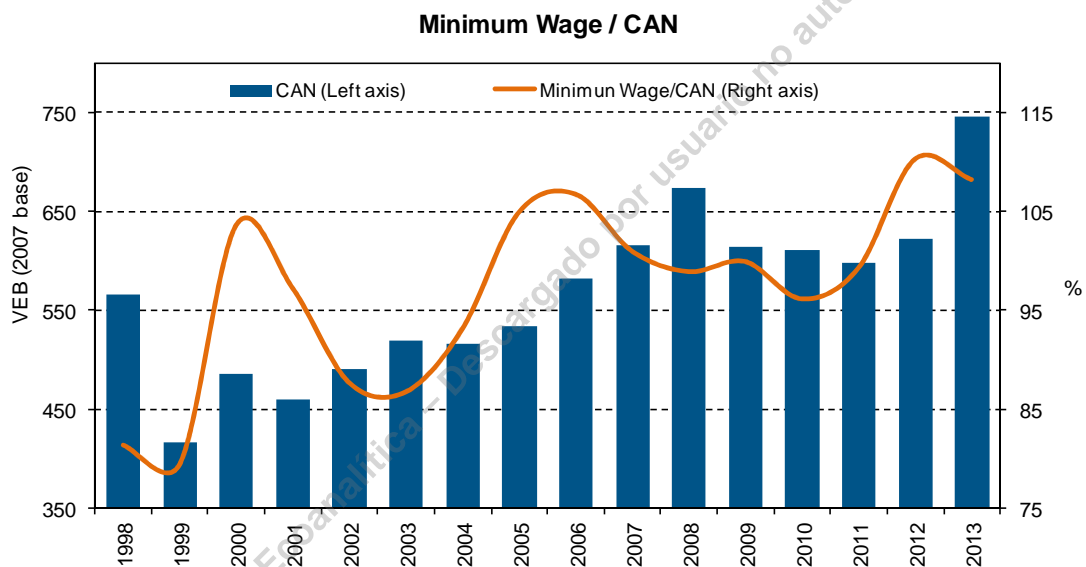
The increase in the minimum wage has been one of the measures used by the government to mitigate the increase in workers' cost of living resulting from its failure to meet inflation goals and the need to introduce big increases in the prices of essential goods (such as food). However, these considerable increases in the legal minimum wage have meant higher costs for producers, a situation that has prompted them to demand fresh adjustments, thus producing a vicious circle where wages go up using the stairs while prices go up in the elevator. The government has also been affected by the measure. Just last year, it was necessary to approve a Supplementary Indebtedness Act in order to be able to cover the increase in wages decreed by the Executive.

This year the situation would seem to be slightly different: a bigger adjustment in wages could require a bigger hike in the prices of goods and, while the President has undertaken to revise the new minimum wage –in line with inflation–, the promise was not set forth in the law as was the case last year. At **Ecoanalítica** we expect nominal wages in the economy to increase by 45.7% this year, which will mean a contraction in real terms of 10.1%.

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Clearly not enough

The average minimum wage posted real growth of 2.5% a year between 1998 and 2013, some 1.8 percentage points above the increase in the cost of the basic food basket (CAN) compiled by the National Statistics Institute (INE). While this looks positive at first glance, in relative terms, the minimum wage has only been sufficient to cover 97.1% of the cost of the basic food items needed for survival, leaving little or almost nothing for the consumption of other types of goods.



Sources: INE and Ecoanalítica

As though the increase in food prices were not enough, groups of goods and services that could also be considered essential have posted considerable annual increases in the past 15 years, with education (19.8%), health services (23.4%), and transport services (26.1%) being cases in point.

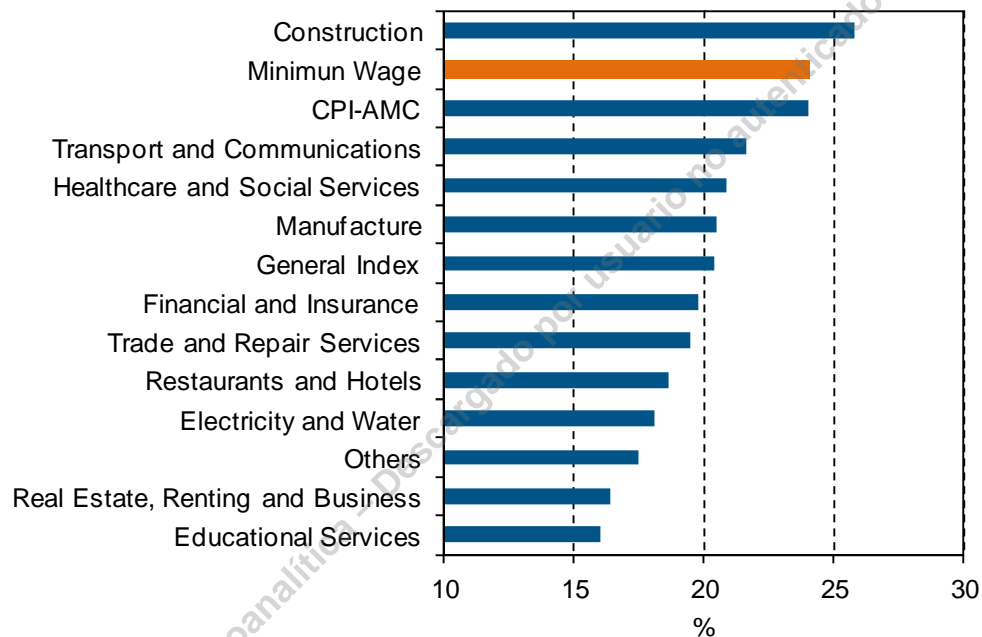
Converging downward

Another aspect worth noting is that, even though government spokespersons defend the increase in the minimum wage, alleging that it is above inflation, the fact of the matter is that, on average, remunerations in nearly all economic sectors have gone up less than prices, resulting in a considerable loss of purchasing power. According to data published by the Venezuela's Central Bank (BCV) in its annual report on the evolution of prices and the labor market between 2002 and 2012, only remunerations in the

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construction sector managed to stay above inflation (and therefore grow in real terms), whereas salaries and wages in all other non-oil sectors ended up contracting in real terms.

