



**Presentation prepared for the event:**

# **Latin America's 2014-15 Electoral Cycle**

**Tuesday, February 10, 2015**

**1:00 p.m. – 5:30 p.m.**

Woodrow Wilson Center

Washington, D.C.

# Venezuelan Environment Analysis



# 2015 Economic and Political Scenarios

## Molotov Cokteil

Exchange and price  
control ↑

+ ↓ Oil Prices = Inflation and Scarcity



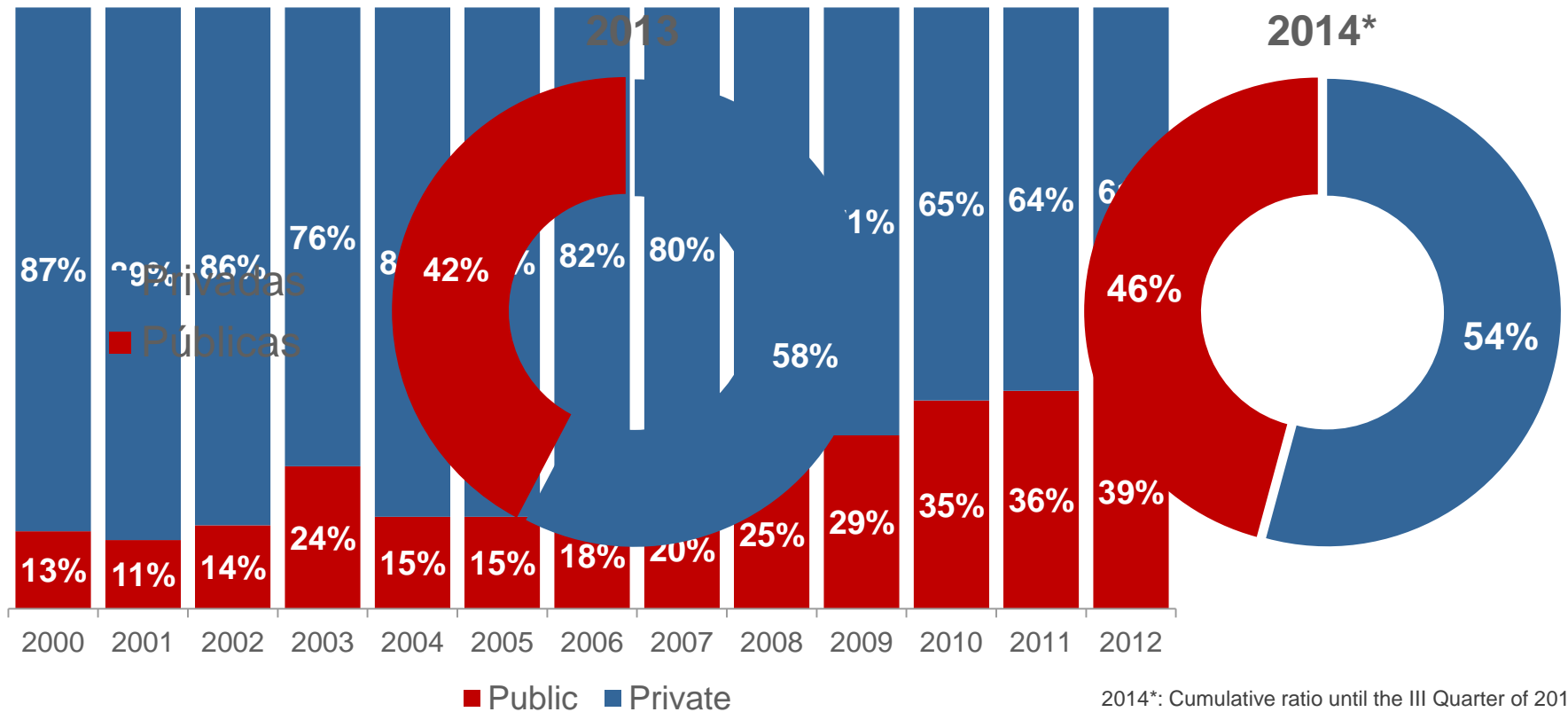
## FOB Goods Public / Private Imports Ratio (Percentage - Million USD)

