

# ORINOCO magna reserva



## Great Housing Mission Vivienda Venezuela



8. Currency war: another face of the crisis of capitalism

10. Venezuela reaches 5th place in world gas reserves

18. How are oil prices formed?

30. Homotherium venezuelensis: prehistory footprint on Venezuelan soil

Great Housing Mission  
Vivienda Venezuela is born



**¡PDVSA**  
belongs to the  
**PEOPLE!**



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# FULL TECHNOLOGICAL SOVEREIGNTY

The Bolivarian Government of Venezuela and Petróleos de Venezuela remain committed to the Venezuelan people to promote full technological independence with the assembly of the first offshore platform, developed by a joint venture between PDVSA Industrial and Venezuelan Heavy Industries CA (Vhicoa)

This plan will allow the first floating storage of the nation and marks the starting point for companies that will support offshore oil exploitation in Venezuela.

The Bolivarian Revolution does not stop and our technological independence, is the driving force for national growth and good living.

## Editorial

# Vultures looming over North Africa

Just as the word imperialism defines with stark realism the murderous and terrorist US foreign policy, the word colonialism marks the strategies of second-rate European powers, reminiscent of a distant past of killings and lootings.

It makes no difference whether in Washington rules one of the wings of the one-party that governs the fate of the American country since the beginning: the Republican or Democrat. It makes no difference whether in London, Rome, Madrid and Paris rule the Conservatives, the Greens, the discoloured third way or the social democrats. Power is held by corporations.

After the bombs that tore children, women and innocent men, it is the big multinationals which will be collecting and splitting the loot in Libyan soil. If the U.S. and the European interventionist forces succeed in Libya, certainly faceless companies, but with almost infinite powers will share as vultures the natural resources of that country, as it happened in Iraq.

To attack Libya, the United States, France, England, Italy, Spain and other supporting actors argued that Muammar Gaddafi's air forces have bombed civilians. Paradoxically, a technical mission of the European Union sent to Tripoli in early March found no evidence of such attacks.

What is new in this new war is the number of deaths, because the blatant use of lies and raw interests (oil, gas and water) of the assailants is not new.

Falsehood, as a triggering tool of war, massively and endlessly legitimized by international news agencies and major media outlets, is a common factor, reminding us what happened in 2003 when the alleged existence of weapons of mass destruction was used as an excuse to invade Iraq; in 1964 when the United States invented the Gulf of Tonkin incident in order to expand its activities in Vietnam, or at the end of the XIX century, after the strange explosion of the battleship USS Maine anchored in Cuban waters gave way to the war between the U.S. and Spain, a conflict that ended with the occupation of Cuba, Puerto Rico and the Philippines by U.S. military forces.

### Credits

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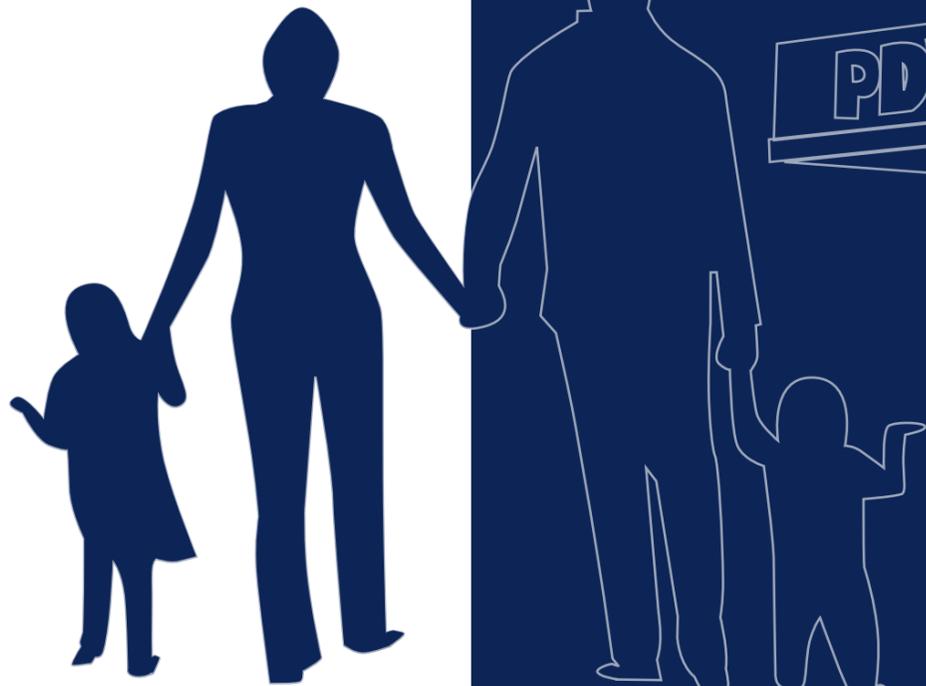
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# Shelters, centers of Socialist integration