Average Growth of Earnings by Economic Activity (2002-2012)

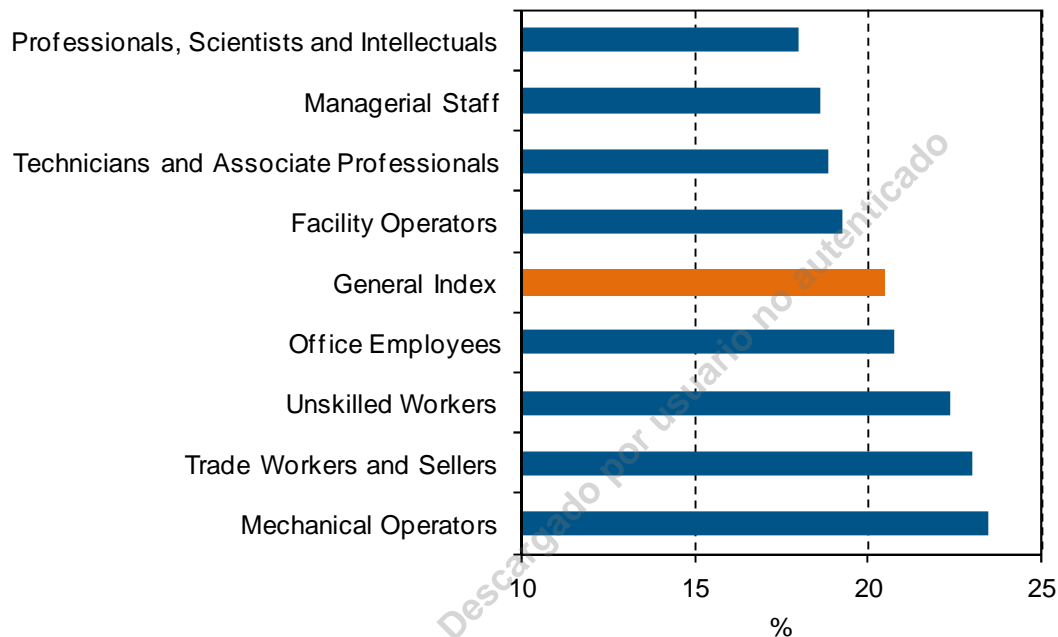


Sources: BCV and Ecoanalítica

The increase in the minimum wage has not only had a limited effect on getting remunerations in general to grow, but it has resulted in the remunerations of the more qualified personnel converging with those of unqualified personnel. According to Central Bank figures, while the remunerations of unqualified personnel and those classified as operators grew by 22.4% and 23.5% between 2002 and 2012, the remunerations of professionals and mid-level technicians went up by only 18.8% and 18.0% respectively.

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Earnings by Occupation Group (average rate of growth 2002-2012)



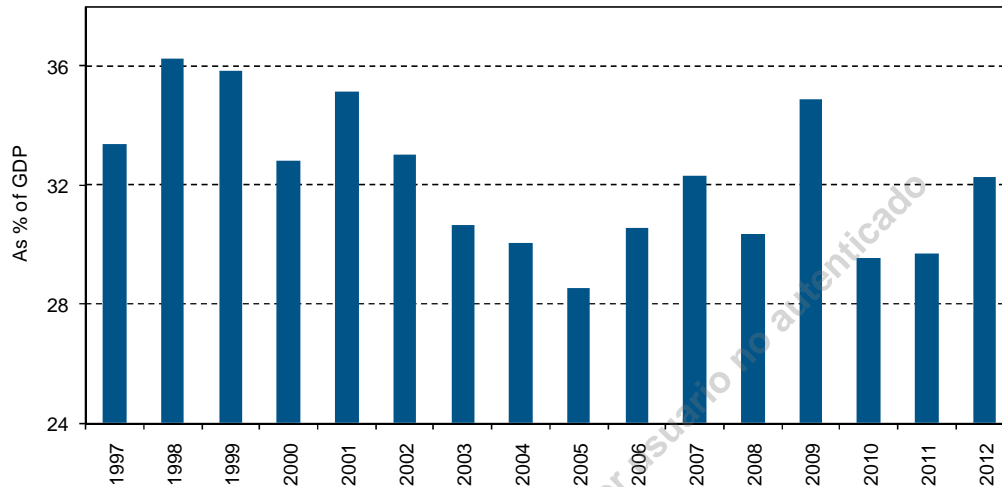
Sources: BCV and Ecoanalítica

And the contribution of socialism?

The increase in wages has not meant higher pay for employees and workers. According to data issued by the Central Bank, only 32.3% of total added value generated in the economy in 2012 reached the hands of employees in the form of remuneration, whereas 52.0% remained in the hands of company owners in the form of contributions to capital.

