

## Ramirez's plan, converging the exchange rates and consultancy from the IMF

Nowadays, Venezuela is a hotbed of rumors, not only in the area of politics but also in anything to do with the economy. Since Rafael Ramirez's presentation in London a few weeks ago, the country has been waiting for economic measures to be actually implemented, particularly the much announced "exchange rate convergence." In this report, we will discuss the measures the Executive is considering.

### Ramirez's plan: no Frenchmen

Since being appointed Vice-president for the Economy, Rafael Ramírez has formed a team of technicians to draw up an economic plan that is to be implemented in the coming months. These technicians, far from being Frenchmen as suggested by former Minister Jorge Giordani, are Venezuelans and most of them are economists with excellent track records. Ramirez's team has worked on a four-point plan, namely:

1. **Foreign exchange:** Working with just one official exchange rate (which would be between VEB 25.0/US\$ and VEB 30.0/US), with legalization of the parallel foreign currency market, which would allow PDVSA to sell part of its dollars on that market.
2. **Price controls:** Making the price controls policy more flexible. Here they are working on two fronts: on the one hand, an amendment to the Fair Costs and Prices Act, and on the other, reducing present controls from 70.0% of controlled items (measured based on the basket used by the Central Bank to measure inflation) to 25% within a period of six months.
3. **New oil agreements:** Speeding up the signing of agreements with PDVSA's partners to increase production in the Orinoco Oil Belt. Here, the possibility of a new loan from China to be used directly by PDVSA for its investments is being considered.

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4. **The monetary front:** Putting up interest rates and reducing (and eventually eliminating) monetary financing of nonfinancial state-owned companies by the Central Bank, in particular PDVSA.
5. **Rescheduling of the debt:** Extend the maturities on foreign debt, which are heavily clustered between 2014 and 2015.

### One tree doesn't make a forest

While these measures are an about-face from what *Chavismo* has been doing up until now, it is obvious that there are many issues that have not yet been addressed: everything having to do with the fiscal policy and reducing public spending; revising subsidies (in particular the gasoline subsidy); incentives for domestic production (which implies a revision of the entire regulatory framework); and establishing compensatory measures (social programs) for the most vulnerable sectors of society, which are the ones that will be hardest hit by this adjustment.

There are, besides, other obstacles that we have mentioned in earlier reports: the refusal of other actors and/or groups of power within *Chavismo* to implement measures of this kind, many of which represent a total break with what *Chavismo* has been to date. So, Ramirez's task has not been an easy one and it is not outlandish to think (nor is it unlikely) that *Chavismo* will opt for measures other than those being proposed by his team or that the plan will be implemented only in part.

### Negotiating with the IMF?

Another element that is being commented on in different circles is whether Venezuela is negotiating with the International Monetary Fund (IMF) for assistance with implementing this adjustment program. According to information gathered by **Ecoanalítica**, this is not happening. Venezuela, which is a member country of the IMF, has been holding informal talks with officers of the IMF, something that is positive but does not constitute the IMF providing technical advice on implementing adjustment measures, much less the granting of a loan.

In our opinion, the internal fragility of *Chavismo* at the present time is conspiring against Venezuela approaching the IMF to obtain support and make the adjustment more credible, since, for large groups of *Chavismo*, a decision of this type would constitute a rupture with what has been part of *Chavismo*'s core economic proposal throughout this period and would complicate the situation within the Maduro administration still further.

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A pertinent comment: It would be positive for Venezuela to be able to count on the technical endorsement of the IMF, as not only would this would give it credibility in the eyes of the international market, but in addition, the IMF has highly trained technical staff who could advise us on a program of this type, which, if implemented, will be neither easy nor problem-free.

### What does the future hold in store for us?

Given the difficulties that Ramírez and the government as a whole will face when it comes to implementing an adjustment program that would make it possible to solve the main imbalances in the Venezuelan economy, what is most likely is that, in the coming months, we will see isolated measures that seek to give the government a breathing space. One measure that is certainly on the cards is a devaluation, although how it is implemented may be different from the way suggested by Ramírez and his team. If this measure is taken on its own, what will happen is that the Venezuelan economy will continue in this perverse cycle of contraction, inflation, and shortages in the midst of a complex political dynamic with a high level of uncertainty.

| <b>Forecasts with Incomplete Adjustment</b> |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| <b>Inflation</b> (Dic/Dic)                  | 79.8%       | 92.8%       | 49.7%       |
| <b>GDP</b>                                  | -2.5%       | -1.6%       | 2.4%        |
| <b>Forecasts with Complete Adjustment</b>   |             |             |             |
|   | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| <b>Inflation</b> (Dic/Dic)                  | 79.8%       | 49.4%       | 30.6%       |
| <b>GDP</b>                                  | -2.5%       | -2.3%       | 3.5%        |

Source: Ecoanalítica

We expect the economy to contract by 2.5% in 2014 and that it will close the year with inflation of 79.3%. We expect the measures that the Executive ends up taking will happen in the last quarter of the year, which means that the impact will be felt in 2015. In a Ramírez-style adjustment scenario, we expect the economy to contract in 2015 by 2.3%, inflation to close at 49.4%, and a weighted exchange rate for the economy of VEB 36.25/US\$, which would give a variation of 143.9% compared to 2014.

