



Weekly Report

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Sweet anticipation...

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The exchange rate market's situation is critical, and the greatest evidence is the present exchange rate difference (between the official exchange rate and the non-official exchange rate) of 604.1%, the highest difference since the exchange rate control entered into force (2003). This generates serious distortions in prices, and negatively impacts inflation, inventory levels, and the operations of companies; besides the uncertainties about what to do, and the fact that it perversely motivates corruption.

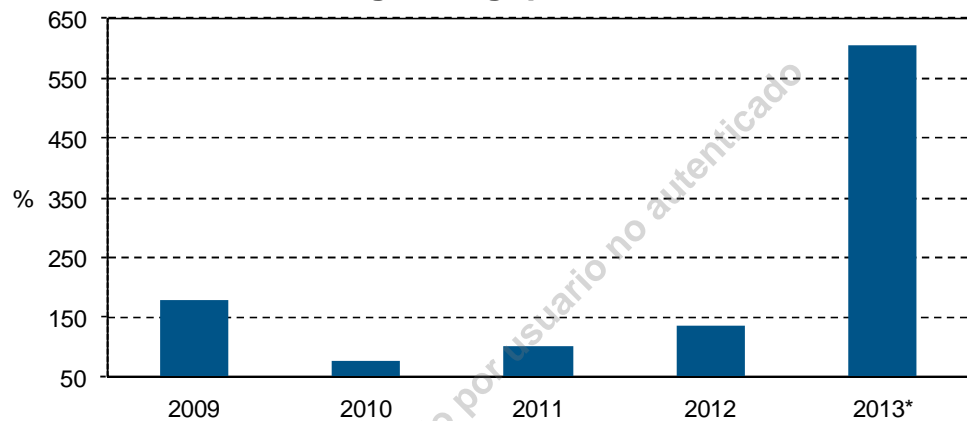
**The issue is the
exchange rate
differential**

The task for the economic team, led by Nelson Merentes, is reducing this gap, but so far no measures have been taken. Moreover, decisions have been made that exacerbates pressures in the exchange rate market. Noteworthy is the design of the Complementary Currency Administration System (Sistema Complementario de Administración de Divisas - SICAD) re-launched on July, which established a non-competitive exchange rate that increased the demand for foreign currency. The rules of the game are also very restrictive, and the assignment mechanism is unclear, which



doesn't correspond to the "auction" concept, although the authorities insist on assigning it that category.

Exchange rate gap in Venezuela



Source: Ecoanalítica
*Figures at 09/19/2013

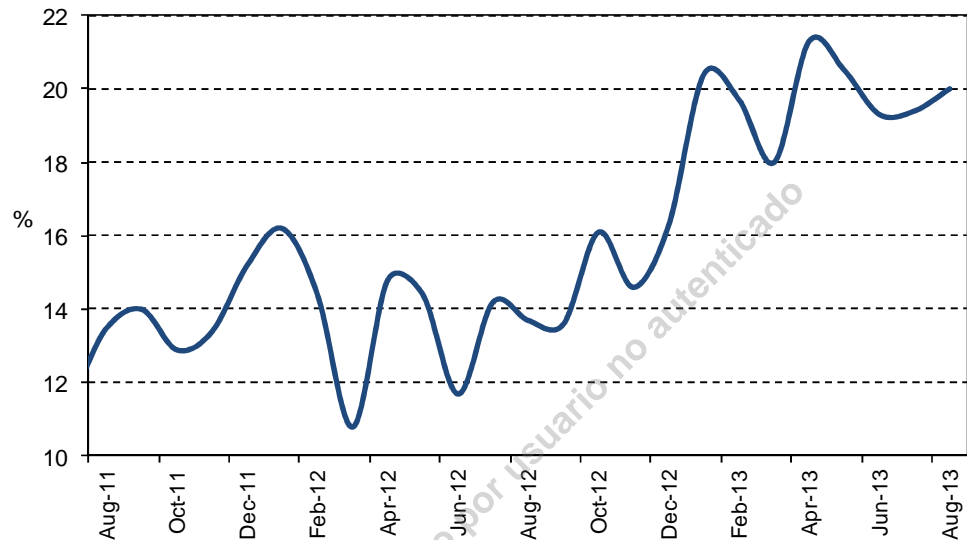
Merentes: between hope and inaction

When President Nicolás Maduro appointed Nelson Merentes Minister of Finance, the news was considered positive in the economic environment, since it was thought that he could implement a set of measures to improve the economic situation of the country, particularly the foreign currency shortage, at the core of the inflation hikes and the shortage and scarcity index rises. On the other hand, Merentes not only displaced Minister Giordani as head of the economic team, but also created a team of officials with the same ideas, among them the President of Venezuelan Central Bank (BCV), Eudomar Tovar; and the President of Cadivi, José Khan, among others