Despite 15 years of attempting to implement a “revenue-sharing” model and professing transition from capitalism to socialism, the workers’ share of generated added value continues to be less than in many economies labeled capitalist, such as the United States for example, where 52.7% of added value is distributed in the form of remunerations.

The Remuneration to Employees

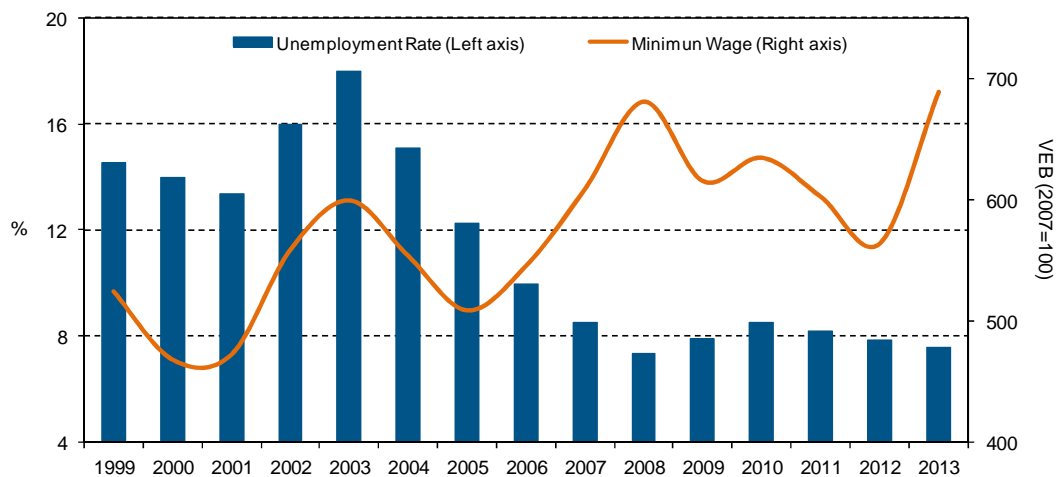


Sources: BCV and Ecoanalítica

A rosy labor market?

Quite apart from remunerations and the sharing out of revenues, the other labor market indicators for the past 15 years have shown positive signs, so far: unemployment has been cut by nearly half over the same period (going from 14.5% in 1999 to 7.6% in 2013), and the level of employment in the informal economy has dropped from 50.0% to just over 40.0%. Clearly these are significant achievements.

Positive Labor Market Figures



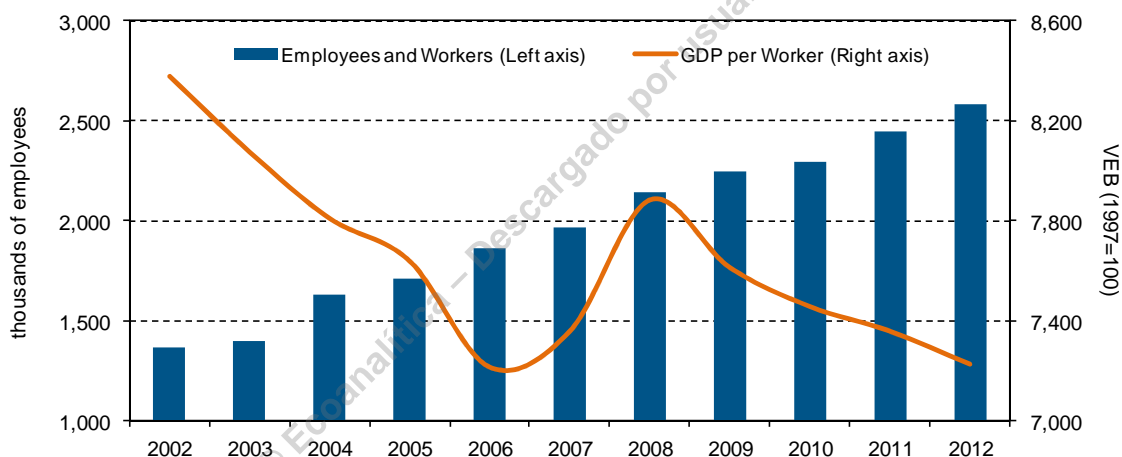
Sources: BCV, INE and Ecoanalítica

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A total of 4.2 million jobs were created between 1999 and 2013, 2.8 million of them between 2002 and 2012, mainly as a result of the 88.4% growth in the public sector payroll during that decade (from 1.4 million to 2.6 million employees), whereas the number of employees in the private sector grew by only 18.7% over the same period.

The boom fueled by the high oil prices allowed the government to considerably expand the size of the State apparatus, which has gone a long way to reducing unemployment. However, this has meant a loss of efficiency, reflected in a drop in productivity per worker of 13.7% (in real terms) in the public sector between 2002 and 2012, whereas the private sector increased its productivity per worker by 25.7% over the same period.

Public Sector Employment and Productivity



Fuentes: BCV, INE y Ecoanalítica

Nevertheless, an important datum that needs to be taken into account when evaluating the labor market is the size of the inactive population. During the past 15 years the reduction in the unemployment rate has been based not only on a reduction in the number of unemployed (436,706 fewer) thanks to the creation of 4.2 million new jobs, but also on the fact that the number of inactive people (those who, despite being of working age, do not look for work) has increased by 2.2 million (42.1%) due to the implementation of social programs in the areas of education and social security, which has reduced the basis of calculation for the unemployment indicators.