by Adriana Arias

Socialist PDVSA committed to building a fairer society, revamped different spaces to provide comprehensive care for the Venezuelan people, in the wake of the national emergency caused by weeks of torrential rains

As a result of heavy downpours that occurred in late 2010 throughout the country, around 130,000 families were evacuated from risk areas and moved to safe shelters.

The President of the Bolivarian Republic of Venezuela, Hugo Chávez, visited the areas of highest risk, to see firsthand the situation of those affected and the particular needs of each family.

The presence of the President sealed the commitment with the Venezuelan people and raised awareness of the importance of preserving life in the face of this tragedy.

According to reports from the National Institute of Meteorology and Hydrolo-

gy (INAMEH initials in Spanish), for two months rainfall levels exceeded those recorded in 1999, when heavy landslides in the State of Vargas left thousands dead, missing and homeless.

#### Enabling Law

To deal with the tragedy, the National Assembly passed an Enabling Law, to provide prompt attention to those affected and facilitate the reconstruction of areas devastated by harsh weather.

By this Act the creation of the Simón Bolívar Fund for Reconstruction was authorized, with an initial contribution of 10 billion Bolívares and other extra resources to help cope with the emergency.

Similarly, the Dignified Shelter Act was passed to protect people in case of disaster. Through this instrument shelters are classified according to the type of building and services available. In addition, the Popular Shelter Networks was promoted to link with agencies and social organizations of People's Power aimed at strengthening the capacity of design and implementation of projects for the production of goods or services.

Also, the Bolivarian Government guarantees work-study grants, pensions for the elderly, financial allocations for households where the breadwinners are caring for a relative with a chronic illness or severe disability, and for single mothers.

#### Socialist PDVSA

In line with the strategy outlined by President Chávez, PDVSA revamped different spaces to provide the Venezuelan people with comprehensive care and meet the social debt that more than 40 years of neglect has kept the population plunged into poverty and exclusion.

At least, 1,400 families were placed in shelters authorized by the state oil company in Caracas, distributed between the Fabricio Ojeda Endogenous Development Centre (Nudefo) in Catia, Caracas; PDVSA Intevep, in Los Teques, State of Miranda; Chamber for Social Battle on the Petare-Guaremas highway, State of Miranda; and the administrative headquarters of PDVSA, located in La Tahona and La Campiña, in Caracas.



# Solidarity with the small ones

On 28 February “La Alquitrana” a Nursery Foundation of the Ministry of People’s Power for Energy and Petroleum, opened two rooms equipped to care for at least 74 children, aged between 4 months and 5 years, who are sheltered at the headquarters of PDVSA in La Campiña and “Torre Sur”.

The site is specially equipped to provide safe living conditions for children. There are rest rooms divided by age, dining room, bathrooms and recreation area. Similarly, all items necessary for children’s care are provided.

At “La Alquitrana” an interdisciplinary team of experienced teachers in preschool, qualified assistants, psychologists, speech and occupational therapists care for children victims of this natural disaster.

The schedule of activities of the foundation includes the participation of parents and representatives in the education of their children, through workshops that provide tools to address previously identified situations.

Currently, the team is assessing the behaviour, adaptability and interaction between boys and girls, for the diagnosis of the particular behaviours of each child. The specialist working together with a parent or representative, will prevent children from being emotionally affected by the situation in which they were victims.

