



Weekly Report

Year 6, Number 34
Week II, September 2010

By:
Asdrúbal Oliveros
Maikel Bello
Ecoanalítica's Team*

*Will things get better or will it
be more of the same?
What can we expect the 26s?*

* Carlos de Sousa, José Luís Saboin and Luís Pulgar

Reproduction or distribution prohibited

In a couple of days, Venezuela will be holding parliamentary elections, which have gained unusual significance, especially when you consider that these types of elections (non-presidential election) didn't use to be considered important or taken very seriously. This election signals the beginning of Chávez' 2012 presidential reelection campaign; and it also heralds the return of the opposition to the floor of the parliament. So, everyone is wondering: Who will win on September 26? and What will come afterwards?

**Why is this
election
important?**

The Parliamentary election to be held on September 26 has been gaining importance, in our opinion, for two reasons: first, the opposition will take part in this election, after opposition candidates withdrew from the previous parliamentary election in 2005; and second, President Chávez' popular approval rating isn't at its best levels; in fact, it is at one of its lowest levels it has ever been since the President took office.



**Between
controlling the
institutions...**

This election is preceded by significant legal changes, especially concerning the setting-up of lists and alliances, the so-called “*morchas*” method, which is nothing but an electoral over-representation mechanism; and changes in electoral circuit introduced by the National Electoral Council (CNE). Furthermore, this election will be decided by the individual results of each electoral circuit and, therefore, it doesn’t have national scope. This makes it much more difficult for pollsters to predict results, circuit by circuit, since an overall national voter poll is not applicable.

**... and the
advance of the
opposition**

With respect to the opposition, with a few exceptions, it can be said that it is unified, under the umbrella of the so-called Democratic Unity Board (MUD). This represents a significant step forward for the opposition. However, it still has a long way to go. For example, the opposition has yet to come up with a unifying message and/or platform, which has been quite evident during the campaign. There are other problems as well, such as the preparation of the machinery, and the witnesses on Election Day. From the government’s perspective and that of its followers, the campaign has focused on President Chávez; he is practically the only relevant player inside the *chavismo*, and the other candidates are left in the background.

**The chavismo
faction is going
full out...**

The government’s campaign has developed in two directions: on the one side its control over institutions and its maneuverability, given the resources it has at its disposal; and on the other, the message that it keeps repeating over and over that if the opposition wins, chaos and anarchy will reign, and in addition, the poorer strata of society will lose their social benefits.

During the last few days, the chavismo factions have stepped up the pace and intensified their focus on getting their message out to the people. They have gotten their Governors and Mayors directly involved in campaign efforts in an effort to make sure that all their grass root members all come out and vote on Election Day. They have also organized the PSUV machinery in order to make sure everyone gets out and votes. They have included the Ministries, especially those working with the social Missions and social programs. And lastly, the Administration has introduced a series of new social promises and programs, with one in particular standing out called “*cédula del buen vivir*,” (identity card of the good living) aimed at improving the quality of living. The un-official information gathered by **Ecoanalítica** has chavismo factions predicting that the opposition may get between 40 – 44 seats in Parliament.





What could happen on September 26?

At present, surveys conducted by different pollsters (Consultores 21, Datanálisis, IVAD and Datos) indicate that the opposition could attain a *probable* scenario of between 50 and 55 representatives in Parliament and the rest (between 112 and 107) would correspond to the *chavismo* faction.

However, an up close analysis of states and electoral circuits shows that the opposition, at best, could increase its number of representatives in Parliament by 21. This would mean that the *best* scenario for the opposition would be 71 seats in Parliament vs. 91 for the *chavismo*.

The difference between these two sets of figures is due to the fact that in a number of these circuits, the number of people voting, and the popularity of the candidates in question, makes it too close to predict.