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A higher salary does not do miracles

At **Ecoanalítica** we consider that increasing wages by law has not been, nor will be, a viable option for protecting workers' purchasing power, particularly as long as the problems of inflation –especially in essential items- continue.

Reliance on oil revenues for generating unproductive jobs in the public sector and implementing social programs that help to “pretty up” the inflation figures is not sustainable either. At the end of the day, they depend on the ups and downs of the oil market.

Last of all, the convergence of wages resulting from increases that attempt to not leave the less favored lagging behind but do not take the rest into account discourages professionalization and training and encourages the brain drain.

In short, besides conquering a minimum wage that is above subsistence level beating inflation, generating productive jobs, and constructing a salary structure that encourages training are outstanding tasks for the policymakers.

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ECONOMIC TIPS

Cencorex vigilant. Cencorex has started an operative during which it will check up on the proper use of foreign currency by 500 private individuals. They are among the people who conducted operations between May last year and April this year. The verification by Cencorex will consist of checking different documents and requirements to confirm the proper use of the foreign currency granted to these 500 people, who will be required to submit their documents on different days depending on the final digit of their identity card number.

SICAD I grants US\$188 million. US\$188 million was allocated at the last SICAD I auction. The beneficiaries are 63 companies in the transport sector, which, according to the rules established by Cencorex, must not have been founded more than 48 months ago and have to have imported goods through regular channels in the past two years. These foreign currency allocations will be disbursed at the VEB 10.0/US\$ exchange rate.

More price lists. The superintendent of prices, Andreina Tarazón reported that the website of the National Superintendency of Defense Socio-Economic Rights (Sundde) *"will be the official channel which will be published price lists"* and not through Official Gazette, as has been the traditional procedure. Tarazón left open the possibility that it could be published in the Gazette food prices and noted that the prices fixed are stoutly for current inventory and once they reach the next inventory will be recalculated with the rate Sicad I.

The economic offensive continues. President Nicolás Maduro announced that inspections will start to be carried out again at different establishments throughout the country as part of a new economic offensive and to ensure compliance with the Fair Prices Act. Maduro also talked about the collective employment contracts and ordered the discussion and revision of all the contracts that have expired or are about to expire with a view to drawing up new collective employment contracts that will benefit the workers.

Everyone's invited. The Vice President for the Economy, Rafael Ramírez, claimed that, in the past 15 years, the government had established a *"profoundly successful"* model that has made it possible to reduce social exclusion, poverty, and reliance on the US economy, a plan that, according to Ramírez, the government intends to continue by mounting a new economic

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offensive that focuses on production, to which all businessmen, productive units, domestic companies and foreign companies operating in the country are invited.

A new fund, old tactics. On Labor Day, President Nicolás Maduro ordered that the National Longevity and Severance Benefits Fund be finally set up. He added that this measure is to be taken “*so that these benefits yield even more in the trust fund,*” and that it is part of a special plan to protect the savings plans.

Putting the house in order. During his participation in the peace conference in the *Llanos* states, Vice President Jorge Arreaza said that the government was committed to financing opportunities and that it would fight to put an end to bureaucracy so that there would be no excuses for not producing in the country. He also said that the government is going through a process of introspection, reviewing its entire internal structure in order to put a stop to the problems it is currently experiencing, such as inflation, profiteering and bureaucracy.

Interest rates. The lending rate for the fourth week of April was at 16.4%, down by 0.5 percentage points (pp) compared to the previous week. The time deposit rate was at 14.5%, without variation compared to previous week, while the passive rate has not experienced any significant variation, placing well at 14.1%.

International reserves. International reserves decreased by 3.8%, going from US\$20.7 billion during the fourth week of April to US\$21.5 billion during the first week of May. Compared to the same period last year, international reserves have decreased by 18.6%.

Central government expenditure. On May 2th according to figures from the NTO primary spending was VEB 15.4 billion, which means an increase of 73.9%; when it is compared to the same period last year. So far this year, the primary expenditure accumulates VEB 234.1 billion 69.3% more than the same period last year.

Monetary liquidity. Money liquidity (M2) decreased 0.1% in the fourth week of April from the week prior, to settle at VEB 1.35 trillion. The M2 has increased 75.6% in relation with the same period last year.

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Supply through SICAD II (US\$ MM)					
Day	Total daily	Public Sector	(%)	Private Sector	(%)
4/28/2014	41.1	39.4	95.9	1.7	4.1
4/29/2014	40.8	40.0	98.0	0.8	2.0
4/30/2014	41.3	40.2	97.3	1.1	2.7
5/2/2014	35.0	29.8	85.1	5.2	14.9
5/5/2014	39.9	35.2	88.2	4.7	11.8

Sources: Ecoanalítica

OIL TIPS

Everything's in order. After the long queues observed last week at Caracas gas stations due to the shortage of gasoline that triggered a protest by workers at the Guatire filling depot, PDVSA's Vice President of Refining, Marketing and Supply, Asdrúbal Chávez, said that the problems with the supply of gasoline had been solved almost completely and that there were still shortages at Los Chorrros and Terrazas del Ávila service stations only, which he claimed were due to abnormal demand by users.

"Artificial queues." Given the problems in supply observed last week, Enzo Cavallo, a member of the Energy Commission of the National Assembly (NA), said that gas stations would be supervised so as to guarantee supplies in the country and so that they do not join the "war" that some sectors are trying to wage by generating "artificial queues." He also pointed out that the gasoline subsidy comes to US\$120 billion, which is reason enough for there to be a national debate on the price of gasoline and on allocating that money to social programs.