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## Key recommendation: stepping up coverage

As we have just said, what is certainly coming as part of the adjustment is a devaluation, which gives rise to a pertinent question: What is going to happen to the parallel exchange rate? We envisage three scenarios:

1. **Convergence of the exchange rates plus legalization of the swap market**, which is the scenario proposed by Ramirez's team. In this case, the parallel exchange rate could come down slightly to a floor of around VEB 55.0/US\$ by the end of the year. However, we consider that this is the least likely scenario.
2. **Convergence of the exchange rates but no legalization of the swap market**: In this case, the disappearance of SICAD II will put pressure on the demand for foreign currency for purposes of coverage that the official market managed by Cencoex finds impossible to meet, as a result of which the nonofficial exchange rate will go up to more than VEB 90.0/US\$. This scenario is highly likely.
3. **Partial convergence of the exchange rates**: In this scenario, the VEB 6.30/US\$ is eliminated and unified with the SICAD I rate at around VEB 15.0/US\$, while SICAD II is maintained. In this case, the nonofficial exchange rate would fluctuate between VEB 75.0/US\$ and VEB 85.0/US\$. In a model where the military wing has more power, this scenario is not out of the question.

There is a high level of uncertainty. For that reason, and given the present nonofficial exchange rate and disbursements via SICAD II averaging US\$ 44.5 million a day, our clients should be aggressive when it comes to coverage in the next three months. There are three variables that are crucial vis-à-vis the future: how the devaluation is implemented; monetary financing of the state-owned companies by the Central Bank; and Ramirez's role in the economic cabinet.

**Asdrúbal Oliveros**

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## ECONOMIC TIPS

**That is how analysts see it.** According to the latest LatinFocus survey released few days ago analysts expect the economy to contract 1.8% this year, and inflation to close nearly 63.9%. For 2015 the panel of the LatinFocus survey expects an economic growth of 1.2% and an inflation of 50.3%, also forecasts an exchange rate devaluation from VEB 6.3/US\$ to VEB 8.7/US\$.

**Education figures, at last.** According to the 2013 National Youth Survey conducted by the *Universidad Católica Andrés Bello's* Economic and Social Research Institute (IIES-UCAB), 42.0% of Venezuelans between the ages of 15 and 29 are studying, whereas 900,000 have not completed secondary education. As for the student attrition rate, it was found that 50.0% of 17-year-olds drop out of school.

**At VEB 10/US\$, there's a flood of bids.** According to official figures, at eight out of the 16 SICAD I auctions, the bids for foreign currency totaled US\$3.95 billion, whereas total allocations came to only US\$1.42 billion, merely 39.0% of the amount applied for by companies at a rate below VEB 10.0/US\$.

**Low consumer confidence.** A survey conducted by Nielsen that seeks to measure the population's expectations with regard to the purchasing of durable goods such as housing and vehicles, among other expenditures, shows that the confidence of Venezuelan consumers is the lowest in Latin America, at 76%. The drop in the supply of these goods as a result of the regulation of housing and vehicle prices has affected Venezuelan consumers' confidence and their ability to purchase those items.

**This year's budget mushrooms...** The National Assembly has approved at total of VEB 208.5 billion in supplementary appropriations so far this year. Fifty-six percent of that amount has been used to pay wages, pensions, and benefits granted under the missions, 126.8% more than the amount performed during the same period in 2013. Those VEB 208.5 billion are in addition to the VEB 552.6 billion approved in the 2014 budget for a total VEB 761.1 billion, and there is still the second half of the year to go.

**...And next year's is to be "participatory."** Vice President Jorge Arreaza said that a strategy is being drawn up to involve the people in the process of

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submitting the applications for funding by ministries, mayoralities, and state governments that are to be used to draw up the budget for 2015. According to the Vice President, *“President Maduro has called on us to set up popular committees by area of government”* so that *“the farmers and producers work with the Ministry of Agriculture, the workers with the Ministry for Industry, and also the citizens with their mayor, the citizens with their governor.”*

**The penny still hasn't dropped.** The Central Bank is to submit its recommendations for solving the present problems being experienced by production to the Vice Presidency for the Economy. The 11 vice-ministries with responsibilities in the area of the economy are meeting on a weekly basis in the Growth and Development Committee to determine the volumes of production, installed capacity and investment that are needed to increase the generation of goods and services.