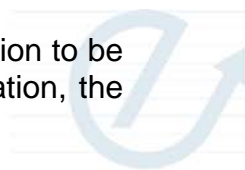
For the Opposition, all results will be a step forward

If the most probable scenario for the opposition (between 50-55 seats) were to represent the final results come election day, then this would undoubtedly represent an advance. Furthermore, there is a very real possibility that the opposition will get more total votes at the national level than the *chavismo* faction. This would represent an important political victory. It's also important to point out that some recent polls have shown that the *chavismo* factions may also get the highest number of votes at a national level, given the Administration's latest flurry of campaign activity. In any case, the opposition will gain an important presence in Parliament, which will allow for more debate and discussion regarding a number of *chavismo* policies, which up until now have been sliding through without any opposition.

What's coming after the election?

How the Administration and the *chavista* faction will react to the Opposition increasing the number of seats it holds in Parliament is any ones guess. There is a time span of 90 days between when the election results are known and the new representatives are sworn into Parliament. The Administration, which is in complete control of the current National Assembly, could speed up the passing of a number of new controversial laws or even grant the President a new Special Powers Law which would allow him to draft and enact new laws. The controversial laws in question include: the People's Power and Participation Law, the Social Property Law, the Communal Economic System Law, the Communes Law, the Economic Activity Law, the Fair Profits Law, the Banks and other Financial Entities Law, Anti-Monopoly Law, a Partial Amendment of the Income Tax law, an Amendment of the Commerce Code, and the Organic Labor Law.

Another relevant point is that in anticipation of the presidential election to be held in 2012 and depending on the performance of the Administration, the





“traditional” Opposition will be able to build alliances with dissident *chavista* factions, which could come from the ranks of the PSUV, and this may allow the Opposition to broaden its margin of action. At **Ecoanalítica**, we believe that a fundamental premise of members from traditional *chavismo* (PSUV and allies) is not to cooperate with opposition factions in Parliament thereby minimizing their role and range of action.

Looking forward to 2012...

Beyond this, the Administration has set a clear goal: to reelect President Chávez in 2012. This isn't going to be an easy task, because Chávez is in one of his worst moments in terms of his approval ratings and the country is immersed in a severely deteriorated economic situation. Therefore, in our opinion, the government will move in two directions: it will continue to move forward with its project to create a new economic and institutional structure based on its so-called socialist values; and it will try to moderate some of its economic policies to make them more flexible and improve the overall political and economic climate in anticipation of the 2012 presidential election.

However, Chávez has to face his inability to renew promises, i.e. unfulfilled expectations. This is going to be a very big challenge. He not only has to raise his popularity ratings, but also lift the hopes of the population and conveys the sentiment that things are going to get better as long as he remains in power.

The Opposition, however, still hasn't been able to develop a message that connects with most citizens and it still has serious leadership problems, although significant progress has been made. This slows down any efforts made to introduce an alternative option to remove *chavismo* from power.

And the economy?

And lastly, we at **Ecoanalítica** would like to point out that whatever the outcome of the upcoming election; it will have a very limited effect on how the economy continues to perform. In other words, the evolution of the economy will not suffer any significant changes, unless the Administration decides to implement something which changes it significantly. Even if the Opposition were to have a majority in Parliament, their margin of maneuverability would be very limited, as would be their ability to make any real change in economic policies in a regimen where the President has so much power. What we will see after the election is a President that on the one hand will learn and on the other will be very pragmatic. The learning President will identify his weaknesses and focus on correcting them, while the pragmatic President will be evident when there is a lot to lose and no third party to blame.



From now on until 2012, the President will be adopting one of these two postures: learning (advancing his revolution) and pragmatic (stop his drop in popularity) all the while improvising with economic policies.

© Ecoanalítica – Descargado por usuario no autenticado





Economic Tips

PDVSA bonds to be issued in less than three weeks. The president of PDVSA and Minister of Energy and Petroleum, Rafael Ramírez, announced on September 12 that the financial conditions for issuance of PDVSA bonds will be made known to the public in less than three weeks. This upcoming issuance of corporate bonds denominated in US-dollars and payable in bolivars is expected to be for an amount of US\$2.0 billion. The president of PDVSA also said that the revenue taken in from the issuance will be earmarked for oil industry operations and activities.

