

Latin America in elections

In modern democratic systems, elections are a mechanism that allows a degree of political legitimacy to be attributed to the representative bodies and the State and, to some extent, the sharing out of positions therein, besides being a means for renewing the political class and for building different positions and consensus within a regime. In that sense, they also play a role in infusing the existing order and its pluralism with oxygen, so contributing to redefining the political playing field and opening up new possibilities of government. Last year, Latin America embarked on a cycle of elections and, while analyzing the results of those elections is always important, the outcome for Venezuela is even more so, given the close ties that our President Nicolás Maduro has with some of the candidates, most of whom are already presidents. Below we offer a brief map of the most important elections that have already been held this year and the outlook for the main presidential elections that will be held before the end of this year and in 2015.

The past is history

At the end of last year, the second round of presidential elections were held in Chile between the candidates who received the largest number of votes, Michelle Bachelet and Evelyn Matthei, with the former emerging the winner with 62.2%. During her campaign, the President of Chile promised to introduce free universal education, improve the pension system and public health services, and raise company taxes in order to obtain funds.

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Bachelet now has much greater political backing compared to her first term in office (2006-2010), but, this time, she has encountered a country that is experiencing a slowing down in its economy and where the people, more aware of their social rights, will demand that she honor her ambitious program of government. It is now more than 100 days since she took office, and strong criticisms are being made regarding her government's performance, in particular with regard to the Piñera Foundation; but we can still give her the benefit of the doubt.

While the Venezuelan Government and its supporters did not openly give their support for either candidate, we noted that they tended to favor Bachelet. This has become apparent when the Chilean Government has maintained a "conspiratorial silence" in periods of social tension in Venezuela.

One of the most anxiously awaited electoral events, and one that took place in the glare of the public spotlight, was the elections held in Colombia recently. After a somewhat stormy campaign and one of the most closely run elections, Juan Manuel Santos emerged victorious from the second round of voting over Óscar Zuluaga to win a second term in office (2014-2018). It was logical which candidate Venezuela would support, given that Zuluaga was the candidate being promoted by former President Uribe, a fierce critic of Maduro; and that is, in fact, what happened. Santos' reelection means that Colombia will be able to maintain friendly relations with Venezuela and even improve them, whereas if Zuluaga had won, diplomatic and trade relations would have been fairly complicated and even somewhat confrontational.

So far, contact between the two presidents on a variety of economic issues has been important; in the case of the gas agreement that allows Venezuela to meet its domestic consumption and in dealing with the smuggling issue (both gasoline and basic products), for example. However **Ecoanalítica** considered that our cabinet has done little to solve the smuggling problem; and, after all, the solution is on this side of the border. Raising the price of gasoline and easing up on price controls would make it less attractive to buy cheap here and sell at a higher price over the border.

Another important electoral event was the elections in Panama, particularly because of the trade issue. We know that, last year, CADIVI accumulated a huge debt with the private sector- that for 1Q2014 it was US\$ 25.9 billion- including Venezuelan companies located in Panama.

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**No financial debt (partial) in foreign currency-Public Sector
(MMUS\$)**

	2013	1T2014
Cadivi -imports no liquid	8,700	9,820
Cadivi -Dividends approved and not paid	4,290	4,250
Cadivi -Rent and Services**	4,280	5,700
Mixed companies - Members PDVSA	6,350	6,100
Total	23,620	25,870

Source: Ecoanalítica

* Balance Company ** Includes debt with airlines

President Nicolás Maduro broke off diplomatic relations with Panama on March 5 this year and, since then, Maduro and Martinelli have been hurling insults back and forth and their governments have engaged in confrontations at meetings of the Organization of American States (OAS). So, the elections in Panama were of some importance to Venezuela, particularly if a settlement of the dispute between the two countries can be reached with the new government.

The elections and a new Panamanian Government have alleviated certain concerns. In his election campaign, the new president, Juan Carlos Varela, said that he would give priority to restoring diplomatic relations with Venezuela and to strengthening the Community of Latin American and Caribbean States (CELAC). The outcome of these elections have not solved all the problems between the two countries, but it has given the Venezuelan Government a breathing space now that it no longer has a president in the region against it but one who will go along the majority and refrain from taking a stand on events in Venezuela or the policies implemented by the Venezuelan Government.

What does the future hold in store?

Three key elections are to be held in Latin America in the medium and short terms: Bolivia, Brazil, and Argentina. The presidential elections in Bolivia are scheduled for October 12, this year, and Evo Morales has always proved to be a great friend of Venezuela's, particularly when Chávez was president.