The purpose of “La Alquitrana” is to establish habits and offer children a safe environment where they can unfold and develop their learning skills, based on the guidelines of the Ministry of People’s Power for Education for the initial phase of teaching.

PDVSA, as a national company, is committed to the most vulnerable and stands shoulder to shoulder with the people, with solidarity, humanism and social awareness of duty and volunteer work, which are revolutionary values that we must deepen for a fairer society.



Facilities include a medical centre, dining rooms, equipped single-family rooms, special care for the disabled, areas for healthy and recreation activities, day care centre, and transport facilities.

Additionally, more than 5,000 people receive food, medical care and permanent training, with the support of the Venezuelan Food Producer and Distributor (PDVAL) and Barrio Adentro and Ribas missions .

**Dignified infancy**  
Through PDVSA La Estancia, the cultural arm of the state oil company, training workshops for children, youth and adults, educational games, singing, drawing, creative writing, theatre, storytelling and other recreational and sports activities are coordinated to help children cope with this contingency.

PDVSA’s shelters were designed to dignify those who suffered as a result of heavy rain, providing socialist education centers and

establishing a new, more direct and engaging relationship between the State and people.

More than material achievement it represents a change in the vision of society, the relationship with our fellow men and women and awareness of the role played by each person in the construction of Socialism.

In less than two weeks, spaces were available to provide shelter to approximately 52 families, residents of Mamón sector of St. Augustine Parish in Caracas, at PDVSA’s headquarters and 73 families (about 293 people) in “Torre Sur”, both facilities are located in La Campiña.

438 homeless persons in Las Minitas of Baruta Municipality, State of Miranda, were sheltered in a suitable area at the administrative headquarters of PDVSA La Tahona.

While in Nudeto are 2,500 residents of Federico Quiroz, El Hueco, Tamanaqui-

to, Los Molinos, La Cubana, Los Frailes, Macayapa, Puente Rojo, Blandin, Tres Puyas and Nuevo Horizonte sectors, in Sucre Parish, Catia, Caracas.

**Voluntary Solidarity Brigades**  
This effort would not have been possible without the voluntary participation of workers organized in solidarity brigades of doctors, paramedics, security personnel, recreational staff, logistical support, among others. In addition, donations of clothing, footwear, food, drinking water, medicines and toiletries are distributed in different shelters prepared by the state oil company.

In order to strengthen the cooperation with the Venezuelans affected, the Bolivarian Government allocated a total of 5 hectares in Fort Tiuna, about 2 million square feet, for the construction of 9 residential units with 100 small apartments each and common areas for laundry, health care, nursery, dining room, socialist bakery,

multipurpose room and recreational area to dignify 2,800 families.

Areas for the development of urban agriculture are also planned to involve residents in productive activities that will benefit the community at large.  
The Venezuelan oil industry is building PDVSA Housing Complex, located in “Urbanización Montalban” in Caracas, with priority given to the victims of La Vega and Antímamo parishes. This complex consists of two sets of buildings that are in advanced stage of construction. Comprising 987 apartments, of which 423 are almost completed. The remaining 564 are due to be delivered at the end of 2011.

Commander President Chávez launched the “Great Mission Housing Venezuela” for the construction of socialist cities throughout the country, the objective being the construction of 2 million housing units in the next seven years.



The dollar, euro and yuan are fighting in a global ring

# Currency war, another face of the crisis of capitalism

by Alfredo Carquez Saavedra

**After several years of depression, loss of competitiveness, rising unemployment and falling domestic consumption, the U.S. and the European Union are involved in a growing dispute with the People's Republic of China, in urgent need to achieve economic growth and increase their exports**

Global capitalism is still sick. Even worse, its ailments are spreading and affecting all of us on the planet.

Some scholars argue that the origin of that situation lies in the subprime crisis that started in August 2007 in the U.S. —a nation that by deregulating to the maximum the government oversight in the financial sector- incubated the illness that infected the rest of the world and generated adverse economic, social and even political consequences.