Variation 2012/2000

Private -26 pp  
Public +26 pp

Variation 2014/2000

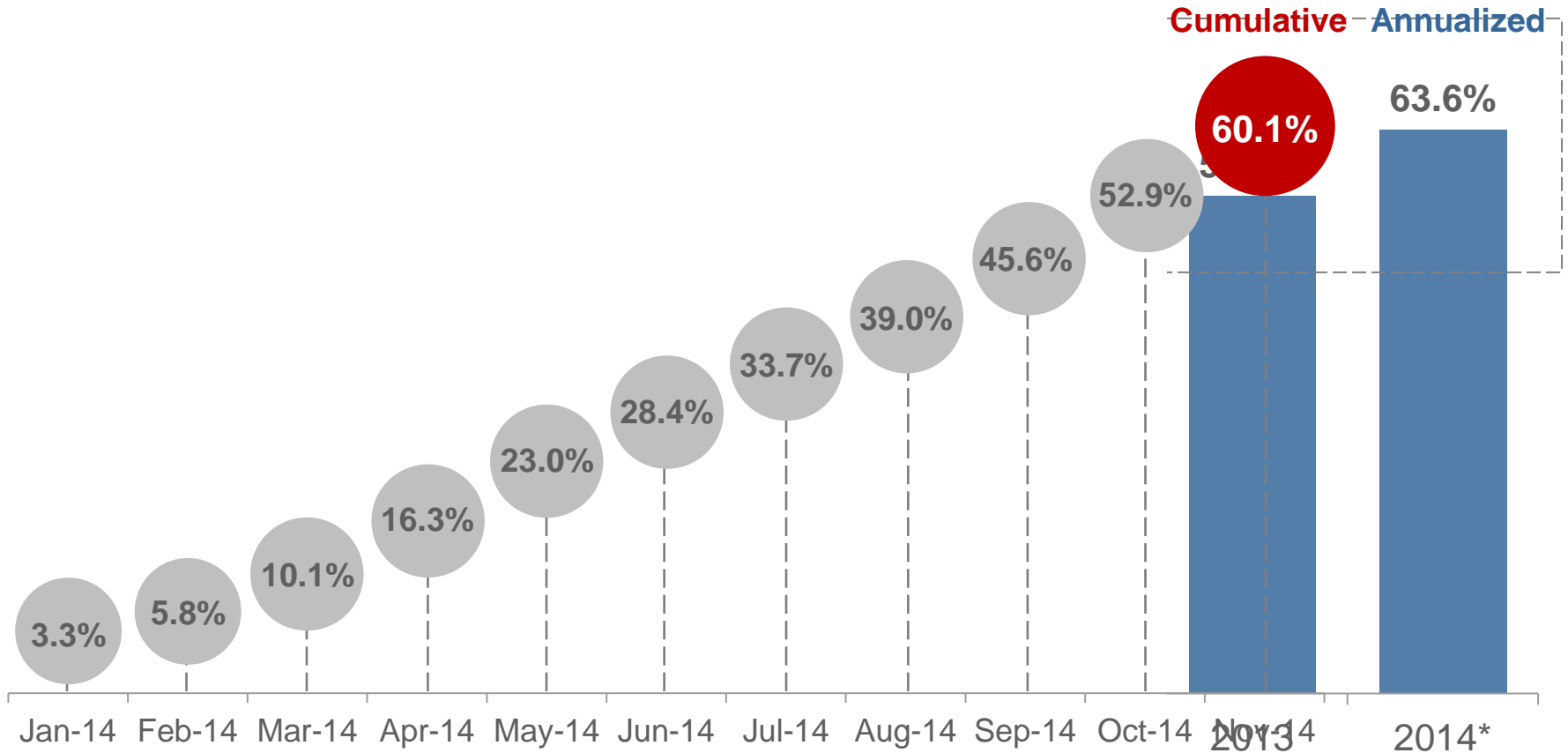
Private -33 pp  
Public +33 pp



2014\*: Cumulative ratio until the III Quarter of 2014

## Inflation

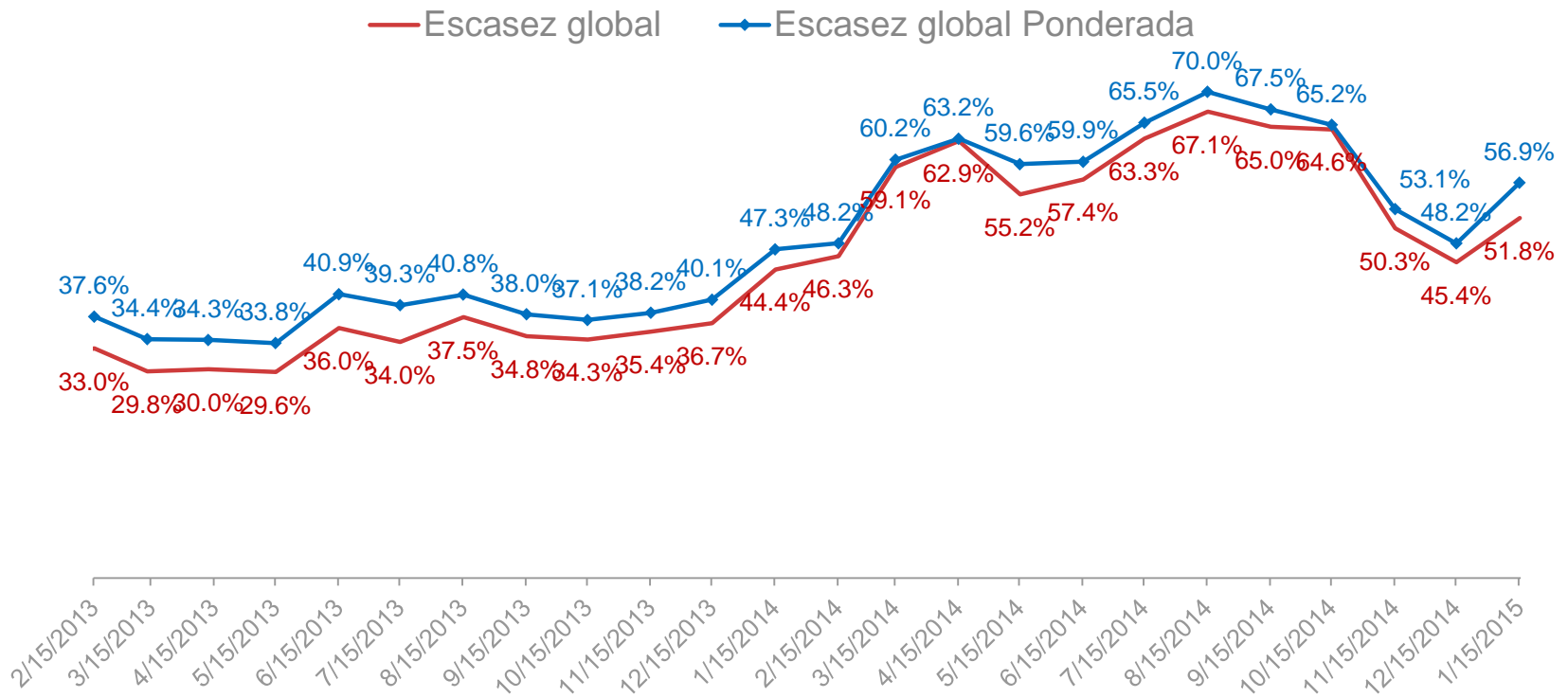
→ The worst problem with inflation is its unforeseeability



\*2014: Inflation Nov '13 – Nov '14