Scarcity Indicator



Sources: BCV and Ecoanalítica

But Merentes has yet to get the ball rolling: no important decisions have been made regarding the exchange rate policy, beyond the rumors of possible plans. Although Cadivi improved its performance in the May-July quarter, liquidations have dropped again, and Sicad auctions are not regular. Thus, the unofficial exchange rate has continued rising. For the year, it has depreciated 160.5% and last month it depreciated 20.9%. The average monthly depreciation rate for 2013 is 188.2%, compared to the level in 2012 (4.0 %) and in 2011 (19.2%).

This is a key week, because Minister Merentes is expected to announce the new market, and activities at the National Assembly (AN) will resume. Regarding the latter, there are two possibilities: either the reforms of the laws allowing the market to resume operations is approved, or an Enabling Law will be approved for President Maduro, which includes these issues.

From here to December, what will happen?

Since chavismo has been in power, the economic policy cannot be separated from the power and electoral dynamics. For chavismo, what could be defined as economic policy hinges on maintaining or accumulating power, so the elections scheduled for this coming December will most certainly influence the decision making process. The exchange rate policy is no exception.





Ecoanalítica considers that in these last four months there won't be any transcendental economic decisions, and although decisions are expected in exchange rate matters, these will be fully implemented next year.

Actions regarding exchange rate for the remainder of the year can be summarized as follows:

- The State will continue increasing imports. In the first semester, public imports increased 15.1% y/y, while private imports fell 7.5%. Also, the State is significantly involved in the marketing of goods and services, particularly in telecommunications, vehicles, medicines, and more recently, food.
- Most of the foreign currency for the private sector will still be channeled through Cadivi, with an average daily liquidation of US\$ 90 – US\$ 100 million. For this year, we estimate private imports via Cadivi to be 36.0% of the total, a drop of 0.3 percentage points (pp) compared to last year.
- On the other hand, Sicad will only finance 5.6% of the total imports. From here to December, we estimate that Sicad will provide around US\$ 1.50 billion, mainly through bonds from the BCV and the public financial system altogether. We don't expect significant changes in the mechanism: specific sectors will be called to participate, and we don't rule out "mega auctions" for more than US\$ 200 million.
- If a parallel market is approved, it would channel part of that offer, for a maximum of US\$ 50 million per day, mainly from Pdvsa and Fonden.
- For Sicad, the exchange rate will be between VEB 10.0/US\$ and VEB 11.5/US\$, which will maintain pressures on demand.
- We maintain our estimates that Pdvsa and/or the Republic may have a new foreign debt issue in the last two months for US\$ 3.0 billion to release some pressure in the exchange rate market.

In sum, for the year, the scenario is that of "status quo", in which the government will try to postpone the issues, and minimize the political impact of the actions it implements.





Weighted exchange rate (X+M)	2008		2009		2010		2011		2012E		2013F	
Public	2,15	25%	2,15	29%	2,60	36%	4,30	37%	4,30	40%	6,30	48%
Sitme	-		-		5,30	7%	5,30	9%	5,30	8%	5,30	1%
Preferential Cadivi	-		-		2,60	23%	-		-		-	
Cadivi	2,15	69%	2,15	50%	4,30	32%	4,30	46%	4,30	36%	6,30	36%
Not official	4,27	6%	6,03	21%	7,58	3%	8,66	8%	10,60	16%	30,20	10%
Exchange rate exports	2,15		2,15		4,14		4,30		4,30		6,30	
Weighted exchange rate (X+M)	2,20		2,48		3,89		4,45		4,73		7,28	
Weighted exchange rate (M)	2,17		2,84		3,36		4,45		4,61		6,74	
Devaluation	-13,8%		30,2%		17,4%		35,6%		14,0%		67,7%	

Sources BCV, Cadivi and Ecoanalítica

2014: The Pandora Box opens

After the elections in December, Pandora's Box will open. First, **Ecoanalítica** expects an adjustment of the official exchange rate from VEB 6.3/US\$ to VEB 9.3/US\$, that is, a devaluation of 47.6%. We believe the adjustment could come at the end of this year or the beginning of the next.

Will there be a parallel market?