It continues to slide. The price of the Venezuelan oil basket continues to drop, as this year it is slightly more than three dollars below its price last year. The Ministry for Oil and Mining said that the perception of a well-supplied market in the short term pushed down crude prices, with the result that the Venezuelan basket closed the week April 28-May 2 down US\$1.2/bbl at US\$96.5/bbl.

El Niño is leaving us without gas. On May 6, Colombia suspended its dispatches of gas to Venezuela as a preventive measure given the

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anticipated impacts of *El Niño*. Colombia still does not have a date for resuming this supply, agreed in 2007, of varying volumes of gas of up to some 150 million cubic feet per day, but that is currently in the region of 107 million cubic feet, explained Colombia's Mines and Energy Minister Amylkar Acosta.

El Palito is shut down... for a change. On Monday, May 5, the catalytic cracker at El Palito Refinery in Carabobo was shut down owing to a breakdown. PDVSA announced that maintenance work is being carried out at the refinery's Fluidized Catalytic Cracking Unit after a problem in the system of cyclones located in the plant's regenerator had been detected. In a communiqué, PDVSA guaranteed fuel dispatches to the 11 states that are normally supplied from El Palito Refinery.

International oil baskets. At closing time on May 2th in the New York Stock Exchange, the price of the WTI was US\$100.4/bl, decreasing by 2.3% when compared to the reported the previous week. The Brent decreased by 1.0% when compared to the previous week, to reach US\$108.5/bl.

Local oil basket price. The Venezuelan oil basket price closed at US\$96.5/bl on Friday May 2th, decreasing by 1.2% when compared to the reported the previous week. The annual average price of the Venezuelan oil basket is US\$96.5/bl.

BUSINESS SECTOR TIPS

Special supply, read "rationing." On Tuesday, May 6, the government announced water rationing for the five million inhabitants of the Caracas Metropolitan Area as a consequence of the drought. The "special supply plan," for which no schedule has yet been announced, could last for at least four months. The Minister for the Environment, Miguel Leonardo Rodríguez, explained that, because of the drought that is affecting Venezuela, one of the three reservoirs that supply the Caracas valley had dropped below minimum levels and had been closed.

No change in the price of coffee. The government and the Sundde agreed to keep the price of ground coffee at VEB 46.6/kg, and that is the price that supermarkets will have to sell it at. The Minister for Agriculture and Lands, Yván Gil, explained that the prices for the different presentations of ground

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coffee will be VEB 23.3 for 500 g and VEB 11.64 for 250 g and that the kilo of gourmet coffee may not exceed a markup of 30.0% on the price stipulated for ground coffee (VEB 46.6/kg).

They admit it's necessary to boost construction. At the 2014 Real Estate Outlook Forum, the Minister for Housing and Habitat, Ricardo Molina, stated that it is necessary to give a new boost to real estate construction, as it cannot be brought to a standstill, and he exhorted actors in the sector to work together. He commented that the Great Venezuela Housing Mission (GMVV) required such large volumes of materials that it caused shortages. The government called on the private sector to build 80,000 homes for the 0800Mihogar plan and 60,000 units for the rentals market.

Rome was not built in a day. The Minister for Housing, Ricardo Molina, announced that the problems with the production of construction materials could be solved in a matter of two years and that, in the meantime, the market would be supplied by means of imports. The minister also admitted that transportation of these materials needed to be improved.

Buy cheap, pay dear. The president of the Electrical Workers Federation (Fetraelec), Angel Navas, stated that at least 3 million out of the 7 million users are billed based on an "average" rate because they have no electricity meters or the ones they do have do not work, explaining that the system of charging for electricity is in a poor state of repair and obsolete. Referring to this situation, he considered that, if new meters were to be installed and the old ones repaired, it would not be necessary to increase electricity charges. He also spoke of the need to streamline 14 different types of tariffs.

Foreign currency, the medicine with the most shortages. According to the Central Bank, the medicines shortages index was 50.0% at the close of March. The Pharmaceutical Industry Chamber (Cifar) had already warned in a press release that the delays in paying what is owed suppliers would complicate the supply of medicines still further. According to information provided by different pharmaceutical associations, the debts that the laboratories and the pharmaceutical industry have with their suppliers abroad comes to more than US\$3 billion. As for the disbursements of foreign currency to this sector, they fell by 21.3% in 2013.

Personal care articles still missing off the shelves. According to a report issued by the Central Bank, the personal care articles shortages index was

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29.5% in March. Shortfalls in toilet paper came to 87%, whereas other items, such as shampoo and conditioner, razors, toilet soap, disposable nappies for babies, deodorant, sanitary towels, toothpaste, and mouthwash posted shortages of between 6.8% and 7.6%. There have been constant shortfalls in these products since last year.

Are shoes and clothes going to get scarce as well? Last week, President Nicolás Maduro announced that, as part of the “*economic offensive*,” the prices of 50 products would be “*evenly balanced*,” as a result of which Sunde has published lists with the prices for 8,010 articles of clothing, footwear and accessories. The prices are for goods sold at five chain stores that recently signed fair price agreements with the government: Tiendas Macuto, Converse, RS21, Tennis Shop, and Everlast.