**A new wages and salaries table for the public sector.** A parliamentary committee is to be in charge of devising a wages and salaries scheme for the public sector in 2015, according to the draft *“socialist umbrella collective employment contract for servants of the fatherland.”* The salary and wages table is being updated in response to calls by labor union leaders who are demanding that a salary and wages structure that has been superseded as a consequence of constant increases in the minimum wage be redesigned.

**Threat but not meets.** President Nicolas Maduro announced that for the 2S2014 will come the *“fiscal revolution”* in order to *“raise the tax culture”* in Venezuela. Maduro said it is currently reviewing the project, which will be released soon to the Council of State and the Congress of the PSUV. In turn, the president said that it is necessary to go capturing the economic strength that the Republic has, what will be done through this tax reform and, according to the president, will sooner than expected.

**Interest rates.** The lending rate for the first week of July was at 15.9%, down by 0.3 percentage points (pp) compared to the previous week. The time deposit rate was at 14.6%, 0.1 pp higher than the previous week, while the passive rate has not experienced any significant variation, placing well at 14.1%.

**International reserves.** International reserves decreased by 1.2%, going from US\$20.7 billion during the first week of July to US\$20.4 billion during the

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second week of July. Compared to the same period last year, international reserves have decreased by 16.8%.

**Central government expenditure.** On July 11<sup>th</sup> according to figures from the NTO primary spending was VEB 18.7 billion, which means a decrease of 95.9%; when it is compared to the same period last year. So far this year, the primary expenditure accumulates VEB 370.1 billion 66.6% more than the same period last year.

**Monetary liquidity.** Money liquidity (M2) increased 0.6% in the first week of July from the week prior, to settle at VEB 1.5 trillion. The M2 has increased 70.4% in relation with the same period last year.

| Supply through SICAD II (US\$ MM) |             |               |      |                |      |
|-----------------------------------|-------------|---------------|------|----------------|------|
| Day                               | Total daily | Public Sector | (%)  | Private Sector | (%)  |
| 04/07/2014                        | 35.6        | 28.7          | 80.6 | 6.9            | 19.4 |
| 07/07/2014                        | 30.8        | 29.6          | 96.1 | 1.2            | 3.9  |
| 08/07/2014                        | 41.0        | 40.2          | 98.0 | 0.8            | 2.0  |
| 09/07/2014                        | 35.1        | 33.6          | 95.7 | 1.5            | 4.3  |
| 10/07/2014                        | 26.5        | 24.5          | 92.5 | 2.0            | 7.5  |
| 11/07/2014                        | 32.4        | 30.3          | 93.5 | 2.1            | 6.5  |

Sources: Ecoanalítica

## OIL TIPS

**The biggest oil company goes shopping.** The Russian oil corporation, Rosneft, classified as the world's largest oil company based on production quoted on the stock market, has agreed to purchase drilling and well service assets from Weatherford International in Russia and Venezuela. Once all the necessary requirements have been met and procedures completed, the company plans to buy a total of eight companies from the Weatherford group by the end of the year.

**Things are back to normal.** Santa Rosa Gas Complex, an affiliate of Petróleos de Venezuela, PDVSA Gas, is operating normally after having completed the process of depressurizing one of its main pipelines that connects the complex to San Joaquín Extraction Plant. PDVSA explained that this procedure, which consists of the controlled burning of gas in the burn pit, is routine and had no impact on normal operations in the gas production

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system at the complex, as it was carried out in strict accordance with the pertinent technical standards.

**Costa Rica doesn't want to miss the party.** The leftwing Costa Rican party *Frente Amplio* (FA) has proposed that Costa Rica join the Venezuelan initiative, Petrocaribe, as joining this energy cooperation agreement would reduce the price Costa Rica pays for fuels by 26.0% and for electricity by 40.0%. FA pointed out that this is the only option Costa Rica has for solving the high cost of hydrocarbons and their derivatives. At the moment, the price of super gasoline is US\$1.5/liter, whereas regular gasoline costs US\$1.4/liter, the highest prices ever in Costa Rica.

**Attack halts pumping.** According to a communiqué by *Oleoducto Bicentenario*, the pumping of oil through this oil pipeline, one of the largest and most important in Colombia, was brought to a halt as a result of an attack with explosives attributed to leftwing guerrillas. *"It was verified that the oil pipeline had been affected by an explosion in the rural zone of Fortul Municipality and a fire."* The company did not give a precise estimate as to when the oil pipeline's operations might be resumed; it will all depend on the security situation. In 2013, 259 attacks by rebel groups on oil pipelines in Colombia were reported, the largest number in more than a decade.