Low or nil economic growth. Falling investment or rapid migration to destinations where higher returns are offered. Dismantling welfare states in Europe. Approving anti-union laws by U.S. conservative local governments. Rising unemployment. Homeless families, or families who have never been able to own a home (a rather common situation in the Third World) or because they have defaulted on their mortgage payment (as seen in the First World). In the era of globalization, this crisis has spread beyond borders.

After the fall of flagship international banking institutions (in the U.S. alone nearly 300 banks went bankrupt between 2009 and 2010) and after the financial system of the industrialized countries was stabilized with great difficulty by transferring public money to private institutions, now governments in the United States or Spain, attempt to

revive their economies against the odds, especially when voter discontent threatens the continuity of their terms of office.

### Seven lean years

According to official figures there are over 9 million people unemployed in the US, and almost 44 million poor. In the Euro zone poverty is 16% (after transfers such as pensions and other support) and unemployment is nearly 10%, but in countries such as Spain it is more than 20%. It is expected that in 2011 economic growth in the former will be nearly 2% and in the latter 1.7%.

However, the picture does not look promising. Because unlike the boom years in which abundance eases up the disputes over a slice of the cake, in the lean years conflict intensifies over a reduced slice of the cake, as sharing becomes increasingly more difficult.

A coined phrase describing this situation is the “currency war” or policy of competitive devaluations, a term defined by economists in academia.

How does this phenomenon materialize? A government decides to maintain the value of its currency below the value of currencies of nations with which it maintains trade for cheaper (competitive) products or services.

But today not all countries can pursue this goal in the same way. The main players in the

war of currencies: the U.S., China and the EU should apply different strategies according to their economic and political realities.

The United States, for example, finds it difficult to grow based on consumption by its citizens. The unemployment rate is very high, and consumption has fallen, a situation that has reduced confidence in the future. The U.S. increasingly prints more dollars, cheapening its currency and increasing debt.

A politically and economically viable alternative, since changing the “American way of life” would be considered a heresy in the temple of capitalism, is to increase exports for economic recovery and a positive balance of trade. But one of the obstacles of this option is precisely that its products are more expensive than those made in China.

The European Union partners are unable to devalue the euro, and instead have decided to devalue the old welfare state, cutting wages and pensions, increasing the retirement age and flexibilizing (even more) labor legislation. Ireland, Greece, Spain and Portugal are going through difficult times and the outlook remains bleak.

China, is overlooking pressure from Washington or Brussels (EU headquarters) to revalue the yuan in the short term (U.S. hardline economists estimate this revaluation between 20% and 25% in 2 or 3 years) and to increase imports.

Its authorities have made it very clear that they believe in long term. The Chinese model is based on their almost infinite labour force and massive and cheap exports, a strategy that over the past 5 years has translated into an average growth of 11%. President Hu Jintao said earlier this year that the role of the dollar as a hegemonic currency in international trade is the “product of the past.”

China can afford to talk that way because in addition to its growing trade and economic power, owns more than 2.5 billion dollars, a billion of that amount in Treasury Bonds of the United States. It has also bought significant assets in that country: in 2009, made investments worth \$2.8 billion; in 2010, 4.9 billion dollars in areas such as machinery, industrial equipment, electronics, utilities and coal, oil and gas.

### Tariff offensive

This monetary battle that has already begun, now threatens to spread to trade if the U.S. finally passed a law, arguing that the value of the Chinese currency (yuan) results in a kind of subsidy, to punish through increased tariffs goods from China and by which it can sue that country at the World Trade Organization (WTO).

This bill has been passed by the U.S. House of Representatives and it considers the mechanism of Chinese exchange rate as a substitute to provide an export

subsidy. However, the Senate’s approval and signature of President Barack Obama are still pending.

China, for its part, has stated that this happens with a clear pre-election overtone (US presidential elections are due in November 2012) and although there is a trade surplus with the United States there is a trade deficit with other countries.

While the U.S. has increased tariffs between 10 and 16% for steel pipes manufactured in China—a trade that in 2008 amounted to 2.7 billion dollars- and 35% for Chinese tires-sales that exceeded 1,8 billion dollars—China has responded by imposing an increase of 50.3% and 105% on imports of poultry from the U.S.—a trade that only in the first half of 2009 totaled over 300,000 tons.