The electoral map for these elections and the opposition team's strategy will, once again, focus on forming electoral coalitions capable of confronting the MAS (*Movimiento*

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al Socialismo), which this year has set winning 74.0% of the votes as its target. However, the latest opinion poll available conducted by the firm *Tal Cual* shows that the vote intention in favor of President Evo Morales is 38.3%, which means that he is still ahead in the race for the presidency, even though he has lost some ground since the previous *Tal Cual* opinion poll conducted in February. In second place, more than 24 percentage points behind, is the businessman Samuel Doria Medina (14.0%), and in third and fourth places are the governor of Santa Cruz, Rubén Costas, (9.3%) and the leader of *Movimiento Sin Miedo*, Juan del Granado, (5.9%). In other words, we will continue to have Evo Morales in the region for some time to come.

In Brazil even though this past year has been the most stormy one for President Dilma Rousseff since she took office, her popularity has suffered only minimally and the voting intention polls for the elections to be held in October this year are still favorable for both her and the coalition led by the *Partido de Trabajadores* (PT).

The unstable situation in Brazil came to a climax with countrywide demonstrations in June 2013, which were triggered by hikes in public transport fares and later fueled by protests over the amounts of money being spent on organizing the FIFA World Cup. Rousseff's swift response to events by going on television to announce a series of measures that included setting up a constituent assembly prevented people's disenchantment from escalating. Moreover, according to many analysts, the protests were originated by middle class youngsters, which did not erode the PT's traditional grassroots support. Lastly, responsibility for the incidents provoked by police repression fell mainly to the state governors, principally in Sao Paulo and Rio de Janeiro. Given this overall situation, President Rousseff will be one of the candidates at the next elections.

Until just recently, most of the opinion polls gave Dilma Rousseff as the winner in the first round, with a vote intention of between 40.0% and 43.0%, Aécio Neves as the runner up with between 13.0% and 17.0%, and only 6.0% for Eduardo Campos. Twenty percent of the electorate would cast a blank or void vote or would vote for other minority candidates. However, the latest opinion poll (Datafolha) gives Rousseff a vote intention of 37.0%, whereas Neves improves his position with 20.0%, which means that there would have to be a second round of voting if Rousseff were to win. It is highly likely that the electoral map will be clearer after the World Cup.

Lastly, in 2015, elections are to be held in Argentina to decide who is to be the next president. Political groups and parties have started to hold negotiations and to coordinate efforts to confront the government party, which today still counts on a significant number of votes despite having been ten years in office. Today, the problems facing "Kirchnerism" have to do with building up someone to succeed Cristina

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Fernandez de Kirchner who will have a chance of winning the elections and the economic and energy issues that have arisen recently. Not all the candidates for the different tendencies have been decided yet, and this could happen at primary elections to be held in August 2015. These elections are of key importance for Venezuela owing to the well-known affinity between these two governments. What is on the horizon for Argentina, however, is a more pragmatic government that will not follow the Venezuelan economic model to the letter as in recent years. Both these elections and the elections in Brazil are important, as both countries are our trading partners and members of MERCOSUR. Under the present administrations, they are turning a blind eye to Venezuela's failure to comply with certain requirements as a member of MERCOSUR, but, if another government that does not have the same affinity with the Venezuelan Government gets into office in Argentina, it could well bring pressure to bear.

This cursory look at Latin America's electoral map shows us that Venezuela has an interest in certain outcomes, in particular with a view to maintaining political support in the various international forums, such as the OAS. President Maduro does not have the same strong leadership as Chávez, which means that he has to try to maintain the relations cultivated by the former president.

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ECONOMIC TIPS

We're not doing so badly. Venezuela's country risk indicator has been steadily improving in recent weeks (914 points at the moment, down 4.2% from the close of the previous period). According to analysts, this improvement is due basically to internal factors that have had a positive impact on the indicator, among them lower levels of political conflict in the country and the possibility of implementing a package of measures that seek to open up the foreign exchange market and reduce controls and state intervention. Analysts also attribute this recovery to external factors, such as the increase in oil prices due to conflicts in Iraq.

It'll depend on how well you behave. While it is true that Venezuela's country risk rating has improved in recent weeks, maintaining that trend will depend on the government. The markets are awaiting the decisions that are to be taken in the area of economic policy, in particular those having to do with the foreign exchange policy. Our reading at **Ecoanalítica** is that, as long as the government takes the necessary measures, favorable expectations for a reduction in our country risk rating will continue; however, if the government fails to take those measures or takes incomplete measures, the effect could be quite the opposite and our country risk rating could increase again.

They're doing something. A report by the capital investment firm Merrill Lynch entitled "*Venezuela: the glass is half full*" states that the economic measures taken by the government seem to be "*positive*," basically because the influence of the radical Marxist wing is on the wane. While the report comments that the pragmatic wing is strongly consolidating its position when it comes to taking decisions regarding the economy, it also stresses that there is scant movement in macroeconomic adjustments in Venezuela due to resistance to reforms by a radical sector within the government.