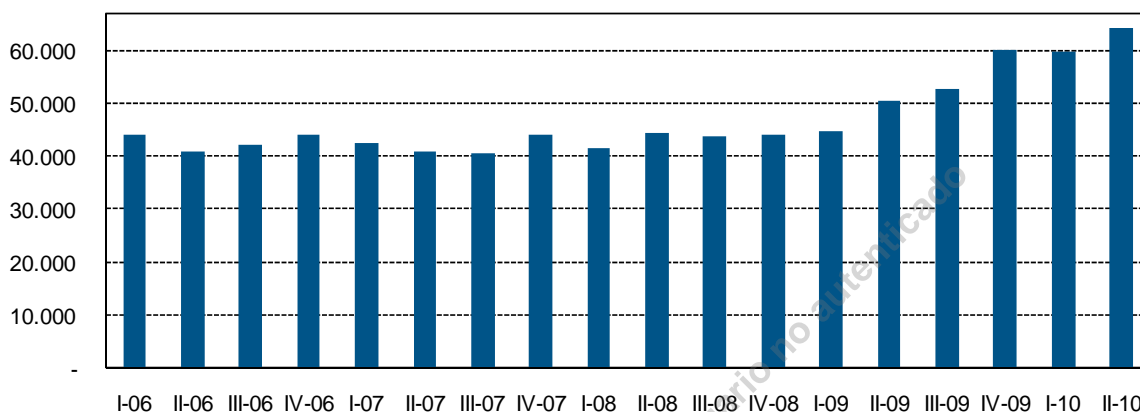
First semester 2010 foreign debt balance holds no surprises. According to the provisional figures released by the Ministry of Planning and Finance up until June 30, 2010, the Central Government gross public foreign debt balance was at US\$34.87 billion, down by 0.85% compared to the same balance at the close of 2009 when it was at US\$35.17 billion, thanks to the payment of coupons. Though with the issuance of the 2022 Sovereign bonds and PDVSA's upcoming issuance, the public sector foreign debt balance will increase by US\$5.0 billion in the second semester.

Public domestic debt increases by 43% in one semester. According to the provisional figures released by the Ministry of Planning and Finance, up until June 30, 2010, gross public debt was at US\$29.24 billion which is equal to VEB 76.03 billion at the official exchange rate of VEB 2.6/US\$. This is up by 43% (in bolivars) compared to the balance at the close of 2009 which was at VEB 53.17 billion, and up by 18.3% if the amounts are compared in US-dollars. The 2009 domestic debt balance at the close of 2009 in US-dollars was at US\$24.73 billion calculated at the then official rate of VEB 2.15/US\$).





Central Government Public debt (US\$ Millions)



Sources: Ministry of Planning and Finance and Ecoanalítica

Inflation goal. The president of the Central Bank of Venezuela (BCV), Nelson Merentes, stated that during the fourth quarter of this year the economy will begin to improve and inflation will progressively begin to drop during the next three years. The BCV's new inflation goal is to close out the year with inflation under 30%, between 28% and 29%, and then lower inflation another nine or ten points during 2011, with inflation eventually ending up at around 10% by 2012 or 2013.

48% of supplementary appropriations earmarked to pay salaries. So far this year, VEB 33.0 billion in supplementary appropriations have been added on to the National Budget, approved by the National Assembly. Of this amount, VEB 15.80 billion or 48%, has been earmarked for paying salaries and labor benefits. Miranda Fund resources (surplus resources from last year) and Independence Fund resources (from PDVSA exchange operation windfall resources) have also been used.

2011 Budget Law, 2011 Venezuelan oil basket at between US\$45-50/b. Sources close to the Ministry of Planning and Finance say that among the macroeconomic premises that are being considered for the 2011 Budget Law which will be announced on October 15 this year, is that the average price of the Venezuelan oil basket will be set at between US\$45-50/b, a moderate increase with respect to the US\$40/b it was set at for the 2010 Budget Law. At *Ecoanalítica*, we project that the average price for the 2011 Venezuelan oil basket will be at US\$73/b. As we have mentioned before, the differential between the average price the Administration sets for the Budget and what the average price realistically will be is created on purpose so that the Administration will have extraordinary resources to use at its discretion.