In this context we should see the war of currencies as a way to tackle the problems of stagnant economies. If the U.S. were growing through consumption, this would not be an issue.

Some scholars mention another element: unlike China, the U.S. economy should be seen as a post-industrial economy. In Europe one of the solutions being considered is the reindustrialization of the economy of the area, by bringing back the companies that went to China.

Dollar (\$)

Euro (€)

Renminbi o Yuan (¥)

Its name comes from silver weight, “duro”, Daler or Spanish dollar used in the colonies of Spain. The United States adopted this name in the late eighteenth century. Currently is also legal tender in the following countries: Australia, Bahamas, Barbados, Belize, Bermuda, Brunei, Canada, Ecuador, El Salvador, Fiji, Guyana, Cayman Islands, Cook Islands, Solomon Islands, Jamaica, Liberia, Malaysia, Namibia, New Zealand, Panama, Puerto Rico, Samoa, Singapore, Trinidad and Tobago, Suriname and Zimbabwe.

It is the official currency in 17 of the 27 member states of the European Union. Since January 2002 is the trading currency. The Euro zone consists of: Germany, Austria, Belgium, Cyprus, Slovakia, Slovenia, Spain, Estonia, Finland, France, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands and Portugal. The currency is also used in five other European countries: Andorra, the Vatican, Kosovo, Montenegro, Monaco and San Marino. It is used daily by some 327 million Europeans. Over 175 million people worldwide use currencies which are pegged to the euro, including more than 150 million people in Africa.

The yuan is the currency of the People's Republic of China. Its official name means People's Currency. The denomination of each banknote is written in Chinese. The numbers are written in both financial Chinese numeral characters and in Arabic numerals. The denominations and the words “People's Bank of China” are also written in Mongolian, Tibetan, Uyghur and Zhuang languages on the reverse of each note. The first serie of Renminbi banknotes was introduced during the Civil War by the newly established People's Bank of China in December 1948, nearly a year before the founding of the People's Republic of China. Its direct influence, in terms of population, would reach approximately 1,300 million people.

Thanks to the Gas Revolution

# Venezuela reached 5th place in world gas reserves

by Delia Arias

In September 2009, oil companies Eni of Italy, the Spanish Repsol and Petróleos de Venezuela, SA (PDVSA) announced the discovery of a giant gas field, which due to its characteristics is unique in the world

To the northwest of Venezuela, offshore, 30 kilometers from mainland and just opposite the Paraguaná Refining Center, the largest refining complex in the world, is the Perla gas field, in Cardon IV Block of Rafael Urdaneta project.

This development includes the use of non-associated gas reserves in the Gulf of Venezuela, in order to produce billions of cubic feet of gas, most of which will be directed to the domestic market. The surplus will be available to international business opportunities.

For that purpose there is a need to carry out exploration activities, development of infrastructure for offshore gas production, provide pipelines to transport gas and condensates, a gas liquefaction plant and shipping facilities to handle modern carriers of natural gas liquids (NGL), among others.

## The great discovery

In September 2009, oil companies Eni of Italy, the Spanish Repsol and Petróleos de Venezuela, SA (PDVSA) announced the discovery of a giant gas field, which due to its characteristics is unique in the world.

This is an area of approximately 30km<sup>2</sup> (equivalent in size to the city of Caracas) with 700feet width, 200mts. deep, entirely covered in green algae, where biological conditions were suitable for the formation of one of the largest gas deposits in the world, says PDVSA's Vice-President of Exploration and Production, Eulogio Del Pino.

The first estimate was to find 5 to 8 TCF of gas. However, the current number of proven reserves of 15 TCF of Original Natural Gas in Place (ONGIP), corresponding to 2.9 billion of equivalent barrels of oil, with a volume of exploitable reserves of 65% or,



Perla 1X

Perla 2X

Cardon IV Block  
Rafael Urdaneta Project  
Estate of Falcon



12 to 13 TCF and an additional production of 10 to 15 thousand barrels of condensate (liquid hydrocarbon) per day (100% of the Venezuelan state), of 52 – 54° API of outstanding quality and necessary to improve the refining processes.