# Evolución del nivel de escasez general y escasez general ponderada por canal

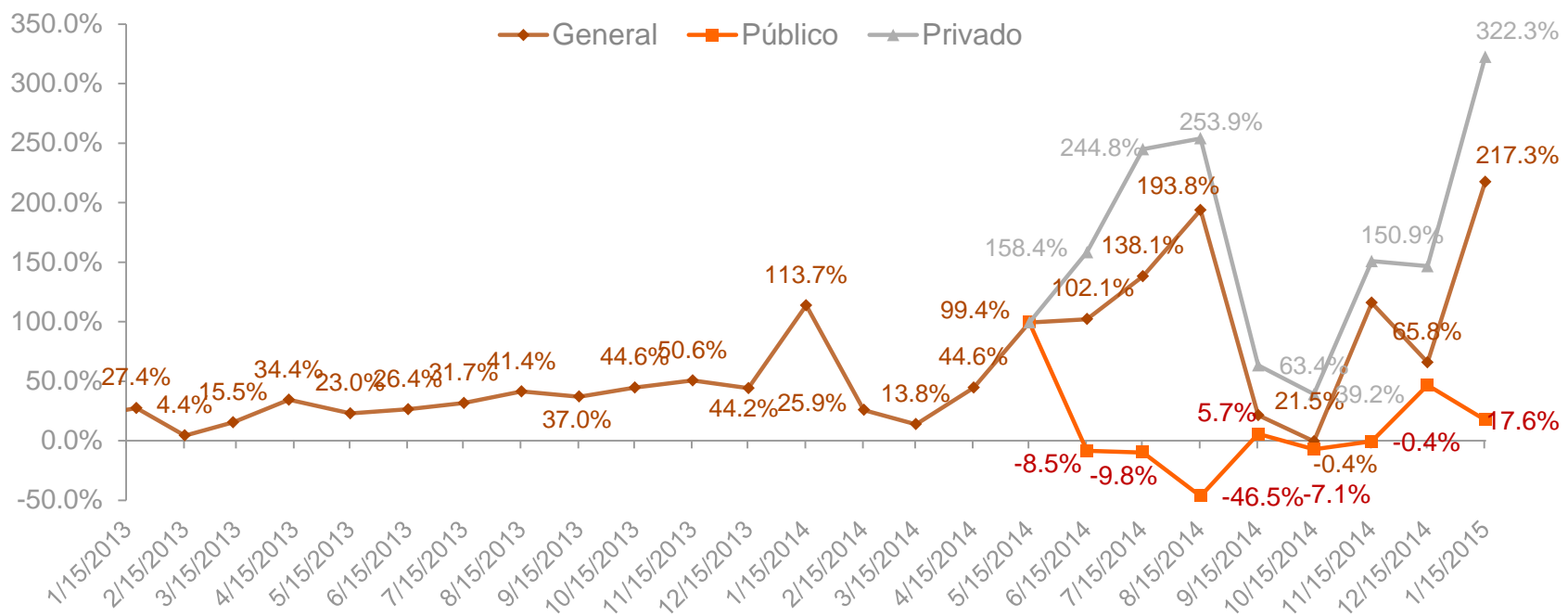
El índice general de escasez rompe, en esta medición, con una tendencia a la baja que venía experimentando desde agosto del 2014, aumentando 8,7 puntos porcentuales y totalizando 56,9%. Esto explicado en parte por la dificultad estacional para restablecer los inventarios.