National Budget possibly to increase by only 12%. According to sources inside the Ministry of Finance, an increase in the Budget of only 12% compared to what the Budget was in 2010 is being considered. This would set the 2011 National Budget at VEB 178.08 billion, which would of course be inflated with supplementary appropriations, just as has been the practice for these past years. However, an increase of only 12% would mean a drop of almost 14% in real terms, only considering the base Budget.

Venezuela continues to lose competitiveness. Venezuela dropped nine places in the Global Competitiveness Index released by the World Economic Forum (WEF) going from being ranked 113 out of 133 countries to being ranked 122 out of 139 countries. This places Venezuela as the least competitive country in Latin America. According to businessmen surveyed, the five most problematic factors which make it difficult to do business in Venezuela are: the regulations on the foreign currency market, political instability, restrictive labor regulations, inefficient government bureaucracy, and inflation.

SITME Spike. Since it was implemented not so long ago, the SITME system has issued a daily average of foreign currency of US\$29.3 million, but during the last two trading sessions this amount has increased considerably which could mean an important change is coming for importers. On Wednesday, the BCV through the SITME system issued orders for US\$81 million and after this day it has averaged US\$43.7 million daily. This supply still didn't cover all the demand if you take into account that the swap-market which was closed by the Government in May traded a daily average amount of US\$90 million.

Sitme figures. To date, US\$1,992.7 million have been negotiated through the Integrated System for Foreign Currency Transactions (Sitme), averaging US\$29,3 million a day, with an implicit exchange rate of VEB 5.3/US\$. Last week the traded amount reached US\$229.6 million, US\$61.1 million more than last week when braided US\$168.4 million, the weekly amount of negotiated bonds has increased continuously in the last five weeks.

Interest rate. The lending rate for the first week in September was at 17.3%, down by 9 base points compared to the previous week. Time deposits and savings rates were at 14.8% and 12.6%, respectively.

International reserves. International reserves increased by 0.5% going from US\$29,153 million during the first week in September to US\$29,285 million during the second week in September. Compared to the same period last year, international reserves dropped by 6.5%.



Monetary liquidity. Monetary liquidity for the first week in September was up by 0.3% compared to the previous week settling at VEB 258.18 billion, and up by 9.5% year to date in nominal terms and down by 10.6% compared to the same period last year.

Oil Tips

Sunken platform has been replaced. The State-owned oil company, Pdvsa, announced that the Aban Pearl platform, which collapsed and sank in May, would be replaced by a drillship already on its way to Venezuela, with which Pdvsa hopes to keep moving forward in the natural gas project Gran Mariscal Sucre. The ship, called Songa Saturno, comes from the port of Malta.

Fires in Bonaire finally contained. A fire that was affecting Pdvsa's storage terminal in Bonaire was finally contained last Friday September 10, three days after it originated. The fire was caused by an electric storm that also caused a fire in Curacao a day later, already contained. Operations were stopped and the facilities are still shut down.

Three in one week... Three oil refineries were affected by fires in less than one week, one in Bonaire, one in Curacao and one in the Falcon state. The fires in Bonaire and Curacao were caused by an electric storm, while the one in the Cardon refinery occurred on Saturday September 11 in pier 1, during the loading of a vessel that was supposed to deliver products to Jamaica.

And 231 incidents have occurred in seven years. Eddie Ramirez, oil engineer, indicated that so far since the year 2003 there have been 231 incidents at Pdvsa's facilities, with an aftermath of 50 deceased workers and 164 injured. The analyst said these accidents were caused by a lack of qualified staff since the problems were either operational or maintenance-related.

Crude-oil byproduct imports from USA down. According to OPEC's monthly report, Venezuela is the third member-country among crude oil or crude-oil byproduct importers from the United States. During August, Venezuela imported 2,000 barrels of byproducts per day, 88.2% less than in the previous month when 17,000 barrels were imported. Also, according to a report released by the US Energy Information Agency (EIA), Venezuela imported 90% less byproducts from the US in June of 2010, compared to the same period of 2009.