These condensates go straight to the CRP (Paraguana Refining Center) to be used by the entire PDVSA system.

Oil companies have drilled four wells, with a fifth well in progress, and once the first phase of gas production is completed, it will start producing 300 million cubic feet per day by 2013. The Vice-President of PDVSA's Exploration and Production, stated that this amount would be sufficient to meet the needs of CRP, of Western Venezuela and the surplus will be exported.

The development of new wells (between 6 and 8) to reach a gas production of over one billion cubic feet per day is being planned for the second phase.

Del Pino said, "Pearl is a well with amazing conditions, in a unique location that we will develop at full speed" as it is only 60mts. deep and opposite to CRP which is a natural consumer of gas.

Since the gas in this region has enough pressure to reach the land without compression at sea, only the use of jacket platforms (with feet resting on the seabed) has been contemplated and a pipe of 50km carry the gas to CRP, thereafter the necessary infrastructure is already built.

In terms of environmental impact, Del Pino explained that "this is minimal since gas is a clean energy, and there is a low risk of contamination because we are not producing fluids but dry gas, and we are carrying out a comprehensive study for the laying of the pipeline through the area to cause the least impact on the environment", he added that these are simple projects from a technical and environmental point of view.

With the energy policy carried out by the Bolivarian Government it has been possible to increase the reserves of non-associated free gas, through investment in major offshore projects, and a clear orientation that facilitates the use of gas for the country's industrialization, which is vital both for the petrochemical industry and for thermoelectric power plants.

### Offshore challenge

Before the Bolivarian Revolution, when gas was found during offshore drilling, the wells were abandoned and the operation was considered a failure. During the oil opening (Apertura Petrolera) projects such as Christopher Columbus (without payment of royalties) were designed where the Venezuelan government was a minority partner.

It was conceived as a favour that transnational would keep the gas, and these in turn kept the exploitation licence frozen, hoping that the global value of gas reached a higher price. In return, Venezuela will only get some platforms and a small development focused and not sustainable in the country's coasts.

The Gas Revolution now includes major offshore developments such as Mariscal Sucre to the east of the country, the Plataforma Deltana in territorial waters between Venezuela and Trinidad and Tobago, and the great Rafael Urdaneta project, to the west of the country.

All of this, coupled with the great discoveries that have doubled our expectations, Venezuela has gone from eighth to fifth place in global gas reserves, with 200 TCF.

In the medium term the country will have an equivalent gas production to balance the load of promoting the planned development of the nation. Current deficits will be covered, electric plants will be replaced by gas thermo-electric power plants, gas supply in towns will be intensified, petrochemical industry will be further developed and gas as an alternative vehicle fuel will be used. Once the domestic needs are met, an adequate technology will allow the export of gas surplus.

This field's commerciality will be declared soon, including 35% stake for PDVSA and 32.5% for Eni and Repsol, after paying a bonus to the Venezuelan state of 60 million dollars to get into this block with an investment in the order of 250 million dollars.

The proposed operation of the Cardon IV Block of Rafael Urdaneta Project is considered as a source for employment generation in the area since the construction of platforms and systems for ships are required as well as a whole industrial activity in parallel with the oil industry.

The Gas Revolution launched by the Bolivarian Government, through Socialist PDVSA will strengthen the position of Venezuela as a world energy power.

# V



Meeting the needs for the good life

## Great Housing Mission Vivienda Venezuela is born

by Betty Escalona

**Arising within the context of socialism as a solution to the housing shortage in the country and with the firm purpose of dignifying the Venezuelan people**

The Great Housing Mission Vivienda Venezuela was born after a state policy that aims at the creation of a social structure, population-oriented reorganization and the creation of spaces for human coexistence, in order to meet in the short-term the housing needs of each family. It will secure 2 million houses or apartments by 2017.