Saying everything's fine doesn't make it true. According to the latest opinion poll conducted by Alfredo Keller y Asociados in May, 69.0% of those interviewed considers that the present economic model has not been successful, even though government spokespersons claim that it has been. In fact, the low perception of success comes from *Chavismo's* most fervent supporters. Moreover, the poll indicates that people's perception is even more negative when asked about their family's economic situation. Here, the

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answers point to a decline in approval for President Nicolás Maduro's performance.

Mopping up money. Last Friday, the Central Bank announced another auction for a total of VEB 600 million for those interested in acquiring the investment instruments "Directo BCV." Private individuals resident in Venezuela may acquire these instruments at 90 or 179 days, which will bear interest at 16.5% or 17.0%, from financial intermediaries with a minimum bid of VEB 1000. The operation will have a maximum commission, fee and/or charge of 0.1% of the total amount awarded and the purchase of the investment instruments was complete this week.

Sorry, I got the sums all wrong. The National Assembly has approved a total of VEB 149.9 billion in supplementary appropriations so far this year, bringing the total amount allocated to extraordinary operations in 2014 to VEB 702.5 billion (original amount VEB 552.6 billion). This increase reveals the shortfalls in funding being experienced by ministries, government agencies, and state-owned companies. A large slice of the supplementary appropriations have been earmarked to meet a variety of payroll liabilities, the needs of the Ministry for Food, and funding requirements of ministries and state-owned companies to meet operating expenditures.

Interest rates. The lending rate for the second week of Jun was at 17.2%, up by 0.9 percentage points (pp) compared to the previous week. The time deposit rate was at 14.5%, down by 0.5 pp compared to previous week, while the passive rate has not experienced any significant variation, placing well at 14.1%.

International reserves. International reserves increased by 0.8%, going from US\$22.5 billion during the fifth week of May to US\$22.7 billion during the fifth week of May. Compared to the same period last year, international reserves have decreased by 15.1%.

Central government expenditure. On Jun 13th according to figures from the NTO primary spending was VEB 18.3 billion, which means an increase of 41.8%; when it is compared to the same period last year. So far this year, the primary expenditure accumulates VEB 345.3 billion 74.2% more than the same period last year.

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Monetary liquidity. Money liquidity (M2) increased 0.5% in the second week of June from the week prior, to settle at VEB 1.4 trillion. The M2 has increased 73.9% in relation with the same period last year.

Supply through SICAD II (US\$ MM)					
Day	Total daily	Public Sector	(%)	Private Sector	(%)
6/16/2014	65,1	63,3	97,2	1,8	2,8
6/17/2014	40,9	39,4	96,3	1,5	3,7
6/18/2014	52,1	45,9	88,1	6,2	11,9
6/19/2014	35,0	33,9	96,9	1,1	3,1
6/20/2014	68,4	67,2	98,2	1,2	1,8

Sources: Ecoanalítica

OIL TIPS

In a steady decline. Venezuela's production of crude in 2013 was 2.89 million barrels a day (mb/d), a slight drop of 0.7% compared to the 2.91 mb/d produced in 2012. The trend over the past five years has been downward, however, with a cumulative drop of 10.7% or 345,000 b/d. This drop, which the government claims is due to Venezuela respecting OPEC quotas, has occurred when PDVSA is embarked on the Sow Oil Plan, which means that Venezuela should be producing 6 mb/d by 2019.

Exports aren't doing any better. Despite claims by Minister Rafael Ramírez that Venezuela has the capacity to increase its exports to the United States, the fact of the matter is that the volume of Venezuelan exports has dropped by 16.3% since 2008 to 2.42 mb/d, 1 mb/d of which, based on conservative calculations, are already spoken for under supply agreements that are paid for on credit. Exports have also been affected by the steady growth in domestic demand, which is 22.4% more than in 2008, whereas oil shipments to the United States have dropped by 32.5%, going from 1.18 mb/d to 797,000 b/d.

Electricity crisis is affecting exports. The financial information issued by PDVSA as at the close of 2013 indicates that the 3.5% drop in exports of refined oil products (490,000 b/d) in 2013 was due to "an increase in consumption and the demand for refined products in the Venezuelan market."

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Venezuelan oil exports continue to be affected by a domestic market that is constantly growing, thus reducing both the foreign currency PDVSA can obtain and local revenues in a highly subsidized market.

Revenues from sales down. PDVSA's financial statements for 2013 reflect a reduction in revenues from crude exports. Last year, the company received US\$113.9 billion from sales of oil and derivatives, down 8.4% from 2012, when revenues came to US\$124.4 billion. Lower crude prices and the reduction in volumes exported contributed to this behavior.