Regarding the unofficial market, the information we have is that the Ministry of Finance, BCV, and other entities (like Fonden and public banks) are working on what could be a new foreign currency exchange market, based on swaps. The idea is that these new market will start operating in October. In order to restore the swap market, it is necessary to change some laws, particularly the Exchange Rate Crime Law, and the Capital Market Law. This could be done legislatively, or through an Enabling Law.

So far, the information we have on this market is the following:

1. The suppliers would be Pdvsa, Fonden, the Chinese Fund, non-financial public enterprises, private companies and individuals.
2. The authorized agents would be the banks (public and private), the Bolivarian Public Stock Exchange, brokerage firms. Regarding the latter, there still isn't a consensus between the technical teams. Maybe they will be incorporated at a later moment.
3. It is market whose price would be equivalent to the swap of bonds of Venezuela and Pdvsa. However, daily and monthly maximums may be established for the transactions of companies and individuals.
4. Merentes's office idea is to re-launch this market with an issue of Pdvsa bonds for US\$ 3.5 billion and in the first quarter of next year an issue for US\$ 4.0 billion by the Republic.



**The keys:
supply and
exchange rate**

The parallel foreign currency market will only have a temporal effect if additional measures aren't taken to modify macroeconomic policies. Our main concern is that it will be an isolated measure, which could limit its permanence in the mid to long term.

Ricardo Sanguino, President of the Finance Commission, informed last week that the new market will receive US\$ 5.0 – 6.0 billion in public debt bonds that are in the hands of financial institutions, and US\$ 6.6 billion more from Pdvsa and the companies involved in development projects in the Orinoco belt, as well as companies with positions in dollars, and even individuals.

Our estimates indicate that Pdvsa could provide a maximum of US\$ 1 billion per month. Regarding bonds, our estimates indicate that the securities more likely to be marketed are those in the hands of public banks and BCV, with positions for around US\$ 2.2 billion.

If the availability of foreign currency is similar to what Sanguino mentions, it is possible to relieve the exchange rate pressure, at least for the remainder of the year, assuming that the system starts in October, which for us is still an optimistic time frame. The issue is guaranteeing the permanent availability of dollars in the new market, because this implies making additional economic policy decisions, particularly in the monetary and fiscal areas.

We finish as we started: Minister Merentes no longer has excuses and must act; the exchange rate differential conspires against him.





Economic Tips

Superior entity that will control the economy is created. Nicolás Maduro, President of the Republic, announced that a new entity will be installed to control the Venezuelan economy. Maduro explained that the entity that will control the economy will be formed by the national government, the national Armed Forces, and the organized people, and will be led by Major General Hebert Josué García, who is presently Minister of aquatic and air transport.

Against economic sabotage. President Nicolás Maduro said that the new Superior Economic Entity will guarantee the economic stability of the country, counteracting the opposition's plans to make the economy collapse, and general inspections already started in the country's companies, to verify their production levels. Maduro explained that the opposition is trying to sabotage the Venezuelan economy through the food sector, and therefore will be particularly keen on that area.

The new scheme will have US\$12.0 billion. Ricardo Sanguino, President of the Finance Commission of the National Assembly (NA), said that the income from the investments made in the Orinoco Oil Belt, and the sale of debt bonds in foreign currency will be used to inject foreign currency to the new exchange rate system that the Ministry of Finance and the Central Bank of Venezuela (BCV) are designing. Sanguino said that US\$6.6 billion will come from the mixed companies in the Orinoco Oil Belt, plus US\$5.0 or US\$6.0 billion in public bonds.

Dollars will float. Nelson Merentes, Minister of Finance, said that brokerage companies will be in charge of operating the new exchange rate market where the dollar will be in a floating system. *"The result will be dollars for the economy (...) the dollar will float depending on the behavior. The BCV and other companies may enter the market to sell, and there will be multiple financing sources. With this, Venezuela will have more than US\$50.0 billion to meet all economic issues"*, said the Minister.

With the feet on the ground. Minister Nelson Merentes talked about several issues of the country's economic situation, among them, the permanence of Sicad, which is being studied, and said that there is no possibility of devaluation in the short term. He also talked about the parallel dollar, and explained that it is high because it is scarce, because people are using it as merchandise. Finally, he said that the import of food must decrease, and domestic production increase to satisfy the consumption increases of the population.



Changing dollars will be easier for tourists. Eudomar Tovar, President of BCV, confirmed that the possibility for tourists to change their foreign currency in ports and airports is being evaluated, together with the reform of the laws on exchange rate crimes, and capital markets. Tovar said that this set of actions, together with Sicad, will help improve production in the country.