The President of the Bolivarian Republic of Venezuela, Hugo Chávez, during the launch of this initiative, said "not a single Venezuelan family will be denied an adequate and dignified home (...) and the homeless, will go from shelter to their new home, they will not return to the cliffs of death, they will go to a home for a life, we will never, ever return to a Venezuela of extreme poverty."

"This phenomenon is the result of an oil model imposed by the capitalists: to be exporters of raw material without generating wealth in the country ... We are convinced that no solution could be found in the capitalist system for this human

drama. We are confident that the housing shortage will be solved only with the involvement of the people, with the entire nation mobilized," said Minister of People's Power for Energy and Petroleum Rafael Ramirez, who is Vice President for Territorial Development and leads this mission.

### Five lines of action

With the launch of the Great Housing Mission Vivienda Venezuela a census was carried out to determine the levels and dimensions of the housing problem in Venezuela, a fact that will allow for the timely allocation to families affected by weather phenomena such as the heavy rains of 2010 and the landslide in 1999 in Vargas, central Venezuela.

The first step is the registration of the claim that will guide the state in planning housing developments, according to the results of the census that started in May 2011.

Next is to work on the second aspect: the land. The goal is to build 150,000 houses,

distributed over 5,000 hectares, in 2011. However, 35,830 hectares are required to meet the target of 2 million units in 7 years. In this regard, studies are being carried out to assess the feasibility of projects, including the location of spaces for the construction of new developments, called Vital Areas of Housing and Residence (Avivir, initials in Spanish).

Joining forces, mayors and governors offices have donated 4,670 hectares; the Ministry of Housing and Habitat approximately 7,000 hectares, and PDVSA 700 hectares, a historical event that demonstrates the importance of this territorial issue and the distribution of resources according to the interests of the people.

The third line of action, Construction Equipment and Materials, is the acquisition of heavy machinery, construction materials, blocks, cement, clay, tile, ceramic, steel bars, among others, including contact with people's power, a relationship which promotes responsibility under the Integrated

Transformation Program of Habitat by the Ministry of People's Power for the Communities. This project involves the construction of 40,000 homes by the communities.

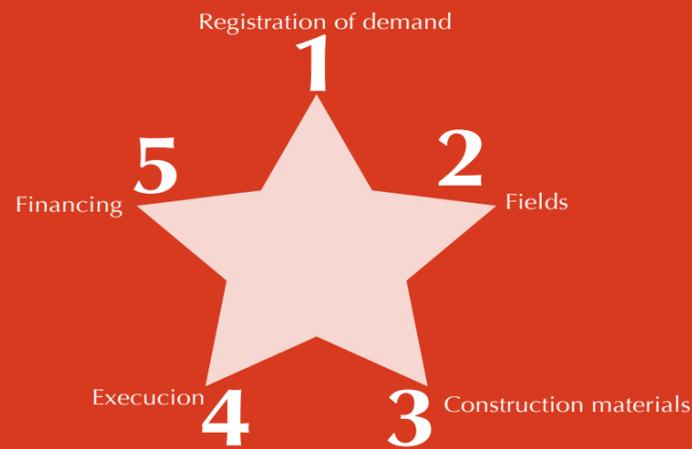
Also, as part of the Mission, the National Housing and Urban Land Act has been enacted, as well as a tax exemption decree on the import of construction materials to speed up the construction process.

The fourth line, Executors, involving the related entities as the National Housing Institute (INAVI initials in Spanish) Foundation Mission Habitat, Office of Planning of the Presidency of the Republic, PDVSA, Pequiven Corpozulia, Social Welfare Institute of the Armed Forces (IPSA initials in Spanish) and Institute of Social Assistance and Welfare, Ministry of Education (IPASME initials in Spanish).

Currently, 153,000 houses are under construction for delivery in 2011 and 200,000 in 2012. All participants in the construction process will be organized into 2 groups:



The Great Housing Mission Vivienda Venezuela is organized into **5** lines of action:



The housing shortage is expected to be solved in seven years with the construction of approximately **300.000** homes annually.

A total of **150.000** houses are expected to be built this year, and **200.000** in 2012.