**NOTA:** El nivel de escasez global ponderada es el índice de escasez global ponderada por la penetración del canal.

# Evolución del costo adicional promedio

La mayor presencia de productos regulados en el comercio informal, sumado a una creciente inflación, disparan el sobreprecio general 171,4 puntos porcentuales por encima de la medición pasada, registrando 322,3%.



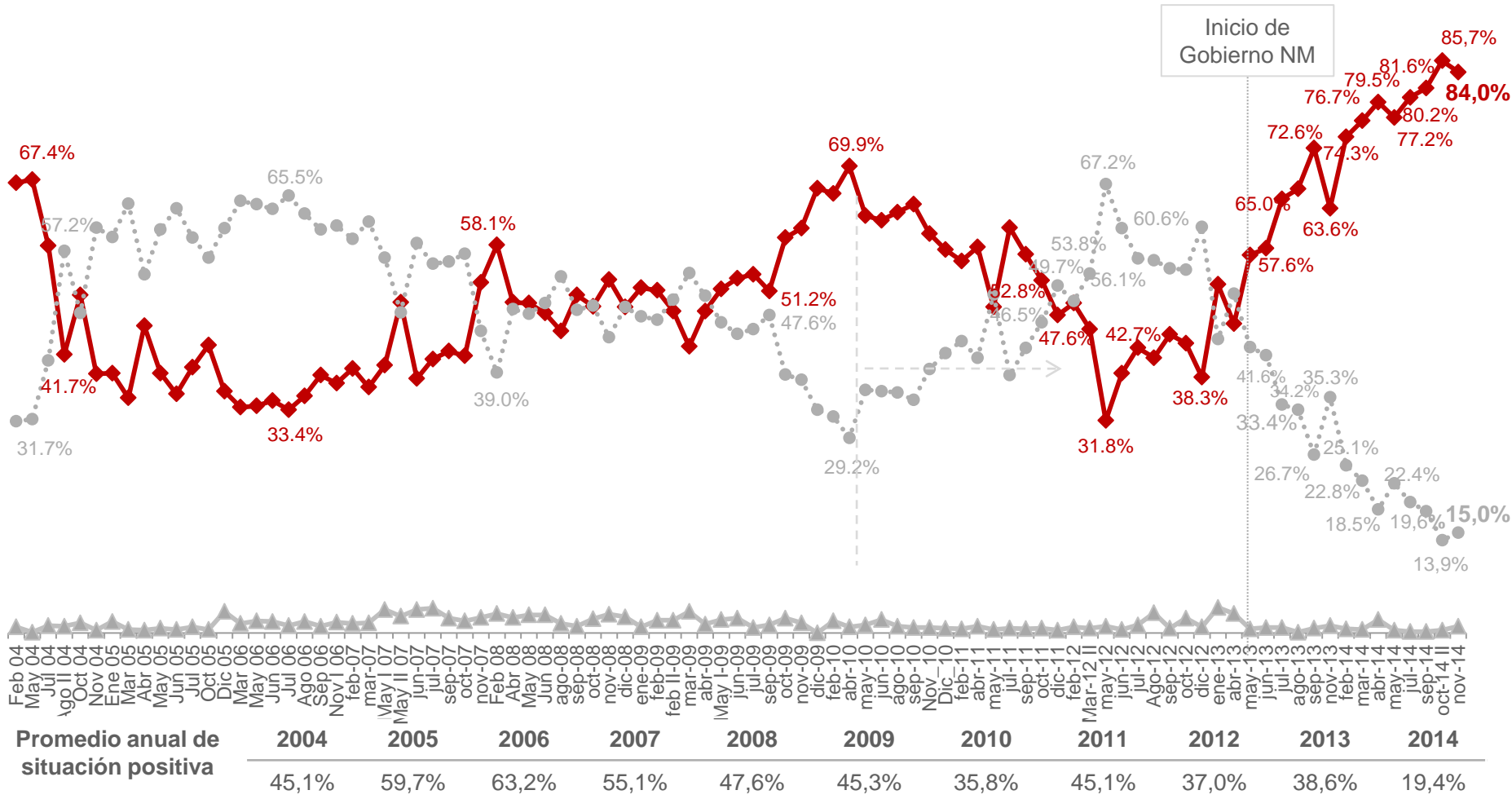


# 2015 Elections : Challenges Facing Maduro

Base: 1.300

## Country Situation - Background

◆ Negativa    ● Positiva    ▲ NS/NC



How would you evaluate the country's current situation?