**Demand will increase.** In its latest monthly report, the International Energy Agency (IEA) estimates that demand for oil is going to increase in 2015 to 1.4 mb/d, 200,000 barrels more than originally calculated for that year. According to the report, the improvement in demand is due to the fact that refinery performance seems to be recovering and that the global economy is expected to pick up again, even when the risks to supply in the Middle East and North Africa continue to be extraordinarily high. It also points out that the major risks for 2015 are geopolitical in nature, mainly in Venezuela, Iraq, Ukraine, Libya, and Nigeria, which could mean that the increase in demand calculated by the IEA has been overestimated.

**More borrowing.** According to *Petróleos de Venezuela's* financial report for 2013, Banco Espírito Santo's subsidiary in Venezuela is managing a US\$43 million trust fund with the Simón Bolívar Fund and handling a US\$173 million loan with PDVSA Naval. PDVSA's balance sheets also show that, in April 2010, it received a loan of US\$1.5 billion from Banco Espírito Santo and other banks, which establishes terms of payment that include payments in cash and shipments of crude and byproducts at market prices.

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**International oil baskets.** At closing time on July 11<sup>th</sup> in the New York Stock Exchange, the price of the WTI was US\$103.2/bl, down by 1.7% when compared to the reported the previous week. The Brent decreased by 2.4% when compared to the previous week, to reach US\$109.4/bl.

**Local oil basket price.** The Venezuelan oil basket price closed at US\$97.0/bl on Friday July 11<sup>th</sup>, decreasing by 2.0% when compared to the reported the previous week. The annual average price of the Venezuelan oil basket is US\$97.1/bl.

## BUSINESS SECTOR TIPS

**New car sales down by 85.9%.** According to figures from the Venezuelan Automotive Chamber (Cavenez), June's new car sales down 85.9% compared to the same period of 2013. 8,236 units have been commercialized from January to June, 49,044 less vehicles (-85.6%) than the same period of 2013. Out of the total sales, 8,173 vehicles were manufactured inside the country, while 63 were imported. These groups registered a decrease of 77.4% and an decrease of 100.0% respectively.

**Production of new cars decreased 83.9%.** According to data released by Cavenez, the production of new cars decreased 83.9% with regard to the same period in 2013, to 928 units. Therefore, cumulative production from January through June 2013 was 6,161 units, a loss of 83.8% with respect to the 36,919 assembled in the same period in 2013.

**And the outlook is not the best.** A director of the Venezuelan Automotive Chamber (Cavenez) said that the automotive industry's figures for this year will be the worst in decades, as they will not even get close to the 46,884 vehicles that were assembled in 2003. *"I don't think we'll make it to 20,000 units. Production will be between 12,000 and 15,000 units at best."* If these estimates are borne out, it means going back to 1989, a year in which 27,637 vehicles were assembled, to find such a depressing and adverse scenario.

**Poor outlook.** In tune with the difficult times being experienced by production in Venezuela, a flash survey conducted by the Venezuelan Confederation of Industrialists (Conindustria) reveals that 64.0% of industrialists forecast that

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their levels of business will remain the same in 2H2014, whereas 21.0% were pessimistic, saying that business will decline. This outlook is even blacker if account is taken of the fact that 61.0% consider that there was a reduction in productive activity in 1H2014.

**Less housing.** Figures published by the Ministry for Housing reveal a considerably slowing down in the Great Venezuela Housing Mission, a situation that is made quite clear by the fact that, as at the end of June, 49,804 housing units had been completed, a drop of 6.0% compared to the 53,025 units completed over the same period last year. This drop is even greater if the figures for 1H2014 are compared to the 83,000 homes built in 2012 (39.9%).

**Fewer flights for Venezuela.** The complicated situation of the airlines in Venezuela gets worse by the day. Now the US airline United Continental has joined the list of airlines that have reduced the number of flights and seats on flights to or from Venezuela. United Continental announced that it will no longer be flying daily to Caracas and that it will operate only four flights a week starting mid-September, citing the problems in repatriating profits due to exchange controls as the reason for taking this measure.

**They still haven't decided.** The Spanish airline Air Europa announced that, at the moment, it does not have seats on flights in July and that the sale of tickets after that date has still not been activated. Commenting on this situation, Air Europa's director general in Venezuela, José Luis Álvarez, said that, for the moment, no decision has been taken to cut the frequency of flights, but he stressed that this could happen if the present problems with the allocation of foreign currency are not solved.

**Labor union problems continue.** The Federation of Automotive, Auto-parts and Associated Workers (FUTAAC) expressed their discontent when they questioned the government's policy of importing Chinese vehicles and criticized what is happening in state-owned companies. *"There is a policy of excessive purchases of imported vehicles by the State, mostly from the People's Republic of China, which not only results in unnecessary expenditures in foreign currency, but also threatens thousands of jobs,"* said FUTAAC in a letter addressed to the governor of Carabobo state.