But total revenues are up. Despite the fact that revenues from sales fell, the audited financial statements show that, last year, PDVSA received other financial revenues thanks to the sale of shares in the gold joint venture to the Central Bank. This meant that PDVSA closed the year with a profit of US\$15.5 billion, a whopping increase of 260.5% compared to 2012, when it posted a profit of US\$4.30 billion.

Debt with suppliers increases. Even though revenues in general were slightly higher, PDVSA continued to face heavy liabilities. The report reveals that debts with service providers closed 2013 at US\$21.40 billion, an increase of 30.5% compared to 2012, when they came to US\$16.40 billion. While the company's management claims that PDVSA is meeting its liabilities with suppliers, the figures show that those liabilities are still pending.

Less in social contributions. The government has delegated a large part of the financing of the social programs to PDVSA, in particular the financing of the education, food, and housing missions. However, the 2013 financial statements reveal that the resources for those programs were cut by 24.9% last year, going from US\$17.3 billion in 2012 to US\$13.0 billion in 2013.

International oil baskets. At closing time on June 20th in the New York Stock Exchange, the price of the WTI was US\$106.5/bl, growing by 1.9% when compared to the reported the previous week. The Brent increased by 3.1% when compared to the previous week, to reach US\$113.6/bl.

Local oil basket price. The Venezuelan oil basket price closed at US\$100.2/bl on Friday June 20th, increasing by 2.2% when compared to the reported the previous week. The annual average price of the Venezuelan oil basket is US\$96.9/bl.

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BUSINESS SECTOR TIPS

Unmet goals. With just a few days to go to the close of the first half of the year, Corpoelec and PDVSA have failed to meet the target of incorporating new generation plants into the National Grid, warns the international consultant José Aguilar. Although the authorities offered to incorporate thermal and hydroelectric units with capacity for producing 2,304 megawatts (Mw) by 2014, 1,763 Mw (76.5%) of which were to be installed by the state-owned power company and 541 Mw (23.5%) by PDVSA, *“to date, they haven’t added a single megawatt to the grid,”* said the analyst.

The imports are here. According to reports from customs agents, imports of full-fat and skimmed powdered milk, cheese, and tires have arrived in Venezuela from Uruguay, Brazil, and China. The Puerto Cabello Chamber of Commerce reported the arrival of 1,544 tons of full-fat and skimmed powdered milk from Uruguay and that 683 tons of tires from Brazil and China had been unloaded at Puerto Cabello for different importers.

Trade with Colombia down. While businessmen in Venezuela and Colombia are committed to strengthening trade following the reelection of President Santos, the fact of the matter is that, according to Cavecol, trade between the two countries in the first five months of the year contracted by 20.3% compared to the same period in 2013, going from US\$1.14 billion to US\$909 million. Cavecol estimates trade of between US\$1.8 billion and US\$2.0 billion by the close of 2014, depending on bilateral policies, a drop of 25.2% compared to 2013, when bilateral trade came to US\$2.67 billion.

The merchandise is back on the racks. It has taken more than six months for some clothing stores that were inspected at the end of 2013 and forced to sell at reduced prices to get over the “Dakazo” effect. Last week, hundreds of Venezuelans stood in long queues outside stores carrying the Zara and other brands of the Inditex group when the company resumed sales after months of waiting for foreign currency in order to replenish stocks.

Not even a dollar for the machinery sector. Companies belonging to the Venezuelan Chamber of Spares, Heavy and Agricultural Equipment Distributors (Cavedrepa) have not received any foreign currency for more than a year, and at SICAD auction No. 13, at which the sector was invited to bid, they were not awarded anything. Corporación Venezolana de Comercio

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Exterior (Corpovex) received US\$185 million to cover applications from companies in the sector, but only one member of Cavedrepa obtained foreign currency, and the rest is to be handed out by Agropatria, who will decide which companies get the dollars.

New construction indicators. Housing Minister Ricardo Molina considers that, in order to weight the behavior of the construction sector, new indicators that take well-being into account need to be created. *“The number of square meters built has to be taken into account, but that isn’t reflected properly and it seems as though there’s a contraction,”* he explained. He added that the Central Bank, the National Statistics Institute, and the Social Vice Presidency are working on those indicators.

Polar assumes Superenvases’ payroll costs. Yesterday, workers and management of Empresas Polar’s “Superenvases” plant reached an agreement whereby the company will continue to pay employees their basic wages and food bonuses for seven weeks, which is the time they estimate it will take to resume operations. Yesterday the plant, which processes aluminum cans for canning Empresas Polar beverages, was forced to temporarily shut down operations for the second time this year owing to the lack of raw materials.