↓ Significant decrease  
↑ Significant increase



**Scenarios**

# Perspectivas

## Discurso de Memoria y Cuenta 2014

**1.-**

### **Construcción de culpables y rescate de logros del gobierno**

Evasión de responsabilidades

Señalamiento a terceros

Indicadores “rescatables”:

- Desempleo
- Inversión social
- Coeficiente de Gini

## Medidas... pero no suficientes

### Mantenimiento de tasa Cencorex

Tasa a 6,30 Bs/USD para alimentos y sectores primarios.

### Unificación de Sicad I y II

Sistema de subastas con una tasa única.

### Sistema manejado por Casas de Bolsa

Divisas reguladas por oferta y demanda y manejadas por Casas de bolsa públicas y privadas.

### Convenio cambiario 32

Permitiré a PDVSA vender dólares a cualquier tipo de tasa legal que podría reducir el déficit.

### Aumento de la gasolina

Permitiría reducir un subsidio hasta 12.500 millones de USD anuales.

### Negociación de precios

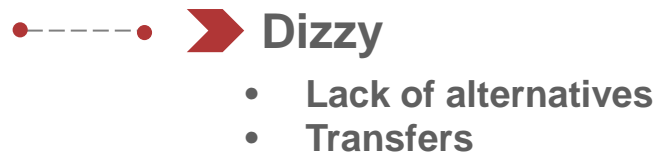
Al último momento negociarán con rigidez.

**Aunque se mueven en la dirección correcta no será suficiente, ni en velocidad ni en profundidad.**



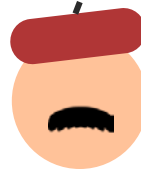
# **The social exploitation hypothesis**

## Social Uprising



**Probability of occurrence decreases**

## Control by the Military



### Governors

- José **Vielma Mora** (A)
- Francisco **Ameliach** (A)
- Francisco **Rangel** (A)
- Jorge Garcia **Carneiro** (A)
- Francisco Arias **Cárdenas** (A)

### Ministers

- M. Interior and Justice Carmen **Meléndez Rivas** (A)
- M. Defense Vladimir **Padrino López** (A)
- M. Air and Water Transp. Giuseppe **Gioffreda** (A)
- M. Ec., Fin. and Pub Banking Rodolfo **M. Torres** (A)
- M. Food Yván **Bello** (A)
- M. Industries José David **Cabello** (R)
- M. Electric Power Jesse **Chacón** (R)
- M. Land Trans. and Pub Works Haiman **El Troudi** (R)
- Office of the President Carlos **Osorio** (R)
- President of Mercal Tito **Gómez** (A)
- President of PDVAL Gustavo José **Cabello** (R)



## Dizzy Society



➤ **Políticoal**

There is no significant leadership in the Opposition.

➤ **Economic**

Opposition or society at large have no weight on economic policy making.



➤ **Public Spending**

Despite having less income, government spending will remain at a significant level