Reserves below the ground. International reserves dropped drastically for the year, and the US\$21.989 million level for the beginning of the week clearly shows that. This figure reserve level is the lowest since November, 2004, and implies a 26.0% drop in their value for the year. The drop was caused by the fall in gold prices, the increase in government foreign debt payments, the increase of public imports, and the drop in oil export income.

Time to pay debts. The maturity of the 2013 bond approaches, and government accounts abroad have already seen some movement, receiving US\$2.2 billion. In response to the warnings about the low availability of liquid resources to pay the debt, official sources said that besides the international reserves, there are institutions with sufficient foreign currency to honor those commitments, so there is no risk that the country will default.

Inflation close to 45.0%. Our director Asdrúbal Oliveros said that inflation, 39.2% for the eight months of 2013, won't fall if the government doesn't implement measures that generate trust, and dialogs with all productive sectors, and it could end the year at around 45.0%, something that had not occurred since 1996, when inflation reached 103.0%. Oliveros also said that traditionally, in the last quarter prices tend to increase, and the exchange rate differential is one of the main responsible factors for the escalation of inflation.

More inflation, more 100 bills. The rapid price increases has led the BCV to increase the manufacture of VEB 100 bills, because every day, people are forced to carry more of those bills in their pockets to make payments, and the lower denomination bills are not being used. Only in July, 2012 and July, 2013 the amount of VEB 100 bills circulating increased 79.0%, or 566 million bills. If the situation worsens, BCV will have to print bills with a higher denomination.

Still far from 5.5%. According to Latin Focus Consensus for August, this year growth will be 0.1%, 5.6% below the target established at the beginning of the year by the Central Bank of Venezuela (BCV). For 2014, the panelists of the Latin Focus Consensus forecast a Gross Domestic Product (GDP) increase of 1.8%.





Will continue to increase. The average inflation estimate of Latin Focus Consensus panelists in the last survey for the end of this year was 42.1%. Meanwhile, Latin Focus panelists say that inflation may drop in 2014, and end at 31.0%.

Interest rates. The lending rate for the first week of September was at 16.4%, up by 0.3 pp compared to the previous week. The time deposit rate was at 14.5%, without variations compared to the previous week, while the passive rate has not experienced any significant variation since November 2011, placing well at 12.5%.

International reserves. International reserves decreased by 4.4%, going from US\$23.11 billion during the first week of September to US\$22.10 billion during the first week of September. Compared to the same period last year, international reserves have decreased by 12.4%.

Central government expenditure. On Friday August 16th according to figures from the ONT primary spending was VEB 18.59 billion, which means an increase of 253.1% when compared to the previous week when it was VEB 5.27 billion; when compared to the same period last year we observe an increase of 251.8%. So far this year the cumulative primary expenditure in real terms (measured in 2007 prices) is VEB 71.17 billion, with a variation (y/y) of -14.1%.

Monetary liquidity. Monetary liquidity (M2) decreased 0.3% in the first week of September compared to the previous week, settling at VEB 909.92 billion. The M2 has increased 62.4% in relation with the same period last year.

Oil Tips

Oil prices fall. Oil prices continue to fall after the reduction of Middle East tensions, thanks to the agreement between the United States and Russia about the chemical arsenal in Syria, which reduced the possibilities of a western attack against the war ridden country. This is compounded by the withdrawal of Larry Summers as candidate for President of the Federal Reserves, who was for removing monetary stimulus.

Production stagnant. The monthly OPEC report for September says that Venezuela's production, according to figures supplied by Pdvsa- was 2.77 million barrels per day (mb/d) in August. Although between July and August production



increased by 19,300 barrels per day (kb/d), the data given to OPEC by the State owned company indicate that in the same month last year it was 2.84 mb/dm, a 2.4% drop.

Ramírez preparing the ground. Rafael Ramírez, President of Pdvsa, is in China for the preparatory meetings for Maduro's visit. Ramírez had meetings with directors of two of the more important companies in the Asian country, Sinopec and Citic, reviewing the cooperation project portfolio of Chinese companies in Venezuela. This prior to the installation of the XII China- Venezuela Mixed Commission in Beijing.

Sinopec and Pdvsa in Junín 1. Rafael Ramírez, Minister of Oil and Mining, announced that Pdvsa and Sinopec agreed to develop the Junín 1 field of the Orinoco Oil Belt, with investments for US\$14.00 billion. The estimated production according to Ramírez will be 200 kb/d and will be processed at the Cabrutica refinery, south of Anzoátegui.