OPEC claims production quotas are not being met. The Organization of Petroleum Exporting Countries (OPEC), through a statement issued by its Secretary General, Abdullah al-Badri, said they were pleased with the current price levels of between 70 and 80 US\$/bl. However, Abdullah indicated the institution wants to avoid a relapse of prices with a new economic crisis, which is why they need to monitor production quotas that are not being met, as well as inventory levels. These statements were made during OPEC's 50th birthday.

Numbers from the development fund. OPEC's International Development Fund authorized US\$180 million to finance 14 projects in Africa, Asia, Latin America and the Caribbean. Out of that amount, 60% was allocated to energy and transportation projects, while the remaining 40% was allocated to water-supply, sewer system, health and agricultural projects. These funds are granted as loans with very flexible conditions.

Final steps. British Petroleum (BP) informed they resumed drilling in a relief oil well as part of the final stage to permanently seal the Macondo well in the Gulf of Mexico, which resulted damaged in April after the explosion and sinking of the platform that was carrying out the drilling process.

Stock offering increased. The Brazilian state-owned oil company raised its stock shares offer to US\$86.7 billion, authorized by the Government, when the issuing had originally been set for no more than US\$73.6 billion. The issuing will be comprised by US\$52 billion in ordinary shares and US\$34.7 billion in preferred shares. This capital bulking will be used to exploit the oil reserves located deep in the Atlantic Ocean, under a 1km-thick salt layer.

And prices either remain stable or fall... The price of a gallon of gasoline in the US remained at US\$2.68, only 9 cents more than the price registered in the same period of 2009, maintaining a decreasing trend. The price of Diesel fell for the fourth consecutive week to 2.93 US\$/gallon, though it's still 28 cents higher than 2009 price.

International oil baskets. At the close of the New York market last Thursday, September 16, the WTI was at US\$74.62/bl, showing a 0.5% increase compared to the US\$74.25/bl of the previous Thursday. The Brent increased by 1.9% to reach US\$78.96/bl, compared to US\$77.52/bl of Thursday, September 9.

Local oil basket price. The Venezuelan oil basket price decreased last week, to close at US\$67.2/bl on Friday September 10, up by US\$1.6 from the US\$66.8/bl registered the previous week. Meanwhile, the basket's annual average kept constant in US\$69.5/bl.



Business Sector Tips

Chavez Administration to pay US\$650 million to Holcim. The Administration reached an agreement and will pay US\$650 million to the Swiss cement company Holcim to compensate the nationalization of its facilities in 2008, putting an end to a long legal dispute. Reuters said last Tuesday that Holcim, the world's second largest cement company, released a statement indicating they had received a first payment for US\$260 million. According to the agreement's conditions, the remaining US\$390 million are to be paid in four equal annual payments. This agreement with Venezuela put an end to an arbitration procedure before the International Centre for Settlement of Investment Disputes, opened by Holcim versus the

Currency allocations for telecommunications increased. Cadivi indicated that US\$1.17 billion had been authorized for the insurance, telecommunications and information technology sectors in the first eight months of the year, a 125.2% increase compared to the same period of 2009, when the number reached US\$523.5 million. In the case of telecommunications, the increase exceeded 234%, reaching US\$691 million so far in 2010, compared to the US\$207 million allocated in 2009. However, the organization did not specify how much of these funds authorized correspond to outstanding debts from last year.

Food imports down during the 1S2010. Information provided by the National Statistics Institute indicate that food imports by the private sector dropped by 31.9% during the first semester of 2010, reaching US\$2.22 billion, compared to US\$3.26 billion in the first semester of 2009. The largest sum was destined to purchase cereals in foreign markets for US\$378 million, while livestock imports reached US\$375.6 million and fats and oils reached US\$224.7 million. The countries from which most products were imported were United States, Brazil, Argentina, Uruguay, Canada, Colombia, Paraguay, Bolivia and New Zealand.