## **2015 –A Year of Elections**

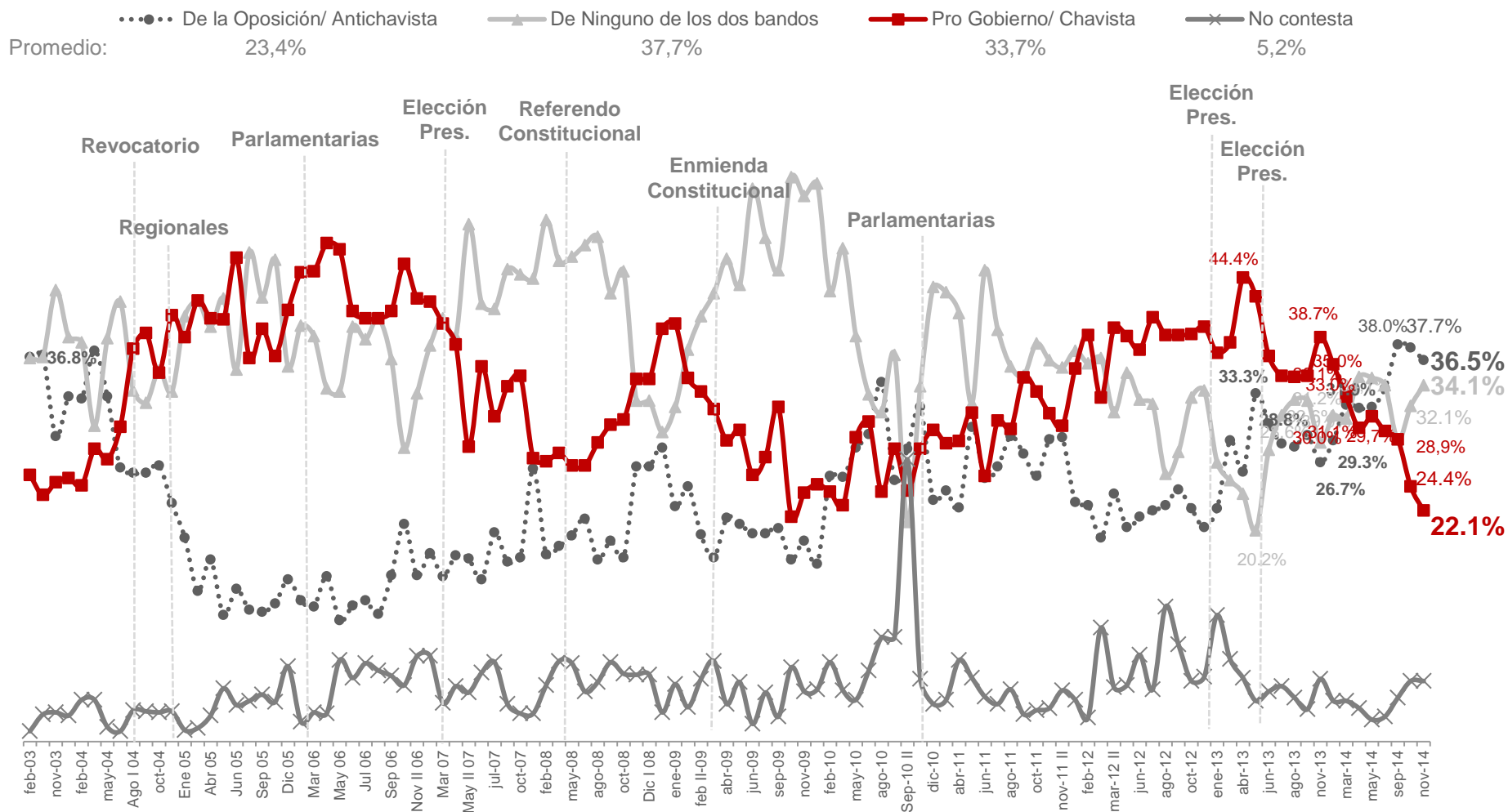
## 2015 Elections



### Challenges Facing Maduro

Base: 1.300

### Political Preference Definition - Background

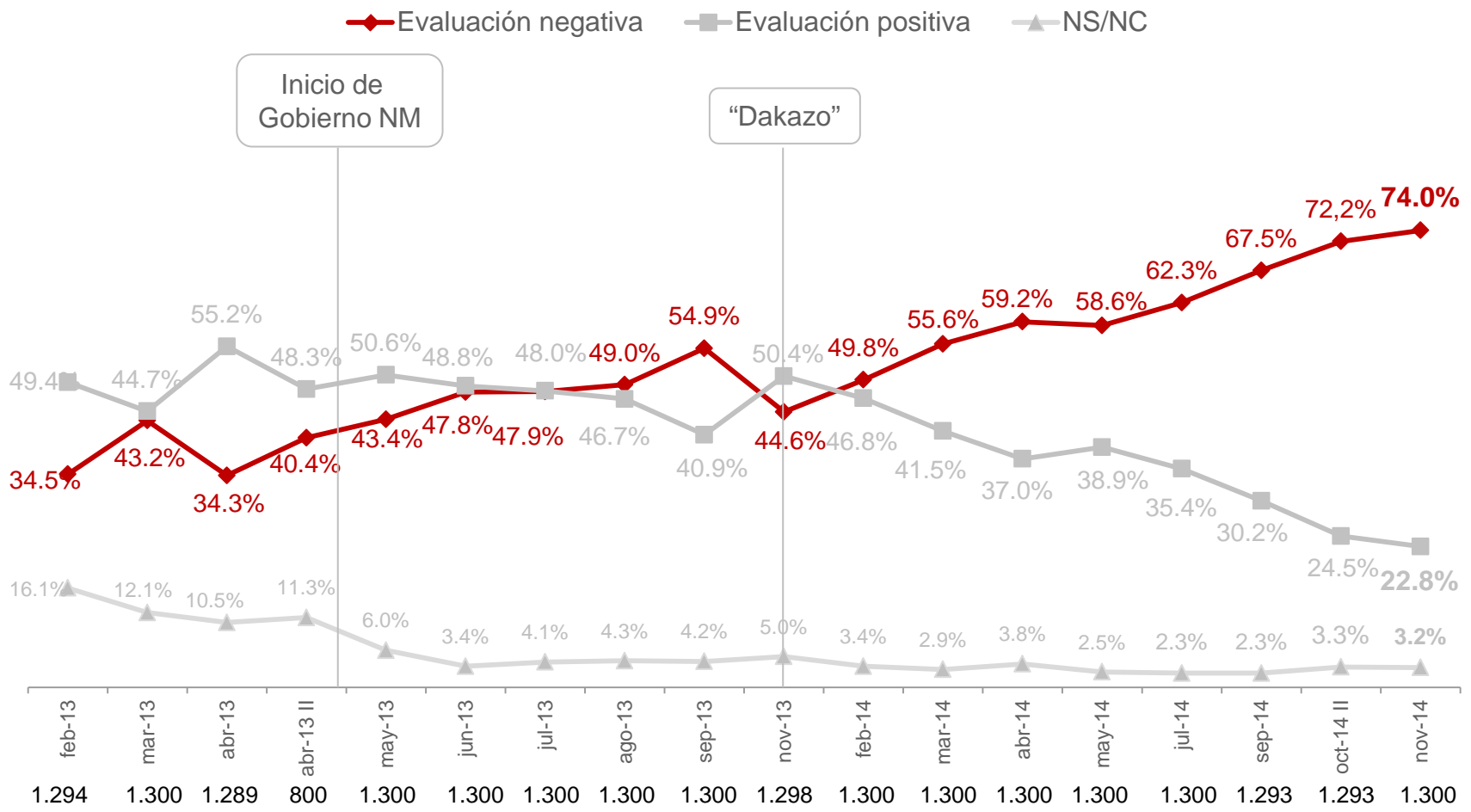


As regards national politics, do you consider yourself....?

↓ Significant decrease  
↑ Significant increase

## Nicolás Maduro Administration Evaluation - Background

Basis: 1.293



Base: 1.294 1.300 1.289 800 1.300 1.300 1.300 1.300 1.300 1.298 1.300 1.300 1.300 1.300 1.300 1.300 1.293 1.293 1.300