And later Junín 8. Sinopec, according to agreements signed with the Venezuelan Government, is also expected to develop block Junín 8 of the Faja. The total investments of the Chinese oil company for the two projects, Junín 1 and 8, will be US\$40.0 billion and 200 kb/d are expected to be extracted in each block.

Pequiven, from producer to importer. The state Petrochemical Industry of Venezuela (Pequiven) went from exporting resins to importing them. Pequiven directors said, at the congress organized by the Venezuelan Association of Plastic Industries, that in 2005 the production of the state owned company was 460,000 tons of resins, and of this, 100,000 tons were exported, while in 2012, production was 533,000 tons, but local industries demanded more, and 90,000 tons of plastic resins had to be imported.

Payments to Conoco could wipe out Pdvsa. The compensation that Pdvsa must pay Conoco Phillips could cause problems for the state owned company and the Venezuelan economy, considering the debt payments expected for 2014 and 2015, when the international arbitration decision at the International Centre for Settlement of Investment Disputes is expected. The amount could exceed the resources available in the country, and the negotiation of the assets could become complicated in a domestic environment that could be as difficult or more than the present one.

Not one barrel until December. Honduras will not receive, at least until the end of December, the first shipment of oil from the Petrocaribe agreement, specifically from Venezuela, due to supply issues in Venezuelan refineries. An official source of the Venezuelan authorities informed Honduras that "*maybe at the end of (this) year*" they will start supplying oil to the Central American country.



Advanced sabotage. For the team investigating the explosion at the Amuay refinery, the manipulation and sabotage that the oil company claims were perpetrated on the facilities could have been done up to 14 days before the accident. Rubén Figuera, who participated in Pdvsa's investigation committee, said that the intervention of pump P-2601 –which had the leak that led to the explosion- could have been done one or two weeks before the incident. According to Figuera, two individuals with a hand wrench could have done it. *"This is the typical work of a mechanic (...) a simple action"*.

Many doubts and few recommendations. The Energy Guidance Center (Centro de Orientación en Energía - Coener), formed by former Pdvsa managers and workers, which studied in details the report of the explosion at the Amuay refinery, said in a press release that the document still has questions about the causes of the accident, the responsibilities, and recommendations to prevent events like the one in August of last year. Coener said that Pdvsa's investigation *"doesn't present a single recommendation about the actions to be implemented to prevent the recurrence of this type of tragedies"*.

International oil baskets. At closing time on September 13th in the New York Stock Exchange, the price of the WTI was US\$108.7/bl, up by 0.8% when compared to the reported the previous week. The Brent decreased by 1.6% to reach US\$113.0/bl, compared to the previous week's US\$114.8/bl.

Local oil basket price. The Venezuelan oil basket price closed last week at US\$106.3/bl on Friday September 13th, a 0.2% decrease compared to the US\$107.0/bl of the previous week. The annual average price of the Venezuelan oil basket is US\$102.9/bl.

Business Sector Tips

57.1% of credits go to consumption and trade. The Sudeban report for August revealed that 57.1% of the credits granted by public and private banks were for trade and consumption (finance purchases, credit cards, among others). In one year, consumption credits increased 55.1% going from VEB 194.70 billion to VEB 309.50 billion. The remaining 43.9% was for the production portfolio. Those that increased the least in the month were agricultural credits and mortgages, increasing 1.7% and 1.6%, respectively.



Only Chinese cars available. While the car assemblers are suffering a crisis, the supply of vehicles from abroad is increasing, with at least five new brands of cars assembled in China. Car dealer La Venezolana C.A., and the brands ZNA, Hawtai, Brilliance, JMC and BAW started offering their products, several of which are available in the country, and others will arrive in the next months, according to information supplied by sales representatives of the company.

Guayana workers will present a proposal. On September 20, CVG presented a salary proposal for workers in the aluminum sector, which had been agreed with the President of the Republic. The agreement came after a long day of protests at the headquarters of the corporation and the long meeting between the workers and the President of CVG, Carlos Osorio. The agreements include the salary proposal for Venalum, Bauxilum, Alcasa, Carbonorca, and Cabelum.

Sidetur amid inefficiencies. The centralization of operations of the present Iron and Steel Complex (Complejo Siderúrgico) formerly Sidetur, Casima plant, affected the performance of the billet manufacturing at the Antímamo and Guarenas plants, where iron rods, angles, and plates are rolled. The administration has become bureaucratic and inefficient. According to the union secretary general Alejandro Álvarez, delays in spare part procurement is part of the "inefficiency" of the plant.