Truckers and public transport workers want their law. The promotional committee of the Operational Strategic Command for Transport (Ceotrans) requested the debate of a special law that would regulate the transport sector with a view to expanding labor and socioeconomic rights and, in particular, the rights of senior citizens.

The airlines are still waiting. According to the International Air Transport Association (IATA), Venezuela needs to pay the US\$3.9 billion owed to the airlines for tickets sold as a matter of urgency. IATA warned that the government is not keeping its promise to make payment based on a fair exchange rate. Venezuela is demanding that the airlines fix airfares in bolivars and, for the past two years, the agency in charge of administering foreign currency has refused requests for revenues from ticket sales to be converted to other currencies and for the funds to be repatriated.

Workers plead Primor’s case. Last Sunday, April 27, Empresas Polar’s pasta processing plant, “*Planta Trigo Marcaibo*,” stopped production. More than 440 direct and indirect employees could be affected if the stoppage continues for any length of time. Therefore, the workers are calling on the government to speed up the disbursement of foreign currency for the pasta plant, which will take at least five weeks to start up production again from the time the foreign currency is received.

Fevipan estimates flour shortage of 30.0%. The president of Fevipan, Tomás Ramos, said that the economy is moving at one speed and the entry of raw materials at another. He also warned that, if an alternative for

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administering foreign currency is not found, the situation could become critical for the bakery sector. Ramos estimated flour shortages were averaging 30.0% countrywide and were as much as 60.0% in some states, such as Amazonas.

Government slashes Chrysler's vehicle prices. The Superintendency of Fair Prices has published on its web site the list of "fair prices" at which Chrysler's vehicles should be sold. The prices of the Cherokee models will be between VEB 528,237 and VEB 563,793 from now on. As for the Grand Cherokee, the retail price should be between entre VEB 643,036 and VEB 767,164, depending on technical details. These prices are 31% lower than those offered by the company.

Buying less and selling more. The Venezuelan-Colombian Economic Integration Chamber (Cavecol) has reported that Venezuela's imports from Colombia fell by 13.0% in 1Q2014 owing to the problems with the allocation of foreign currency, whereas Venezuela's exports to Colombia were up by 19.0%. The president of Cavecol, Luis Russián, said that total trade between the two countries in 1Q2014 came to *"US\$578 million, US\$460 million of which was for imports from Colombia and US\$118 million for exports from Venezuela."*

Nothing's coming in. The chairwoman of the Customs Commission of the National Commerce and Services Council (Consecomercio), Cipriana Ramos, stated that vessels with products are not entering the country's ports due to what she considered to be problems with making payments of lines of credit with international suppliers. Ramos also said that the loss of lines of credit in the international market is due to the fact that the government has not paid the foreign currency debts it has with Venezuela's productive sectors.

WORLD ECONOMY TIPS

Nearly there. The chairman of the Federal Reserve of Dallas, Richard Fisher, announced that they *"expect"* to end the asset purchasing program in October. On the matter of interest rates, he said jokingly that they would go up *"sometime in the next 100 years."*

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Being conservative. The FED announced that it will trim its monthly asset purchases once again, going from US\$55 billion to US\$45 billion. It also announced that, despite the figures for 1Q2014, which show expansion of the economy of 0.1% year-on-year, growth has picked up considerably following the end of a harsh winter.

The new leader in the race. According to the World Bank (WB), the Chinese economy will outstrip the US economy this year, even though previous studies conducted by the International Monetary Fund (IMF) anticipated that China would become the first world economy in 2019. This change apparently occurred after China achieved cumulative growth of 24.0% since 2011, whereas the United States grew by only 7.6% over the same period. India, for its part, apparently occupies third place, ahead of the Japanese economy.

Experience isn't everything. The Japanese Government announced that around 12.0% of its population is under the age of 15, whereas nearly 25.0% of Japanese are more than 65 years old, a record figure. Low birth rates and high life expectancy are sowing a degree of uncertainty with regard to the country's future economic performance.

Europe, somewhat unstable. In its weekly outlook report, the Organisation for Economic Co-operation and Development (OECD) stated that there is a risk of the eurozone sliding into deflation. Based on this outlook, OECD economists recommended lowering interest rates to 0.0% and even setting negative rates. Moreover, the OECD's chief economist, Rintaro Tamaki, expressed his concern over the high levels of unemployment in European countries.

Tobin set to go. The finance ministers of France, Germany, Spain, Italy and seven more countries met to discuss the implementation of the Tobin rate. Following the meeting, they agreed to levy this tax on financial transactions starting in 2016.

NATO is on the alert. The secretary general of the (North Atlantic Treaty Organization) NATO, Anders Fogh Rasmussen, admitted that, as far as NATO is concerned, Russia "*is more an adversary than a partner.*" He also expressed his concern over the problems generated in Ukraine and exhorted NATO countries in Europe to increase their spending on defense since

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Russia has increased its military budget by around 30.0% in recent years, whereas those countries have cut back their military budget by nearly 40.0%.

To put it bluntly. Strategy Director for Spain and Portugal at JP Morgan Asset Management, Manuel Arroyo, announced that, were the European Central Bank (ECB) to increase expansive measures, it would do so in June. He said that the only expansive policy that would have a significant impact would be a debt purchasing program. On the matter of the region's low inflation rates, he commented that this was not a matter for concern at the moment. He concluded by saying that business profits are expected to grow by between 10.0% and 12.0% this year in Europe compared to 8.0% in the United States.