How do you evaluate the work done by the following sectors and individuals for the wellbeing of the country?

↓ Significant decrease  
↑ Significant increase

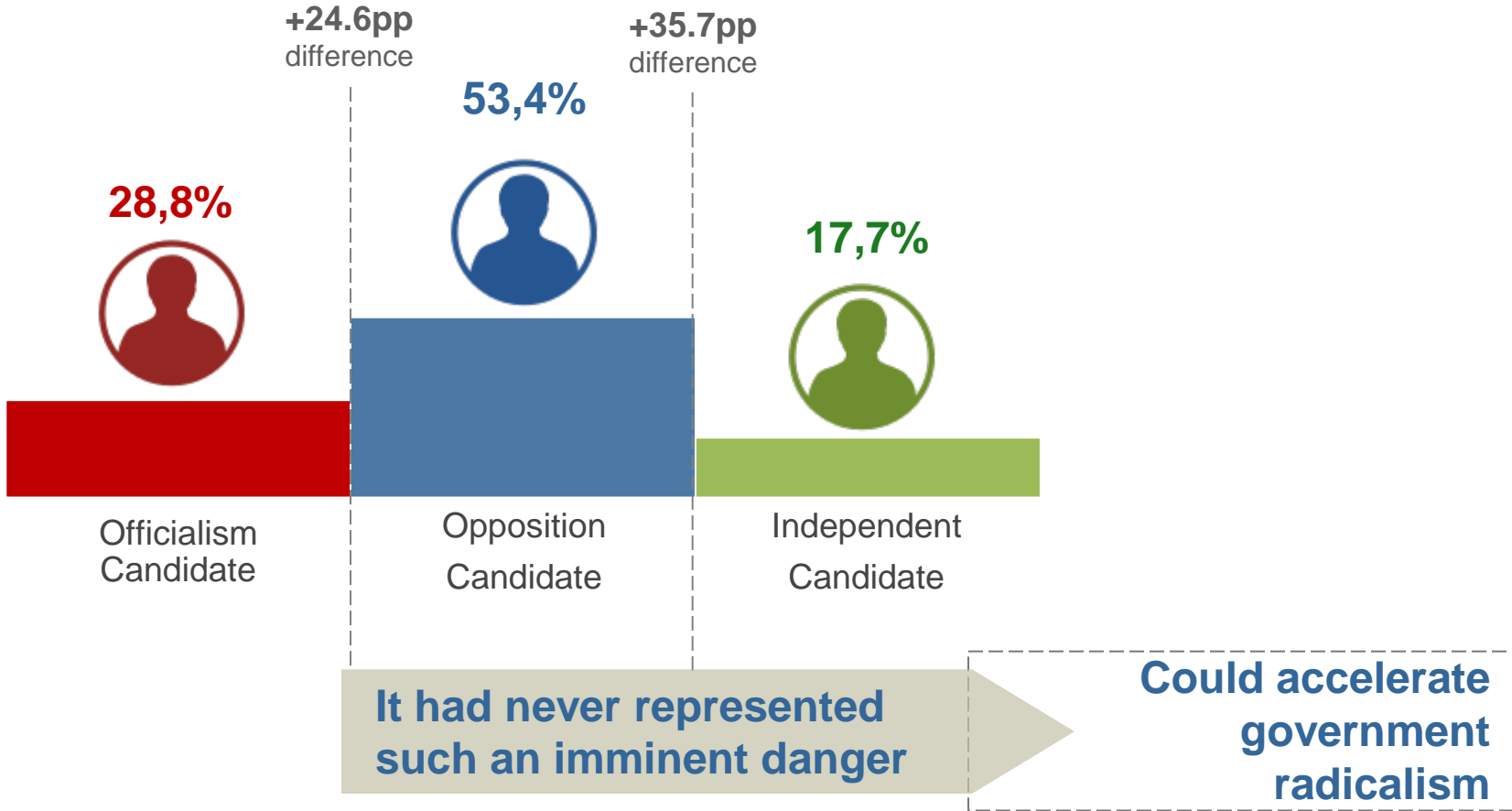
## 2015 Elections

### Challenges Facing the Opposition



## 2015 Parliamentary Elections - Vote Intention Recalculated to 100%

Basis:  
1.293



If parliamentary elections were to be held next Sunday, who would you vote for between Officialism and Opposition candidates?