Colombia to the rescue. In order to reduce shortages, the Government promised to purchase agricultural and livestock products from Colombia for US\$600 million, a 20% increase of Colombian exports to Venezuela, said President Santos. Santos said that *"Venezuela will buy from Colombia 40,000 tons of powdered and UHT (ultra-pasteurized) milk, 60,000 heads of cattle, 42,000 tons of beef, 6,000 tons of butter and margarine"*, among other basic products.

Aeronautic sector also under control. Aeronautic sector companies will have to present their cost structures to the National Civil Aeronautics Institute (Instituto Nacional de Aeronáutica Civil - INAC), entity that regulates the area, to evaluate the price of the services provided, to review the rates of international airline tickets. In this sense, Francisco Paz Fleitas President of INAC, said that *"we will look for the most efficient manner to reduce the prices"*, given the increase of up to 300% in the price of international airline tickets.

Polar increases corn meal production. In a press release, Alimentos Polar said that in August it produced 49.8 million kilos of pre-cooked corn meal, an increase of 8.7% compared to the previous month. With this result for August, the production has been 360 million kilos for the year. The three plants of Alimentos Polar, which represent less than 50% of the installed capacity to produce precooked corn meal in



the country, are working in a sustained manner and at their maximum capacity, according to the company's communiqué.

"An excess of control in shortages generates corruption". This is what Aquiles Martini Pietri, President of the Real Estate Chamber, said referring to the marketing of rights to use the apartments of the Misión Vivienda, because the sale of those assigned persists. The drop in the supply of real estate nationwide is around 35 to 40%, said Martini, so although the marketing of those units is prohibited *"there are negotiations through the internet where prices go from VEB 600,000 and in some cases are over VEB 800,000"*.

0-800-SABOTAJE already active. Heberth García Plaza, head of the Higher Entity for Economic Efficiency, announced that the situation room where the telephone line 0-800-SABOTAJE will operate is already installed. This telephone line will take claims from the population regarding sabotage against the economic policy, as the authorities stated. This is one of the first activities announced by President Nicolás Maduro after creating the Higher Entity for Economic Efficiency.

Supplies "almost normalized". Luis Rodríguez, President of the National Association of Supermarkets and Self Services (Asociación Nacional de Supermercados and Autoservicios - NASA), said that supplies in the market are "almost normal". However, he acknowledged that due to the implementation of the new Labor Law, some supermarkets are working with only 30% of the staff, due to a drop in labor force, and absenteeism. He also said that the informal market that markets foods is not being controlled.

Food stores open. Félix Osorio, Minister for Food, announced that this year the government will open 238 food establishments, after the recent approval of an expansion plan for VEB 2.35 billion. Osorio said that the state network has more than 22,000 food distribution points throughout the country, serving close to 17 million people, or 61% of the population.

Cadivi still in arrears. Cadivi's debt with pharmaceutical companies is around US\$2.50 and US\$2.7 billion, according to industry sources. Although they acknowledge the effort of the government to increase liquidations, the amounts are insufficient, and the delays in the delivery of non-production certificates, which could take 60 days, has led to distribution problems.

"Lácteos Los Andes" in stand-by. The state owned company Lácteos Los Andes is still waiting for the official appointment of its authorities, while dealing with some logistic issues that led to the restriction of raw material inventories. Company workers informed that this week they expect the appointment of Luis Moreno to be published



in the Official Gazette, proposed by the workers, after the removal of the prior Board of Directors, questioned due to poor administration.

World Economy Tips

Manufacturing pushed production. US industrial production increased in August due to a rebound in the automotive sector, which boosted manufacturing. The information provided by the US Federal Reserve (FED) revealed that industrial production increased 0.4% in August, while the increase in manufacturing was 0.7%, and in the automotive sector, it was 5.2%.

Wall Street won't be hurt. Suspense will be over soon, and soon there will be announcements about whether the FED will start cutting its monetary stimulus program. Although the decision could imply reducing the large asset purchases by the FED, (US\$85.0 billion per month), which could be very detrimental for investors, the stock and bond markets remain calm, according to the volatility index of the Chicago Board Options Exchange – CBOE, which remained around 14 last week, a level associated to calmness in the markets.

ECB with new powers. European representatives granted new powers to the European Central Bank (ECB), allowing it to supervise 6,000 banks in the Euro Zone, the initial step in the path to create the region's banking union. This new power could be implemented in 2014, as established in the election. However, this ambitious project is not convincing some, among them Germany, which has tried to limit the scope of supervision of the ECB, and the plans to create an independent authority and fund.