That's enough of borrowing! Portugal's Prime Minister Pedro Passos Coelho announced that his country would abandon the financial bailout program, giving assurances that his government would not request additional credits to cope with contingencies. He did note, however, that it would continue with the adjustment and austerity programs under the supervision of the "troika" until Portugal has paid the loans it has received.

Latin America is making an effort. In its latest outlook report, the IMF states that growth in Latin America this year will be in the region of 2.5%. It also estimates that growth for next year will be 3.0%. Alejandro Werner, IMF's director for Latin America, stressed that these figures were obtained mainly as a consequence of the end of the expansive phase in the raw materials cycle. He also commented that a large number of the region's economies are close to achieving maximum production potential.

POLITICAL TIPS

Wage increase is insufficient. A communiqué issued recently by the Democratic Unity Alliance explains why the latest 30.0% minimum wage increase approved by the government is insufficient, as it does not compensate for the drop in real wages since last year. *"Already in 2013, with inflation of 56.4% and a wage increase in the order of 45.0%, the purchasing power of workers' wages in both the public and private sectors dropped by 6.0%,"* said the opposition group in its communiqué.

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Crying wolf again. The Minister for Homeland Affairs, Justice and Peace, Miguel Rodríguez Torres, accused the US, once again, of plotting an uprising in Venezuela, in which several representatives of the opposition are allegedly involved. The minister explained that the United States hopes to achieve two things with this alleged plan: to stop the establishment of the Bolivarian ideal in the continent and to appropriate and control Venezuela's oil reserves.

Like Pérez Jiménez. The Mayor of El Hatillo and *Voluntad Popular* leader, David Smolansky, claimed that the statements made by Minister for Homeland Affairs, Justice and Peace Miguel Rodríguez Torres were a "frame-up" to sling mud at the student leaders and Democratic Unity supporters who had taken to the streets and to submit them to public ridicule. Smolansky also spoke of the harsh persecution to which the government has subjected the political party *Voluntad Popular*, saying that such ferocious political persecution had not been seen since the days of Pérez Jiménez.

A biased National Armed Force. Vice President Jorge Arreaza reiterated that the National Armed Force is clearly *Chavista* and is working so that the socialist model emerges in Venezuela. He also spoke about the reports submitted by the opposition regarding the cases of the students, saying "*they are welcome, but we are going to prepare reports as well with the help of the people and we'll hand them to the opposition.*"

Machado places blame on Miraflores. *Movida Parlamentaria* deputies María Corina Machado, José Gregorio Contreras, Juan Pablo García, Omar González, and Juan Guaidó took part in a citizens' assembly in Mérida at which they claimed that the repression has stoked the protests and that "*the people responsible for the levels of violence are in Miraflores; the repression is part of a government policy.*" Machado took the opportunity to thank the students for their strong commitment to the country and pointed out that violence benefits only the regime, which is why they should not take that path.

Opposition is to pursue an Amnesty Law. The head of *Un Nuevo Tiempo*'s benches in Miranda State Legislative Council, Clara Mirabal, stated that the party to which she belongs is to support collecting signatures to promote an Amnesty Law proposed by the Democratic Unity Alliance as a key element for achieving the release of the political prisoners, the return of those in exile, and national reconciliation. Mirabal added that the approval of

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the law would be the starting point for an effective dialog between the Venezuelan Government and the opposition.

A positive step. The president of COPEI and member of the Democratic Unity Alliance, Roberto Enríquez, considered positive the fact that the government has demonstrated its willingness to review the list of students who have been arrested submitted by the Alliance. *“What Vice President Arreaza has said is what we have been proposing. Our representatives will work on that –the case of the students who have been arrested- with the government. We’re also going to continue to insist on the Amnesty Law, among other issues. All this is fruit of the dialog,”* added Enríquez.

LEGISLATIVES TIPS

Three methods for setting rentals for commercial premises. The Ministry for Housing has already submitted a bill to President Nicolás Maduro for regulating lease rentals for commercial premises. The bill establishes three methods for calculating rentals. The first is a fixed rental based on the actual value of the property; the second is a variable rental that takes into account a percentage of the sales as stated in the VAT returns; and the third is a combination of the other two, that is one part of the rental will be fixed and the other calculated based on a percentage of the sales.

Harsh punishments. According to the Commercial Premises Rentals bill, both owners and tenants could be fined. The fines include 500 tax units or more if invoices are not issued or if charges are made for showing premises and up to 2,500 tax units if the lease rental is not calculated correctly, the premises are not handed over in a proper state of repair, excessive charges are made or some terms of the contract are not met.

Special Powers Act and it’s done. President Nicolás Maduro has announced that he will use his special powers to promulgate the law that is to regulate lease rentals in shopping malls. *“We have reached a fair regulation and control law. I’m going to read it for its final version,”* he said. *“We’re going to put the capacity of agreement between the two sectors to the test with minimal government intervention, using the law as the basis.”*

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Unity Alliance will not sit on the Human Rights Council. The Democratic Unity Alliance is not going to sit on the Human Rights Council created by the government as it considers that the way this body is to function is illogical. The leader of the opposition faction, Stalin González, said, *“If the government is being accused of repression and violating constitutional guarantees, it’s illogical for it to investigate itself and control (the council).”*

Essential goods in Gaceta. A resolution published in *Gaceta Oficial* No. 40,404 establishes which essential goods will be given priority when clearing customs. They include beef, milk, peas, beans, wheat, food preparations, corn, baby formula, and onion, tomato, carrot, and lettuce seeds. The resolution is to remain in force for one year, renewable for a further consecutive year.