## Challenges Facing the Opposition







# Electoral Scenarios

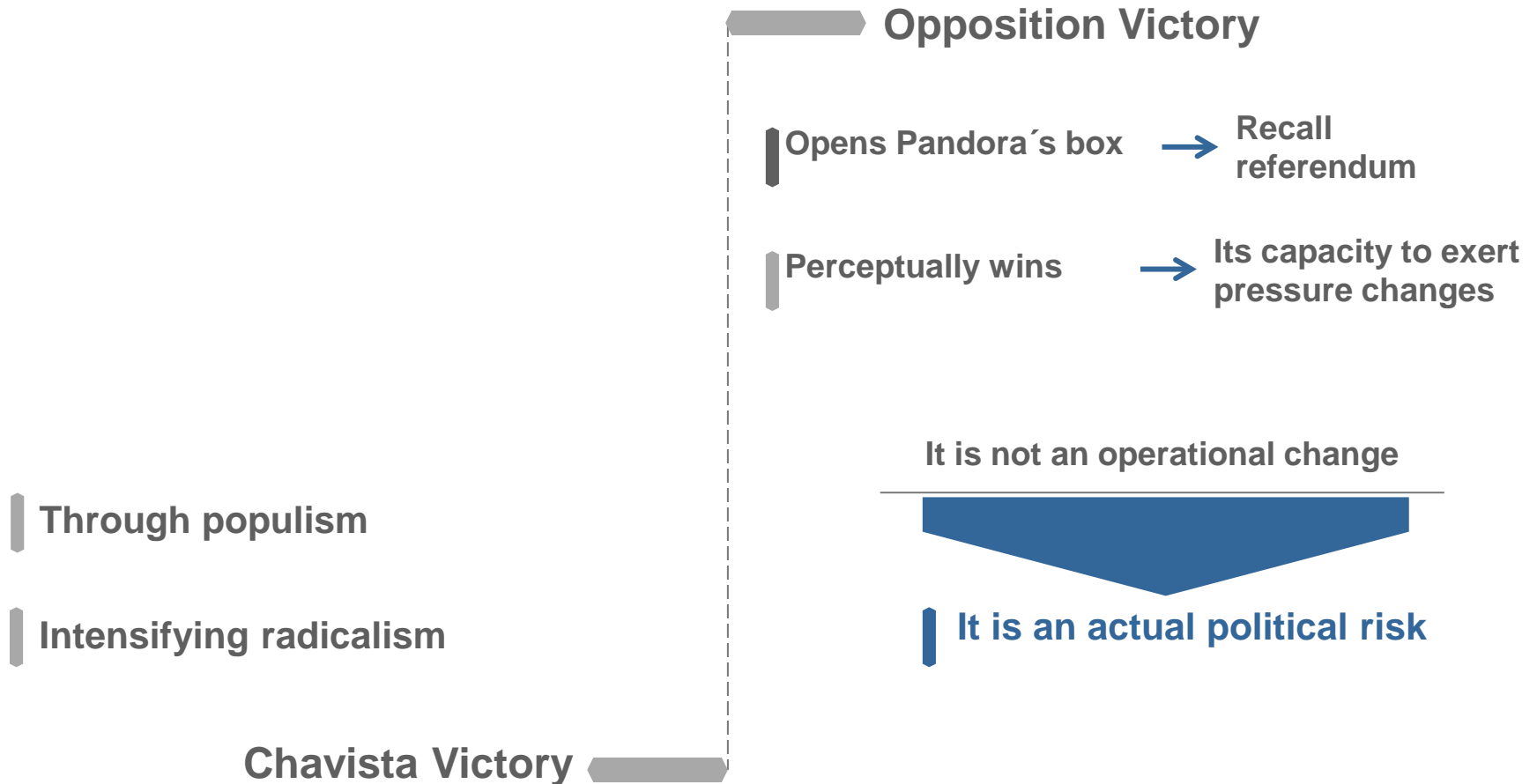
## Elections or No Elections?

The government...



- Social convulsion
- International reaction
- Strengthening of the Opposition radical wing

## 2015 Parliamentary Elections



## Opposition Victory in Parliamentary Elections

Maximum vote the Opposition could expect to get: Simple majority



What does it mean?

Politically

Opens Pandora's box

Operationally

Little... the Government can:

- Elect authorities
- Approve Enabling Law
- Approve new laws to block it

Validate possibility of referendum in 2016

Articulation of the Opposition

Rarefied and hostile environment

Loss of governance

End of current regime in 2019