**Firing of labor union chiefs.** The National Cement Workers Alliance has filed a complaint against the dismissal of several labor union leaders in the cement industry. Speaking on behalf of the group, Ulises Rodríguez

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explained that more than 280 dismissals have been allowed by the labor authorities, 70.0% of which involve labor union leaders, prevention delegates, and workers who have been critical of the way in which the cement industry is being run.

**Cows eat too.** The president of the National Cattlemen's Federation (Fedenaga), Rubén Darío Barbosa, explained that the necessary measures were not taken to deal with the heavy drought that is causing the number of cattle in Venezuela to shrink. *"The necessary measures were not taken to store forage, clean out reservoirs, get drilled wells, and have food for the summer so that the cattle wouldn't go hungry."* According to Barbosa, the only way to save the cattle situation is to import animal feed.

## WORLD ECONOMY TIPS

**Still some way to go.** According to US Federal Reserve Chairwoman Janet Yellen, the recovery of the US economy is still not complete, with a labor market that is still fragile and salaries that have stagnated, a situation that continues to justify implementing a lax monetary policy in the near future. Yellen said that the early symptoms of an upturn in inflation are not sufficient for the Federal Reserve to move up its plans to increase reference interest rates, which it hopes to carry out in the middle of next year.

**No bubbles.** US Federal Reserve Vice Chairman Stanley Fischer gave assurances that the United States does not have serious problems as regards asset prices at present. *"At the moment, we are not facing very serious asset price problems. There is general concern regarding the strength of the equity markets (...) but the stock market can go down without producing a financial crisis,"* he commented.

**Lower than expected.** According to data from its customs office, China's exports grew by 7.2% (yoy) in June, up 0.2 of a pp from the previous month, but lower than market consensus expectations (10.6%, according to Reuters). Exports have picked up in recent months, helped by an improvement in the US economy and after the government granted exporters tax benefits, credit insurance, and foreign currency coverage options.

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**But loans are mushrooming.** According to the People's Bank of China, money in circulation in the economy rose by 14.7% (yoy) in June, the highest level in the last 10 months. The People's Bank of China has undertaken to maintain credit and the growth of money supply at levels that will make it possible to meet the needs of the real economy. Chinese banks granted YUAN 1.1 trillion (US\$173.9 billion) in new loans in June.

**No big deal.** The Bank of Japan's board of directors has maintained its monetary stimulus program, under which it has made a commitment to increase the monetary base by between approximately YEN 60.0 trillion and YEN 70 trillion (US\$592.0 billion and US\$691.0 billion) a year via the aggressive purchasing of assets, largely Japanese sovereign bonds. In addition, the Bank of Japan has revised downward its economic growth projection for the current fiscal year ending March 2015, at a time when exports continue weak and household spending has dropped more than expected following an increase in the sales tax in April.

**Industry deflates.** According to figures from Eurostat, industrial production in the Eurozone fell by 1.1% in May compared to the previous month and by 0.5% year-on-year. The slowing down in industrial activity not only occurred in the countries of the region with the biggest problems –such as Portugal-, but it also affected Germany (1.4%), which has escaped the worst of the economic crisis so far, France (1.3%), Italy (1.2%), and Spain (0.9%).

**Too low for savers.** In the opinion of the president of the Deutsch Bundesbank, Jens Weidmann, the European Central Bank's (ECB) interest rate is too low for the German economy. Weidmann pointed out that a large number of German savers are unhappy with the low interest rates, but said that the purpose of those interest rates was to support investment and consumption. The ECB cut its interest rate to an historic low last month as part of a package of measures to help the Eurozone's weakened economy.

**Unexpected inflation.** According to the United Kingdom's Office for National Statistics, consumer prices in the UK posted an increase of 1.9% (yoy) in June, approximately 0.4 of a pp more than in May, due to increases in clothing and footwear prices and to the absence of a "price war" between supermarkets. Inflation in the United Kingdom had been slowing down over the past year, which helped the Bank of England to refrain from raising its interest rates despite signs of economic recovery in the UK.

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**Low rates, for now.** The Bank of England has maintained its reference interest rate at its all-time low of 0.5% (a level it has maintained since the worst of the financial crisis), despite the signs of recovery in the British economy. The bank also said that its economic stimulus package, also known as quantitative easing, will remain unchanged at £375.0 billion (US\$641.8 billion). It is expected that the Bank of England will raise its interest rate at the end of this year or early next year.