94.1% through Cadivi. Contrasting the National Statistics Institute's information with the data provided by the Currency Administration Commission (Cadivi), we can see that 94.1% of food imports registered between January and June of 2010 were made with USD at the official exchange rate. Cadivi reported having authorized a total of US\$2.14 billion the first half of 2010 to finance the arrival of foreign food products.





180-day term. According to the new law regulating the stock market, brokerage houses will now have 180 continuous days, expiring on January 18 of 2011, to remove bonds from their investment portfolios. Financial sources say everything indicates brokerage houses will be obligated to sell bonds in foreign currency through Sitme. Should this happen, a temporary increase in the supply of US dollars would be guaranteed, while private companies assure they are not receiving all the currency they need. According to Conindustria's last survey conducted in August, 72 out of every 100 companies mentioned currency shortage among the problems keeping them from increasing production.

Chickens to be purchased from Nicaragua. A Venezuelan technical mission is working in Nicaragua studying the poultry processing system in light of the eventual export of 12,000 tons of chicken per year from that country. Exports would be handled by Alba Alimentos de Nicaragua (Albalinisa), one of several private mixed companies created in this Central American country with Venezuelan funds. Only in the first half of 2010, exports of Nicaraguan products to Venezuela generated profits for US\$144.5 million.

As energetic power, pathetic. In terms of infrastructure quality, Venezuela is ranked 117th among 139 countries. In terms of electric service quality, it's 124th among 139, with a mark of 2.3 over a global average of 4.4 points. This reveals the country has a strong tendency to suffer electric service interruptions as well as voltage fluctuation failures.

2010 electric investment: US\$10 billion. This year's investment in the national electric system will reach US\$10 billion, and it is projected to reach nearly US\$18.5 billion within the next eight years, said Felix Rodriguez, Electric Generation Commissioner for the National Electric Corporation (Corpoelec). Rodriguez highlighted among the works being carried out by the Government in the field of electricity the construction of the Tocoma Dam in Bolivar, with over 7,000 direct workers, and talked about a US\$7.2 billion to be invested in a plant that will generate approximately 2,700 megawatts (Mw).

Anti-sabotage measures. In light of suspicious electric failures that occurred two weekends ago in the Metropolitan Area of Caracas and Anzoátegui, allegedly as a result of sabotage, the minister of Electric Energy, Ali Rodriguez, announced last night the Government would implement a safety plan to protect the over-500 substations of the national electric system in order to prevent "*criminal actions*" as the parliamentary election gets closer. Officers from different law enforcement agencies will participate in this plan along with Plan Republica.





Construction supply prices increase. The Central Bank of Venezuela's construction price index indicates steel product prices increased by 19.0% between August 2009 and August 2010, compared to a 7.0% increase reported between August 2008 and August 2009. This increase was influenced by a supply shortage. The electric crisis reduced the supply of energy to Sidor and private steel-iron companies, obligating them to cut production. Moreover, rebars and other steel products have been quite limited for the last few months considering their demand, not to mention the increase in cement production.

Package/container production down. The president of the Venezuelan Chamber of Packages/containers (Cavenvase), Mauricio Caycedo, said the production of containers decreased by 20% - 25% compared to last year, due to the decrease in the demand by the industries addressed by this sector, as well as delays in the delivery of non-production or insufficient production certificates. Caycedo said State entities were following up on the industry's inventories to relieve the funnel effect.

Chavez stimulates consumption. During the initial act of socialization of the Venezuelan public banking system, President Hugo Chavez Frias resumed his campaign to stimulate consumption through credit and ordered State institutions to relax the terms of loans by granting them with zero down and low interest rates. In the event, President Chavez kicked-off two programs to stimulate the purchase of major home appliances and vehicles.

Sugarcane producers spoke. Jose Ricardo Alvarez, president of the Federation of Sugarcane Producers' Associations (Fesoca) said in a press conference the National Administration owed approximately VEB 90 million to sugarcane producers, highlighting the fact that no payments have been made to producers with farms of over 100 hectares, a group that produces 37% of the country's sugarcane. The sustained drop of profitability of the sugarcane industry has caused the country to go from producing a record of 9 million tons during the 2005-2006 cane-cutting season, to 5.7 million in 2009-2010, a 36% decrease in the production volume.