Dollars for bikes. The president of the Venezuelan Bicycle Industry Chamber, Julio Peña, stated that the government had paid 90.0% of the debts in dollars incurred in 2012 and 2013 but that international suppliers were reluctant to take more purchase orders on credit because *“the problem is the timeframes.”*

Cement production falls. The president of the Venezuelan Construction Chamber, Jaime Gómez said that cement production continues to fall. He added that the amount of cement currently being produced is less than in previous years. Gómez commented that *“if the managers aren’t trained to increase production, others will have to be found, failing which it will be necessary to import cement and other inputs such as rebar.”* Housing Minister Ricardo Molina commented the other day that 100,000 tons of steel products were being imported from Cuba, Brazil, China, and Turkey.

Eeny, meeny, miny, moe. The Productive Venezuela Automotive program has a new method for assigning the vehicles assembled by the State’s joint ventures, which is to be implemented once 5,700 cars have been delivered to

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people who have already paid for them, explained the president of the distributorship, Vladimir Calatayud. He added that *“the new method includes the database of the webpage activated last year and has more than one million people registered to date. We hope to be as fair as possible and to generate achievable expectations.”*

WORLD ECONOMY TIPS

The deficit grows. In 1Q2014, the deficit on the United States' current account came to US\$111.20 billion, up 27.4% from 3Q2013, when it came to US\$87.30 billion. This deficit is the biggest since 3Q2012 and is also the highest deficit as a percentage of GDP since the same quarter (2.6%). The behavior of the current account is due mainly to the 1.3% drop in goods exports, services and revenues from profits, which came to US\$803.3 million, whereas imports grew by 1.5% to US\$914.4 million.

The economy is responding. According to China's preliminary Purchasing Managers Index, the Chinese economy posted growth for the first time in six months, responding to the expansive monetary policy implemented by the monetary authorities. According to Ting Lu, an economist at Bank of America, growth is expected to come to 1.8% in the second quarter, 1.4% higher than in the first.

They're asking for credit to be stimulated. The managing director of the IMF, Christine Lagarde, called on the ECB to start a large-scale bond purchasing program to stimulate bank credit. According to Lagarde, Europe's recovery is still not strong or robust enough owing to the fact that growth rates are lower than expected, debt continues high, and inflation very low.

Mixed results. According to a preliminary survey, the Manufacturing Purchasing Managers Index showed that there was a slowing down in the private sector in the Eurozone. Germany's private sector picked up again, but France's posted deceleration, going from 48.3 in May to 48.0 in June, the worst result since February.

The European Union shows its “friendly” side. Ukraine received a loan of EUR 500 million from the EU as part of a financial aid package. However, the

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EU has made granting a second loan for the same amount conditional on the Ukraine carrying out economic and financial reforms.

Europe continues to be an unknown quantity. ECB President Mario Draghi said that the bank's interest rates would continue low for the next two and a half years, more or less. He also commented that economic recovery in the EU remains weak and has not been the same throughout the Eurozone and that accidents could still occur that would change the present situation.

Japan is starting to wake up. Japan's Manufacturing Purchasing Managers Index posted growth in June for the first time in three months, according to a preliminary survey. This growth in the indicator points to a recovery in domestic demand following the increase in sales tax.

Argentina plans to swap debt. Following the US Supreme Court's refusal to revise the decision that prevents Argentina from paying creditors who accepted the rescheduling of the debt, Argentina has started the procedures for a debt swap that will allow it to honor its rescheduled liabilities under Argentine law. Economy Minister Axel Kicillof said, "*We can't allow them to stop us from honoring our commitments with creditors,*" which is why they are "*starting a debt swap to pay it in Argentina under Argentine law.*"

POLITICAL TIPS

Departure of one of the reddest. Former Planning Minister Jorge Giordani resigned last week and left a letter explaining the reasons for his resignation and criticizing a number of decisions taken in connection with the economic model and social policies during Chávez' terms in the presidency. In the letter, he also gives his opinion of Nicolás Maduro's performance in the presidency: "*It is painful and alarming to see a President who does not convey leadership and who seems to want to affirm it by repeating proposals, without the proper coherence, as Commander Chávez used to formulate them.*"

No fighting, please! The same day on which former Planning Minister Jorge Giordani resigned, President Nicolás Maduro gave statements criticizing the former vice president's decision: "*There is never any excuse, under any circumstances, for anyone to betray the revolutionary project... There are*

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fellow revolutionaries who pretend and prefer to take refuge in the rearguard and become chroniclers of failure... a bit like the right wing's favorite commentators." Maduro took the opportunity to announce that they would be giving in the government's actions a fillip in the form of a countrywide tour to learn about the problems in the different communities.