There are legal blocks. European Central Bank (ECB) officials said that the Euro Zone could establish a single banking authority in the monetary block, while German spokespersons kept their posture that the present EU treaties are not a sufficient legal base to create a single banking authority. EU legislators said, in a legal opinion, that the next step for the banking union of the block could be achieved without great changes in the Euro Zone legislation.

Financial transaction taxes still hold. The European Commission (EC) rejected a legal opinion of the European Union (EU) questioning the legality of the proposed tax on financial transactions, and said that they will maintain the plan for the taxes in 11



EU countries. This plan to tax transactions proposed by the EC, exceeds the fiscal jurisdiction of member states, according to the rules of Customary International Law, according to the EU.

In Spain, the debt isn't giving out. The Spanish public debt reached a record 92.2% of GDP at the end of June, over the 90.1% for 1Q2013, according to data published by the Bank of Spain. This new increase in the debt is over the target of the Spanish Government for 2013, which expects to end the year with a public debt volume of 91.4% of GDP.

However, banks are doing better. The net debt of Spanish Banks with the European Central Bank (ECB) fell again in August and reached its lowest level in 17 months, said the Bank of Spain. The debt dropped from EUR 248.30 billion in July to EUR 246.20 billion in August, very far from the EUR 388.70 billion of August of last year. However, the debt is still too high, compared to the end of 2011 when it was EUR 118.900 million.

The cost of political uncertainty. Fabrizio Saccomanni, Minister of Economy of Italy, said that political uncertainty affected the Italian debt rate, and is the main cause why it is paying one coupon over the Spanish debt, for the first time in more than a year. *"Italy is paying the price of political uncertainty. Investors have different risk perspective than in Spain, so we should make progress in that front"*, said Saccomanni.

Undesired records continue. Unemployment in Greece increased in June to 27.9%, after being 27.6% in May, reaching a new historic maximum level, well over the EU average, at 12.1%. Nevertheless, Prime Minister Antonis Samaras remains optimistic, and said that the recession will be milder than forecasted this year, and that economic issues will reduce next year.

Third debt swap approved. The Chamber of Representatives of Argentina approved a law enabling the opening of a third debt swap in the last eight years in order to finalize the legal claims of creditors that demand full payment for their bonds (around US\$11.20 billion). The government initiative was approved by 192 votes in favor of ruling party members, its allies, and some members of opposition parties, while 33 legislators voted against, and four abstained.





Political Tips

FANB has political maturity. General Vladimir Padrino explained that after April 11, 2002, a process started within the Bolivarian National Armed Forces (FANB), endowing with political maturity not only to the high command, but also to the mid and lower levels; this rules out a military coup d'état as long as the governments *“embrace the banners of independence and national sovereignty, and distance themselves and divorce from submission to the more powerful”*.

Popular participation is being counted. The Communal Census for 2013 revealed that there are 39,111 communal councils, 1,341 communes, 1,264 social battle halls, and 27,291 social movements, for a total of 69,007 “social organizations”, informed Reinaldo Iturriza, Minister for Communes. He also explained that the Census allowed the creation of community participation entities, and the coordination with the National Government.

“Fascist” electoral sabotage to be investigated. Nicolás Maduro said they discovered opposition electoral centers where electors were attacked to remove them from the centers, leaving only the “fascists”, during the elections of April 14. He announced that he will request the Attorney General to investigate these cases.

The Dalai Lama says not to lose hope. Leopoldo López, National Coordinator of Voluntad Popular met with Nobel Peace Prize Winner, the Dalai Lama, to talk about the situation of the country. The Tibetan leader invited Venezuelans to *“maintain the spiritual strength of those fighting for change”*. He also invited Venezuelans and Cubans to remain hopeful and determined.

A democratic system requested. During Forum 2000, held in Prague, Czech Republic, Leopoldo López said that in Venezuela no there is no democracy, since there are political prisoners and people being persecuted, international treaties are being broken, and there is no respect for human rights; there is communicational hegemony, and there are constant pressures against the Venezuelan opposition. He also said that transitions to democratic systems are successful if they are backed by the population, as is the case in Venezuela.

Somebody has to do the work! Nicolás Maduro blamed the Governor of Miranda, Henrique Capriles Radonski, for traveling to Miami to meet with Venezuelans living in



Florida, instead of taking care of the governorship of Miranda. He also warned that justice will be made because of his poor administration of the State.

Playball. The activities at the National Assembly (NA) resumed, and with them the intentions to remove the parliamentary immunity from Representative Juan Carlos Caldera as the President of the NA had said at the end of August. Also, Representative María Corina Machado is being investigated, and eight other opposition representatives could be investigated for participating in the dissemination of pamphlets around the Amuay refinery, which read: “a year after the tragedy and the worst is still to come”.