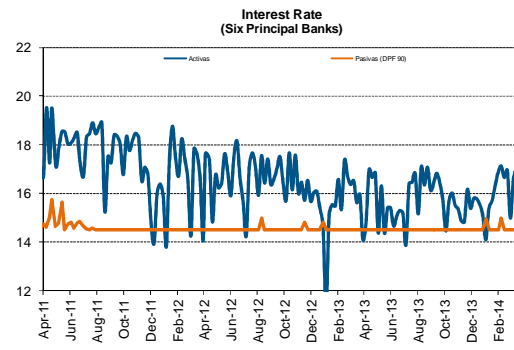
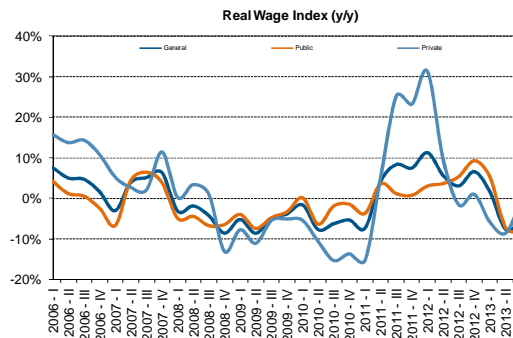
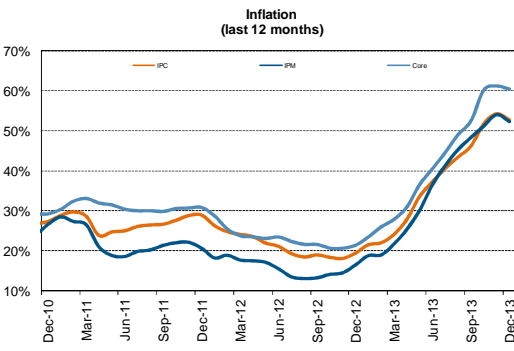
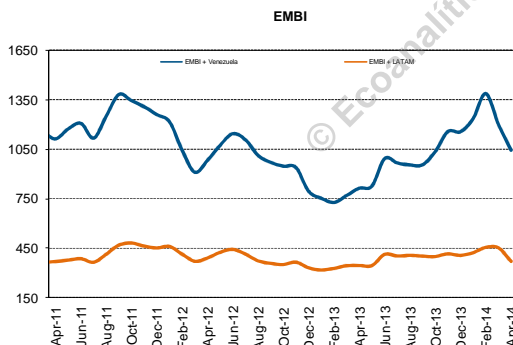
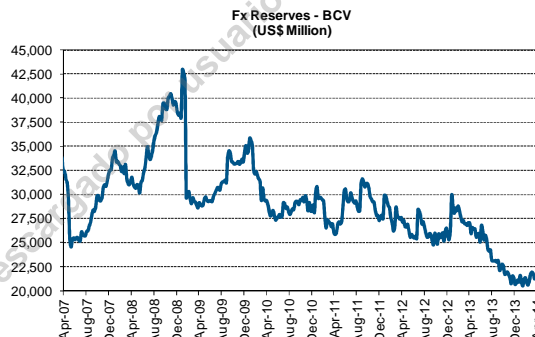
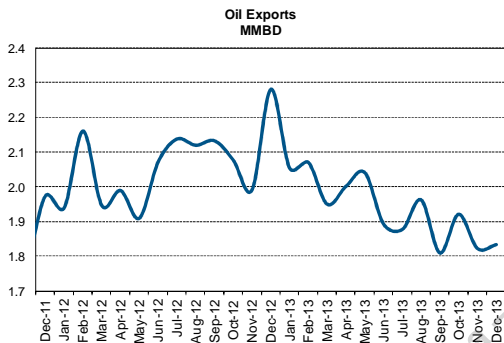
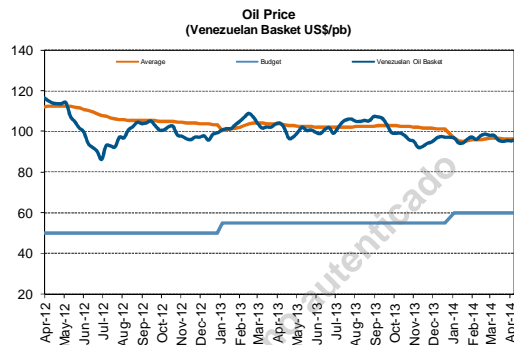
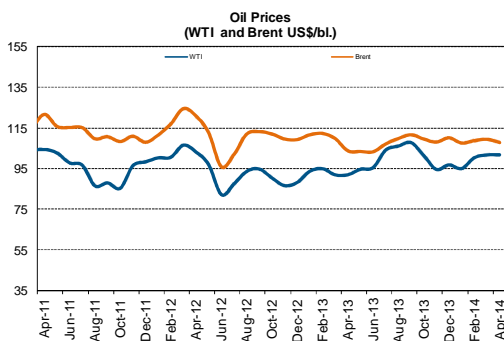
Sundde now has an intendant. The appointment of Roger Prepo García as the Intendant for the Protection of Socioeconomic Rights at the National Superintendency for the Defense of Socioeconomic Rights (Sundde) was published in *Gaceta Oficial* No. 40,404. The new intendant’s functions include inspecting, checking and investigating in accordance with the provisions of the Fair Costs and Prices Act. Sundde’s superintendent is Andreína Tarazón Bolívar, who has occupied the post since January 24 this year.

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