The letter continues to send out shock waves. The collective Coordinadora Simón Bolívar came out in defense of former Planning Minister Jorge Giordani and demanded that President Nicolás Maduro fight the high levels of corruption, referring to *"the sad role played by many government officials who have been seriously implicated in corruption, who have not demonstrated solid revolutionary convictions or who simply have not had the moral fortitude to come out and criticize at the right time."* The collective also warned that the revolution is facing its most dangerous moral and political crisis as a result of the constant attacks by the bourgeois rightwing.

Not everything is hunky dory in the party. In a report, National Assembly Deputy Jesús Faría, who is in charge of ideological matters in the PSUV, comments on the need to strengthen ideological training within the party, owing to the organic deficiencies that the PSUV is currently experiencing. *"Starting up the Commander Chávez PSUV Cadres Training School has become indispensable and cannot be postponed,"* he states. He also recommends that the party review the work of those responsible for training on the regional level whenever work on the different fronts is not progressing as it should.

We want something more liberal. The Keller opinion poll conducted in July shows a 27.0% decline in approval of the government's performance, which went from 60.0% to 33.0%. It also reveals that the majority of those interviewed (71.0%) disagrees with the part of the Fair Costs and Prices Act that establishes that any business may be expropriated by the government whenever it suits and that 87.0% were of the view that having a large number of private companies was important for the progress of all Venezuelans.