## POLITICAL TIPS

**There's nothing economic on it.** The Governor of Anzoátegui, Aristobulus Isturiz, stated that he considers the exchange control is not an economic but a political measure and affirms that with a liberalization of the exchange rate "they would take away the dollars and pull down us" and that "the first task of a revolution is not to be overthrown"

**The gringos are back.** The United States considers that it is necessary to maintain some type of diplomatic representation in Venezuela, even when there are strong differences with the country, according to Department of State spokesperson Jen Psaki. Psaki said that there are a number of reasons why Washington has representation in other countries, even when they do not agree on all issues. The United States appointed Lee McClenny as chargé d'affaires in Caracas and Venezuela sent Maximilien Sánchez to Washington, a year after both governments expelled their predecessors.

**It's still not enough.** According to the latest poll by Monitor-País, conducted between June 17 and 22, Governor of Miranda Henrique Capriles and *Voluntad Popular's* national coordinator Leopoldo López are the opposition's most important leaders. The opinion poll showed that 24.0% gave Capriles as the leader, 23.0% favored López, and 6.0% supported María Corina Machado. However, 43% of those interviewed said "none" or did not reply when asked who they thought were leaders. *"Venezuelans consider López and Capriles as the only two important leaders of the opposition; two leaders with contrary and conflicting purposes, strategies, and agendas."*

**Yet another call to dialog.