

Venezuela's Maduro Goes on the "Offensive" With Package of Economic Reforms

By [Ryan Mallett-Outtrim](#)

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Venezuelan president Nicolas Maduro has announced a slew of policy reforms aimed at combating speculation and hoarding, along with the creation of new government institutions to regulate trade and oversee foreign currency exchange.

"We have to make real decisions for the benefit of the economy and society, whatever the cost and whatever happens," Maduro stated from Miraflores Palace yesterday afternoon.

Describing the package of reforms as an "economic offensive", Maduro pledged to "strike hard" at speculators and hoarders.

He announced the creation of a new national task-force to inspect businesses across the country to compliment current efforts by the government's consumer protection agency Indepabis to identify hoarders.

Venezuelan consumers have been hit with shortages of products ranging from milk to toilet paper in recent months. The opposition has blamed government policy, though Maduro has pointed to businesses that allegedly hoard goods for political reasons.

Indepabis has responded to shortages by launching a nationwide crackdown against hoarders and speculators earlier this year, with numerous businesses being slapped with penalties by the consumer watchdog.

"For the period of November and December we will establish a special operation to protect and ensure fair price sales for the population of several items that we consider important," Maduro said.

"Textiles, footwear, appliances, vehicles, footwear, toys among others... and we will begin to apply [these measures] from today," he said.

"We are going to review the entire supply chain. We are going to check every inventory in the country," he said.

Maduro also issued new warnings to the head of the Venezuelan Federation of Chambers of Commerce (Fedecamaras), Jorge Roig, who he accused of being involved in an "economic war".

Former Fedecamaras president Pedro Carmona declared himself head of state for two days in 2002 during a coup that temporarily ousted Maduro's predecessor, the late Hugo Chavez. Relations between the government and Fedecamaras never recovered.

Just last week, pro-government trade unions marched through Caracas to protest against the business federation's alleged activities.

"I have evidence; Jorge Roig directs the economic warfare," he said.

Websites that publish the bolivar's black market exchange value were also warned of repercussions by the president.

Currency and Trade Reform

Along with further cracking down on hoarding, Maduro announced the creation of a National Centre of Exterior Commerce to oversee the government's various foreign exchange schemes, along with imports and exports conducted by state-owned enterprises. The latter task will be managed by the National Foreign Trade Corporation, which appears to be subject to the National Centre of Exterior Commerce.

"It's a command centre, conducting and planning," he said.

According to Maduro, the new agency will "create new mechanisms for the transition to socialism."

Amid complaints from private importers of shortages of US dollars, this year the government has implemented numerous reforms to Venezuela's foreign exchange system, though the value of the bolivar on the black market has more than halved since the start of the year.

In March, while acting as interim president Maduro said he would "overcome the parallel market" by establishing the Complimentary System of Foreign Currency Acquirement (Sicad).

Sicad now regularly auctions US dollars to companies and individuals. Then earlier this month, in a move widely seen as an attempt to coax international visitors away from the currency black market, he said a new "tourist" exchange rate would be created by the central bank.

The government's primary foreign exchange body, the Commission for the Administration of Currency Exchange (Cadivi), Sicad and public banking activities related to foreign exchange now will all be overseen by the National Centre of Exterior Commerce.

However, Maduro indicated that his administration is currently focusing on better allocating foreign currency, rather than increasing supply.

"Venezuela has the dollars necessary for the functioning of the...entire economy," Maduro said.

The re-organising of the foreign exchange initiatives will also be accompanied by the establishment of a national foreign currency budget.

"I establish today the national exchange budget for the proper administration of the country's foreign exchange and state government expenditure," he said.

"We need to optimise each dollar," Maduro stated, explaining that the budget will determine the demand for foreign currency by Venezuela's economy, and assist in better allocating

money to businesses and government institutions.

Vice President for the Economic Area Rafael Ramirez was appointed by Maduro to head the new budget.

Along with the initiatives intended to streamline access to foreign currency, Maduro also said his government is seeking to develop incentives for Venezuelans to save more money.

“This has to be coordinated with all the banks...to find special measures, with various actions to encourage the return of foreign capital to Venezuela,” he said.

Other Announcements

During the same speech, the president also revealed plans to further expand Mission Mercal, which sells heavily subsidised food to the Venezuelan public. Maduro stated that his administration aims to have a Mercal covering every workplace.

Since the establishment of the mission in 2003, over 16,600 Mercal outlets have sprouted nationwide. According to government statistics, the state-owned chain has provided over 12 million tonnes of subsidised food to over 10 million Venezuelans.

Earlier this year, the government extended the mission by creating the Workers’ Mercal program, initially expected to supply 14 basic products to around 23,000 public sector workers in 32 institutions.

Yesterday, Mauro also announced the creation of the National Corporation for Domestic Trade Logistics and Transport Services, which will be tasked with improving domestic distribution of goods.

He stated that the corporation will develop a service network for transport operators across the country, including roadside rest stops and maintenance facilities. He also announced the import of 5000 new trucks from China and Brazil.

He stated the vehicles will be imported by the state to improve “the entire public and private system”.

Maduro called on private logistics companies to cooperate with the initiative.

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