They should get out now. Leaders of the Táchira Democratic Front, a group made up of various political tendencies, have announced that they have everything ready to start a recall referendum against Táchira Governor José Vielma Mora and the government bench deputies on the state legislative council. The group also announced that they would be touring the entire state to evaluate the recall referendum issue and to incorporate economic sectors,

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student groups, political parties, academic groups, and other sectors of society in the region.

LEGISLATIVES TIPS

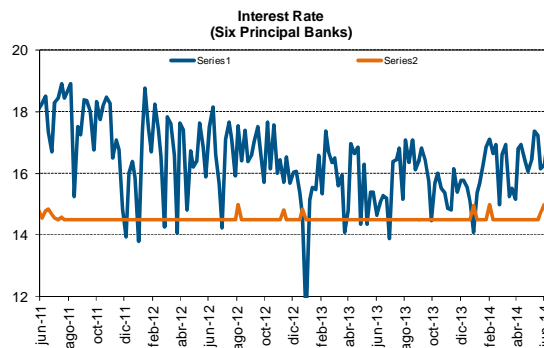
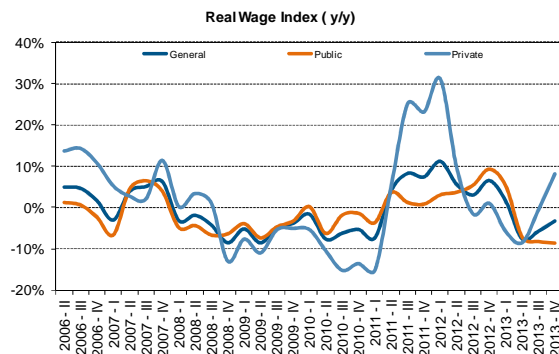
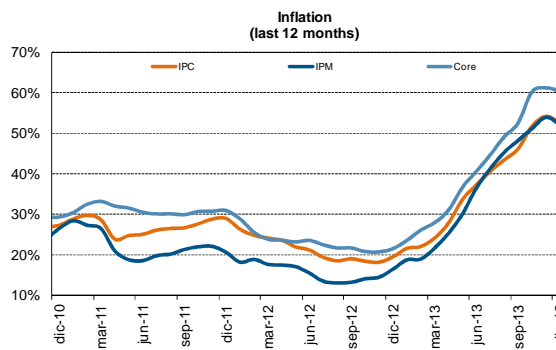
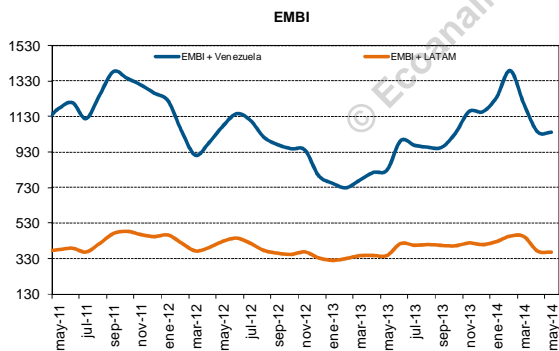
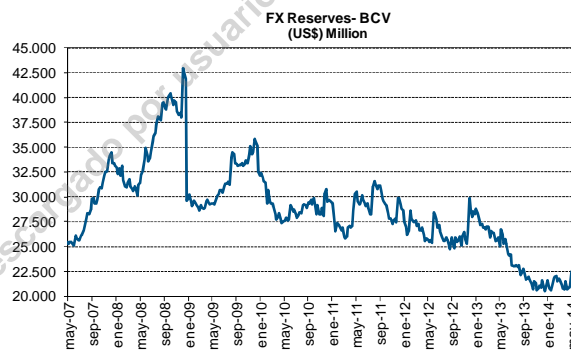
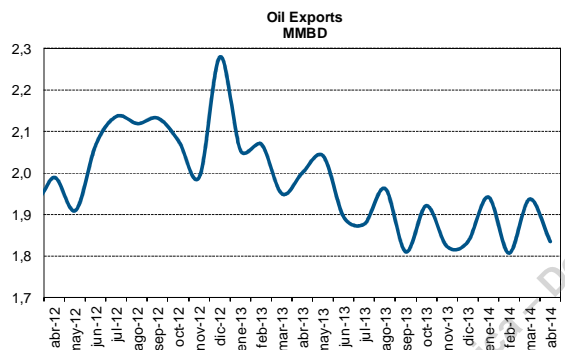
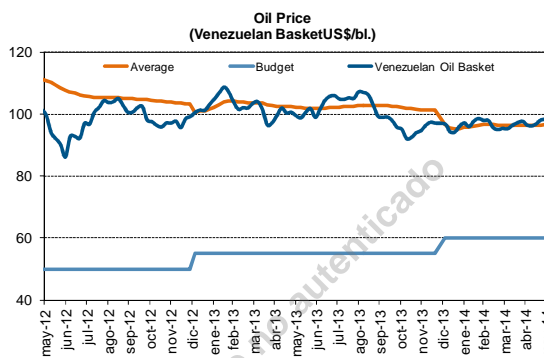
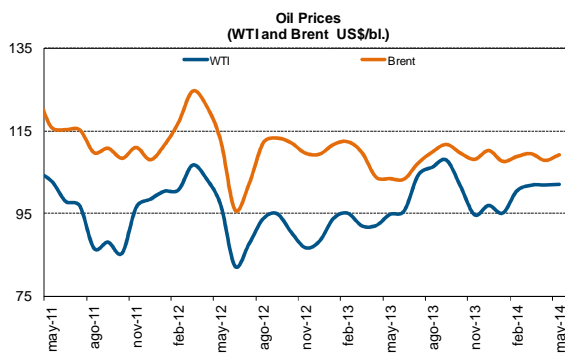
Tourists are now required to justify their bolivars. The Ministry for Tourism has published a series of regulations in *Gaceta Oficial* No. 40,435 that will apply to the relationship between foreign tourists in Venezuela and establishments offering accommodation and travel agencies. According to the new regulations, tourist service providers at establishments offering tourist accommodation and travel and tourism agencies will have to submit a monthly list of foreign tourists they have catered to and the amount of the operations performed in foreign currency.