Renew the authorities. Dinorah Figueroa, Representative for Primero Justicia, requested the appointment, during the period of sessions that started on September 17, of three new directors of the National Electoral Council (CNE) must be appointed, as well as a new Comptroller General, and eight magistrates of the Supreme Court of Justice (TSJ). She also proposed the creation of a commission that includes opposition and PSUV representatives to organize the agenda to carry out the election of said authorities.

Let the President rule. Diosdado Cabello, President of the National Assembly and vice-president of PSUV, said that President Nicolás Maduro must also preside over the party, since former president Hugo Chávez had good results as President of the Republic and of PSUV. He also said that there won't be fights during party elections, which will be in July of next year, because there is the commitment within the party to “support Nicolás through thick and thin”.

They are hiding something. Alfonso Marquina, Representative for Un Nuevo Tiempo, said that there are already enough laws to fight corruption. He also informed that he believes that the true intention of the Enabling Law that the Administration is requesting is to prosecute the opposition.

No to the coup. At Miami Dade College, Henrique Capriles Radonski, governor of Miranda, gave a conference on democracy. The opposition leader said that “*the worst that could happen to Venezuela is a coup*”. On the other hand, he thanked the voters that travelled to New Orleans to vote in the last elections.





Legislative Tips

The Assembly returns. On Tuesday, September 17, the National Assembly (NA) resumed its activities for the second period of sessions of 2013, which will end on December 15, as established by the Constitution. In the last three months of Parliamentary activity, not only are laws going to be discussed, but also the removal of parliamentary immunity from several opposition representatives, like María Corina Machado and Germán Carrera.

Enabling for the second period? In the first period (January 5 to August 15) the NA approved 12 rules, accepted 40 approbatory laws, 30 agreements, and 123 additional credits, and authorized the appointment of 30 ambassadors. For the second period, according to a statement of Diosdado Cabello, President of the NA, the investigations against MUD representatives are expected to continue. Another topic to be addressed by the Legislative Power is that of the enabling law, since President Maduro announced that he will request special powers to fight against corruption.

Here it comes. At a meeting with Psuv youth at the Teatro Teresa Carreño on September 12, President Nicolás Maduro announced that *"it is very likely that"* next week he will request the NA to approve an Enabling Law to fight against corruption, and said that he was just waiting for the summons of Diosdado Cabello, President of the NA, to present his request for enabling powers.

Start paying. Starting on September 15, public transportation users of the urban routes in Greater Caracas have to pay VEB 6 for the fare. This increase was published in *Official Gazette* n° 40.182, signed by the Minister of Transit and Transportation, on June 6 of this year. The adjustment was in two sections, one for 30% in June, and another for 5% on September 15.

Better salaries for Cicpc. According to the Presidential Decrees published in *Official Gazette* n° 40.249, on Friday September 13, the new salary scale for agents of the Penal, Scientific, and Criminalistic Investigation Body (Cuerpo de Investigaciones, Penales, Científicas and Criminalísticas - Cicpc) and of the National Police entered into force. The increase will be applied according to hierarchy, level at the institution, and years of service. The salaries go from VEB 5,035 to VEB 19,636, depending on the post.



Automotive industry waiting. There are still uncertainties at the automotive industry. A month has gone by since the NA approved the law regulating the sale of vehicles, but it has not been promulgated yet. The sector doesn't know if the Administration put a stop to it, after the warnings given by the assemblers to the authorities. Some meetings were held after the text was approved, where spokespersons said that if there isn't a greater production of vehicles, the price distortion won't stop.

Until it becomes official. Although CorpBanca was in the final stages of merging with Banco Occidental de Descuento (BOD) since January, 2009, and despite the fact that it was announced for 2011, it was last week that Sudeban approved the merger of these banking entities, so *Official Gazette* nº 40.249 of September 12 made official the "merger through absorption of CorpBanca C.A Banco Universal, by Banco Occidental de Descuento, Banco Universal C.A (BOD)".

Put the hand on the law on exchange rate crimes. Jesús Farías, vice-president of the Finance Commission of the NA, informed that the Parliament received the proposal to reform the Law of Exchange Rate Crimes by the National Administration to help stabilize the exchange rate market. *"I have information that (the draft reform) reached the Assembly. The NA is in recess, but it is necessary, according to what has been discussed, to make some changes and de-criminalize some elements ..."*, said the representative.

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