Econoinvest liquidated. Superintendent Tomas Sanchez announced the procedure to liquidate Econoinvest Casa de Bolsa had been authorized and added that all related companies were being frozen for audit. According to Sanchez, these companies presented irregularities since they were also attracting clients. A summoning is scheduled for within a few weeks for the institution's clients to collect their assets.

Colombia keeps getting paid. The minister of Commerce, Industry and Tourism, Sergio Diaz-Granados, said that after a payment of US\$70 million made to Avianca and Aires airlines, and some other sectors, US\$120 more million are "in line." Said payments are to be made after the analysis of documents submitted by Colombian



exporters stating their bilateral operations, made every 48 hours by representatives of both countries.

World Crisis Tips

Signs of recovery. American consumers seem to be recovering their enthusiasm since retail sales grew in August for the second consecutive month to report a 0.4% m/m increase, after a 0.3% growth reported in July. Reviewing the index's y/y numbers, there's been a 3.6% increase in August, a quite positive thing considering the same indicator had reported drops by 6.3% and 1.0% in 2009 and 2008, respectively.

US Government fiscal deficit shrinks. The US Government's tax administration numbers indicate the fiscal deficit maintains its shrinking trend as the government spending contracts and the income increase little by little. As of August, the fiscal deficit reached US\$1.17 trillion, with a negative balance of US\$90.6 billion in that month alone. However, as we said in the beginning, the government income has been slightly increasing with a y/y cumulative increase by 0.7%, while cumulative disbursements have contracted by 3.5%, compared to the same period of 2009.

United States and OECD countries weakened. The US and OECD six-month Leading Indicators show further weakness, with a growth deceleration that could lead these countries not to a slower recovery but to a new crisis relapse. The OECD six-month movable average variation shows a 0.8% contraction only during June and July, going from a 3.0% growth to 2.2%. Comparing with the OECD7 group, the fall was even worse, reaching 1.0%, going from 3.1% to 2.1%. In the case of Japan, there is a reported deceleration by 0.9%, going from 3.5% to 2.6%. Finally, the United States showed a 1.0% deceleration, going from 4.0% to 3.0%.

Trade balance improves. The US trade balance improved significantly to reach US\$42.8 billion in July, after having reached US\$49.8 billion in June, a 14.1% reduction. However, the accumulated deficit of 2010 is still quite higher than the one of 2009, 29.3% higher than the previous US\$33.1 billion. This happens despite the fact that the accumulated exports of goods and services have increased by 18.3% y/y, since the cost of importing goods and services has increased by 20.5%, mainly due to the increase of consumer prices.





Seems to have come to an end. China's latest economic numbers seem to indicate the industrial production and retail sales growth deceleration presented during the first semester of 2010 have come to an end. The industrial production index, which had been decreasing from its last increase by 21.3% in January, y/y, down to 13.6% in July, grew by 14.2% in August, while under the same parameters, retail sales reached their highest level in February with a 22.1% y/y growth and suffered a progressive decrease down to growth levels of 17.9%, and grew once again in August to levels of 18.4%. These numbers help mitigate the fears of a global economy cool-down.

Financial expert opinions are negative. Pessimism starts to appear in German investment experts as for the first time since March of 2009, negative opinions about the German economy's performance exceeded positive opinions, according to the ZEW index. The indicator went from 14.0% in August to -4.3% in September. This is due to the fact that, even though the majority believes the industrial sector's profit will continue to increase, most of them don't think quite positively about the future performance of sectors such as the financial, automotive, chemical, pharmaceutical, steel, electronics, mechanical, construction, services, and information technology sectors.

Political Tips

Jaua: economically, private property is not denied. The National Administration does not deny private property but its policies seek to grant properties to those who need them, said vice president Elias Jaua last Sunday. During a TV interview, Jaua explained that, as long as Socialism is being built in this nation, *"economically, private property is not denied, but given to those who need it."* Vice president Jaua explained that the Venezuelan socialism was trying to transfer houses to the people, as well as agricultural machinery, storage centers, among other things. Jaua reminded that both the Fourth Republic and the current Constitutions prohibit both monopoly and large estates.