More controls breed more chaos. The regulations also establish that tourists must submit a voucher stating that they have exchanged the foreign currency legally. Tourist operators may be required to produce this voucher by both the Ministry for Tourism and the National Tourism Institute. Transactions conducted in foreign currency by tourist service providers must be reported to the Ministry for Tourism and the agencies responsible for foreign exchange matters within a maximum of 15 business days from the date of the transaction.

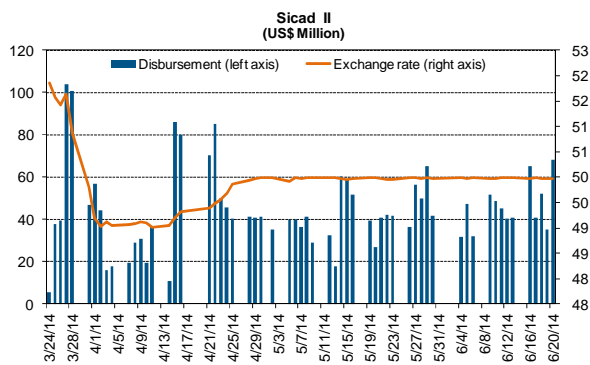
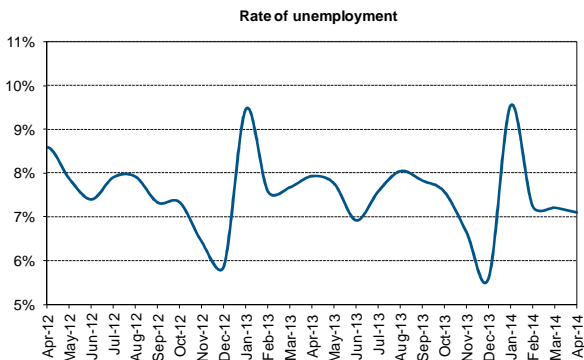
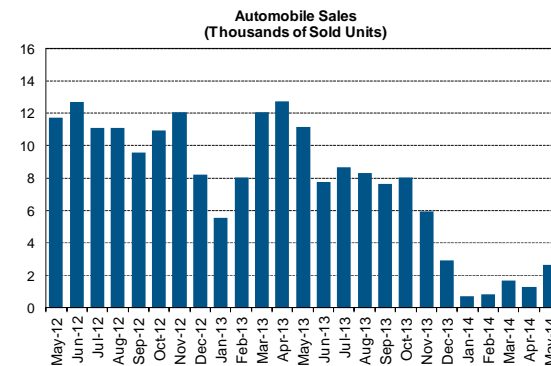
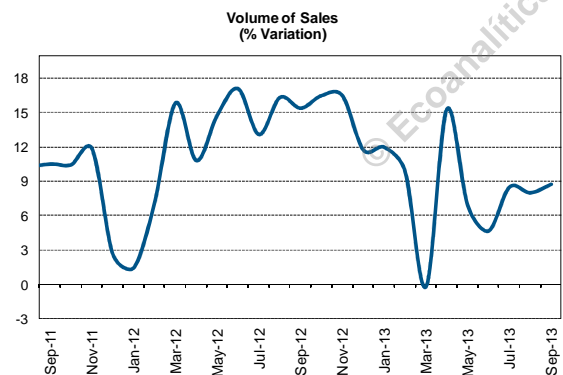
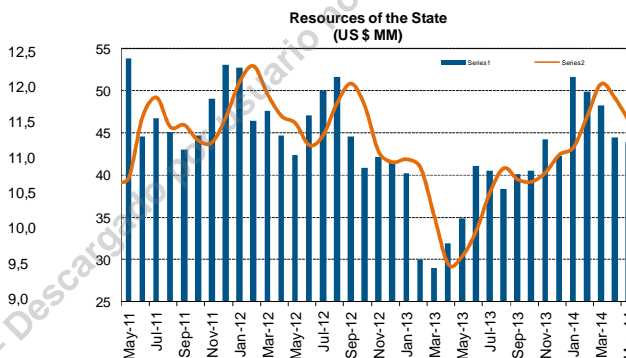
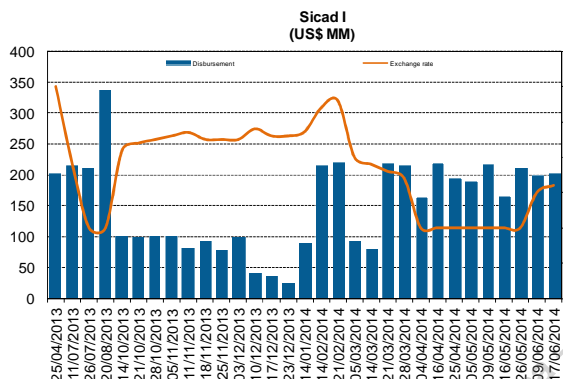
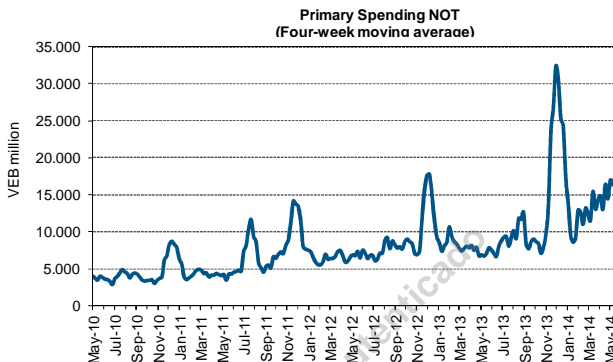
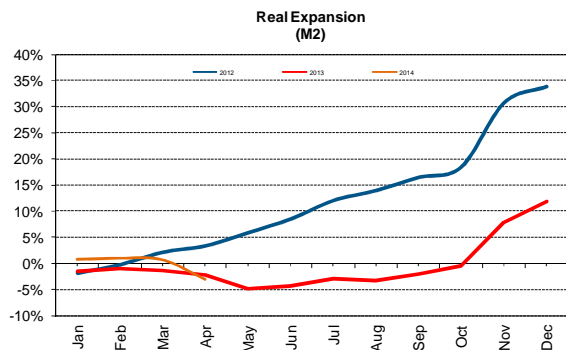
Regulating the Housing Mission. Now, three years after the Great Venezuela Housing Mission was launched, the government has started to establish the regulations for handing over the title deeds to the families that have benefitted from the housing program. In a resolution published in *Gaceta Oficial* on June 3, the ministry ordered the offices responsible for executing the mission to submit lists of beneficiaries by housing development within 30 days. Banavih is to be responsible for implementing the terms of financing stipulated in the document transferring ownership of the house or apartment.

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