** At the last meeting of the Council of State, chaired by Vice President Jorge Arreaza, they reiterated the call to dialog made to different sectors of the economy by President Nicolás Maduro.

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*“We’ve suggested the possibility of incorporating not only the opposition in the Democratic Unity Alliance, but all sectors of Venezuelan society.”* Moreover, Vice President Arreaza announced that they are actively fighting corruption, that priority would be given to providing public servants training in values, and that they have plans to create security corps to go after corruption.

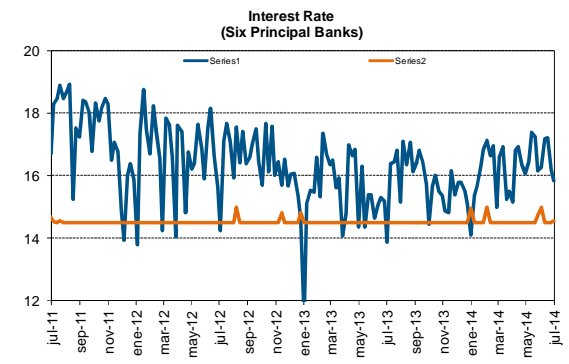
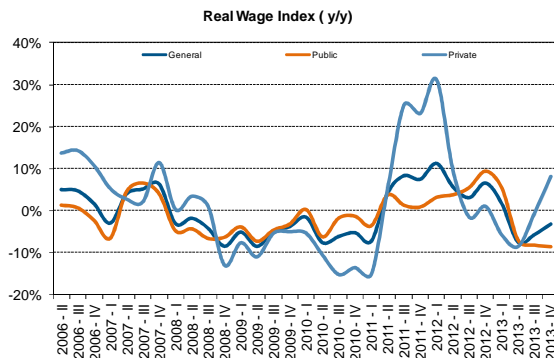
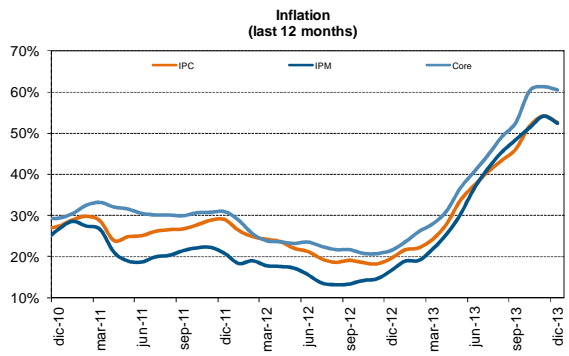
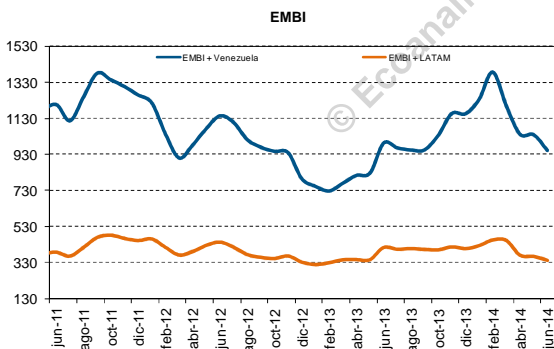
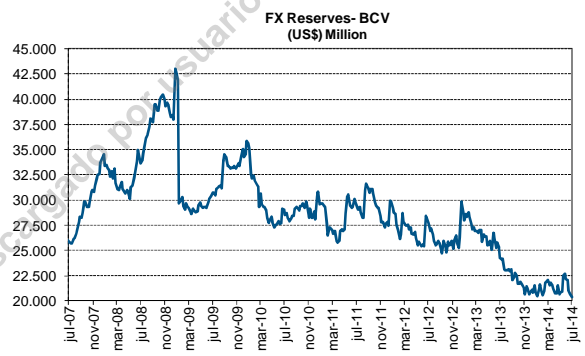
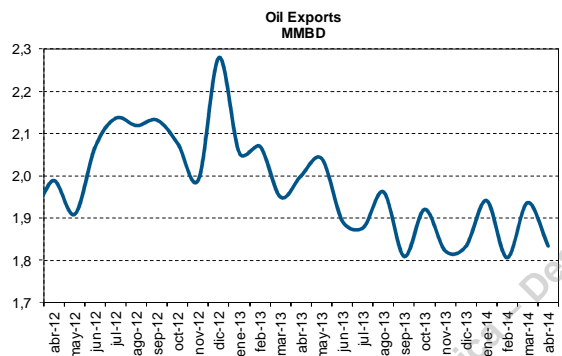
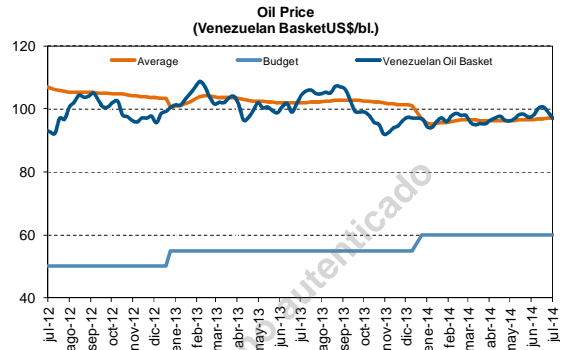
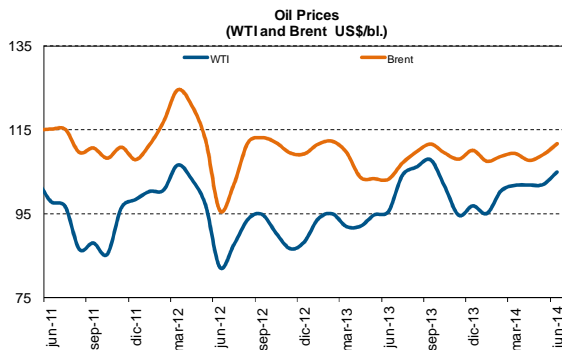
**Ramírez isn’t going anywhere.** In his program *“Contacto Con Maduro,”* President Nicolás Maduro announced that Vice-president for the Economy and Minister for Oil and Mines Rafael Ramírez *“stays in the economic cabinet,”* so ratifying Ramírez in the position of Vice-president for the Economy. Furthermore, he refuted the rumors regarding the possible departure of the president of PDVSA when he recalled that Ramírez was *“the leader of the economic cabinet”* and that he was *“in charge of the economic offensive.”* *“Rafael Ramírez isn’t leaving. He’s staying, because he’s the leader of the economic cabinet, of the economic team; and the purpose is to destroy him because they know that our strategy is the right one.”*