Reform to the Organic Labor Law after the parliamentary election. The National Assembly plans to discuss the Organic Labor Law (LOT) draft after the parliamentary election, according to Oscar Figuera, secretary general of the Venezuelan Communist Party. Figuera said "according to the information he had," the National Assembly would be discussing the LOT draft in this second period of ordinary sessions of 2010 to be started on September 15 and concluded on December 15.



Chavez: “Which governor am I going to give money to? What for?” President Chavez said from Petare, where he was granting deeds of urban lands, it was “impossible” for him to work with the authorities chosen by Miranda and Petare residents. He highlighted the importance of recovering the Sucre municipality and the Miranda State Government in the regional and presidential election of 2012, and said: “Which mayor am I going to give money to? What for? Which governor am I going to give money to? What for? They’re all rich people.”

Firearms without permits to be destroyed. All firearms involved in crimes are to be destroyed as well, said Edwin Rojas, national director of Crime Prevention for the Ministry of Internal Affairs and Justice (MIJ). Regarding the guns implicated in crimes, Rojas said they would no longer be deposited in the sheriff departments or other dependencies as it is currently being done to then take them to trial as evidence. *“Should someone commit a crime with a firearm, said firearm would be registered through an anticipated test to be presented in trial, and then destroyed,”* Rojas explained.

Relations between Venezuela and USA: Palmer is still a candidate. The bilateral relations between the Venezuelan Government and the United States are still tense, after President Chavez revoked his approval to the US embassy candidate for Venezuela, Larry Palmer, due to statements issued by him during his ratification process regarding the presence of Colombian guerilla in Venezuela and the Cuban influence in the Venezuelan army. So far, the diplomat has not been ratified by the Senate, but has not been removed as the only candidate to Venezuelan ambassador either. The decision to appoint another US ambassador in Venezuela would have a very high political cost for the Obama Administration, while, should the Senate ratify Palmer as ambassador, the Venezuelan Government would have to officially revoke its approval or declare him persona non grata in order to avoid his presence as diplomat in Venezuela.

New ambassador in Colombia. The Venezuelan Chancellor, Nicolas Maduro, announced the appointment of Ivan Rincon Urdaneta as the new ambassador of Venezuela in Colombia. The Venezuelan diplomatic representative said the Chancellor’s office applied for the Colombian Government’s approval and is currently waiting for a response; once this happens, President Hugo Chavez would need to swear Rincon in so that he can assume office in Colombia.

The Governor of the Guarico State, Willian Lara, passed away. The Executive Vice president of Venezuela, Elias Jaua, announced that at 4:30 am last Saturday September 11 or 2010 was found the body of the Governor of the State of Guarico, Willian Lara, who died in a car accident when his vehicle fell into a river after having



flipped-over in a national road while on his way from San Juan de los Morros to Calabozo.

Guarico Election for 2011. The election to substitute the absolute vacancy left by the late Governor Willian Lara in the Guarico State could be called for the months of March and April of 2011. Even though article 99 of the State's Constitution orders the celebration of elections 30 days after having confirmed an absolute vacancy of the regional governor (in case it occurs during his/her first two years in office), the CNE is studying the possibility to carry out this election along with the pending election to settle nine mayors and the Governor of the Amazonas State.

Guillermo Garcia Ponce received a decoration. President Hugo Chavez granted the First Class Liberator's Order to Guillermo Garcia Ponce, who passed away from cancer at 84. *"We are bound to following your example, master commander. We shall not give in to the empire or the unpatriotic Venezuelan bourgeoisie that is determined to destroy the sacrifice and years of struggle of a revolution that is just beginning to show, after colossal efforts, little victories that dignify our people,"* Chavez said in the National Assembly, where the remains of the late communist leader were honored.

© Ecoanalítica – Descargado de www.ecoanalitica.net





ECONOMIC OVERVIEW