**Waging the war on corruption.** The vice president of the PSUV, Diosdado Cabello, said that it is necessary to start to fight against corruption: *“We have to say which government officials are not doing their job. Those who are in public office must know that those positions do not belong to them but to the people.”* Cabello also refuted the actions carried out by the Democratic Unity Alliance regarding responsibility and warned that their actions, if they are implicated in corrupt activities, will be eliminated by justice. *“Right now is the hour of justice; justice will be meted out to those who believe they can override the will of the people (so that they) don’t do it again.”*

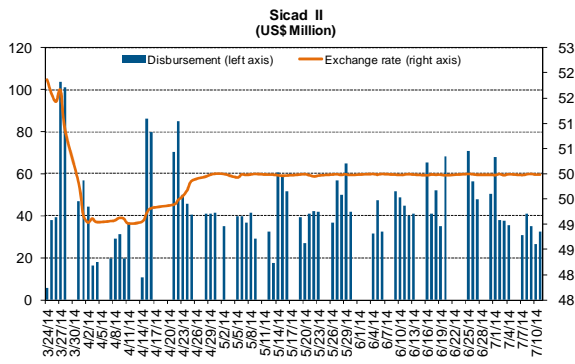
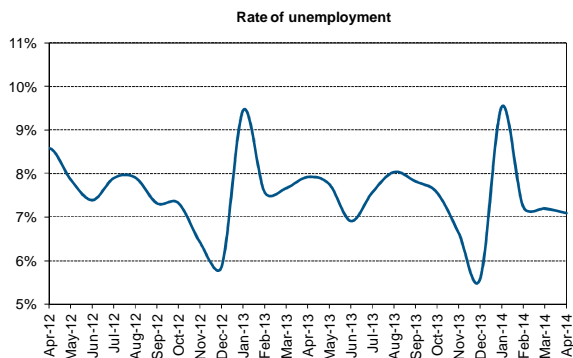
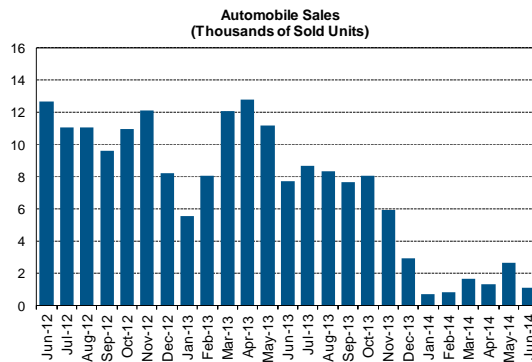
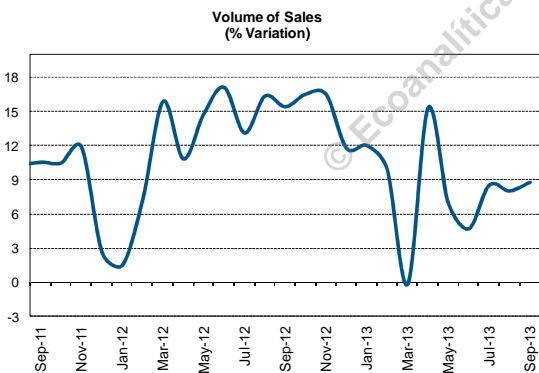
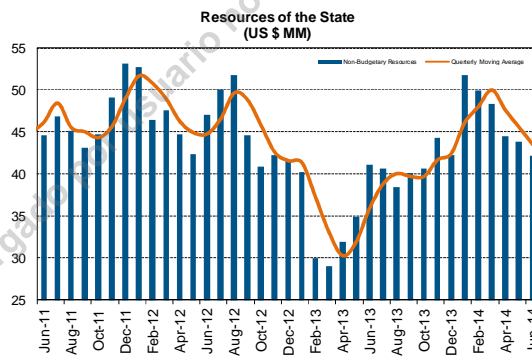
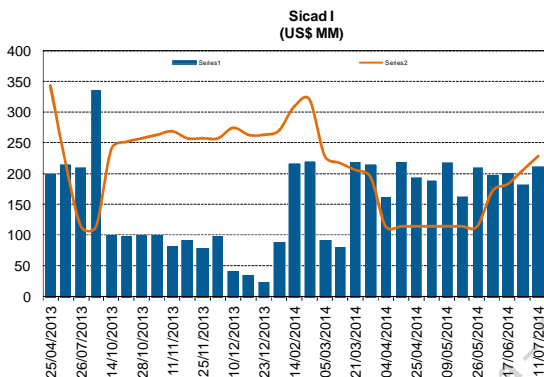
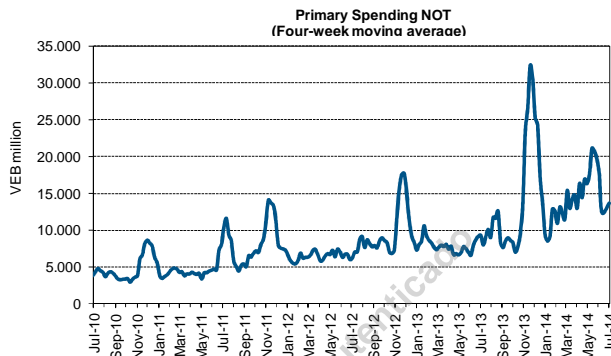
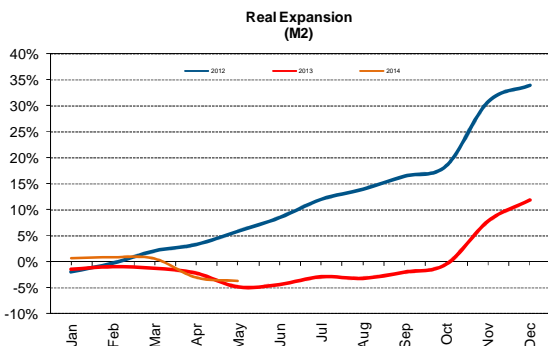
**Venezuela’s youth, a mixed bag.** According to the 2013 National Youth Survey conducted by the *Universidad Católica Andrés Bello’s* Institute of Economic and Social Research (IIES-UCAB), 80.0% of young people are interested in politics. Of that number, 28.0% said they were *Chavistas*, 24.0% opposition, and 24.0% nonaligned. These positions are influenced by their socioeconomic situation. In all, 78.0% preferred democracy as the optimum system of government and 73.0% said that they did not want to emigrate.

Year 10. Number 27. Week III  
July 2014

**ECONOMIC OVERVIEW**



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