The Register so far

By 10 May, 2011, just three days after the start of the scientific registration of the Great Housing Mission Vivienda Venezuela, 500,925 people have been entered in the database of the five states selected in the first round, equivalent to 145,837 families registered.

- Falcon:** 55,106
- Miranda:** 120,917
- Vargas:** 23,470
- Zulia:** 175,736
- Capital District:** 125,696

The data produced by this registration of sheltered families shows that 29,000 families will have priority for the delivery of housing units in 2011, of the 135,000 houses to be completed, it is worth mentioning that 75% of heads of households are women.

■ **Closing of Cycles:** 50,000 houses built by the government, and 8,000 by the private sector.

■ **New Developments:** by 2011 the construction of homes according to the following allocation: government: 69,745 units, organized communities: 49,171, international agreements: 10,307; local governments and municipalities: 13,420 homes, private sector: 8,779 houses.

The fifth line, financing, jointly with the National Executive, public and private banking sector. Through these instances a total of 30 billion bolivars will be spent, half of which will be assumed by the State through the Housing Savings Fund which currently has 13 billion Bolivars. These resources will be managed by the Superior Housing Authority.

**Participation of PDVSA**

Petróleos de Venezuela SA, through its subsidiary PDVSA Engineering and Construction, supports this initiative of the government, from investment in non-oil projects, such as urban and suburban

infrastructure of the state, involved in the construction of almost 47,000 houses, distributed in projects located in the states of Carabobo, Vargas, Yaracuy, Lara and the Capital District, where the residential development Fort Tiuna stands out, where the construction of nearly 30,000 apartments has been planned with technological support of China, Belarus and Russia. Such projects are covered under international agreements totaling 18,924 homes to be built between 2011 and 2012 and 53,480 units in the coming years.

Developments underway include the participation of Belarus, with 2,520 homes in Guasimal, State of Aragua, Iran, with 7,000 units in Zulia; China, which promotes projects in Arsenal, State of Aragua and in Palmazola, State of Barinas. Cuba will build 2,026 homes planned for the City of Caribia in the State of Vargas. It is also estimated that Portugal, Spain and Turkey will join the housing development of Venezuela.

In order to determine the appropriate planning model through surveys, to determine that such structures are feasible, and

to deliver houses in a large scale, PDVSA Engineering and Construction is also the agency responsible for conducting field studies of 4,800 hectares.

The new Socialist PDVSA, has considered under the fourth line of action of the Housing Mission, the induction and promotion of shanty towns replacement programmes for decent housing, whereby construction materials will be supplied to each of the works through collection centers, working directly with people to solve the most critical emergencies. In this regard, PDVSA engineers will provide technical assistance to community members and community councils, and will supervise 10 to 20 housing units each.

The Bolivarian Revolution led by Hugo Chávez, breaks with the past and builds a new era in national history. The challenge has begun, and the Bolivarian hurricane hits hard to achieve the construction of the new humanist and socialist model that makes Venezuela an example to follow.



REPUBLICA BOLIVARIANA DE VENEZUELA  
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**Gran Misión Vivienda Venezuela**

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Brief approach to the oil market

# How oil prices are formed?

by Gustavo González / Ma. Eloisa Chávez

An oil contract has a standard 10,000 barrels and a specific point of delivery. Four characteristics define such contract: volume, maturity date, quality and cost. What is actually bought is not crude, but the right to receive or deliver crude



In August 1859, the American Edwin L. Drake made several unsuccessful excavations in the middle of Oil Creek Hills, in the town of Titusville (Pennsylvania), which produced a natural seep of oil. Drake's tenacity seemed to have reached the limit and after several failed attempts, decided to carry out the last hole, resulting in a major surprise: for the first time in history, oil was obtained in large quantities.

The U.S. oil industry was growing and digging wells in an irrational way, to the point of creating the Captures Act, which stipulated that the oil belonged to the one who drew it first. This led to market saturation and price volatility. In a week a barrel of oil could be registered at 20 or 30 dollars and the following week at \$0.5cents.

But an economic activity with such changing characteristics could not be sustained over time. In this context emerges the figure of John D. Rockefeller and his Standard Oil Company, who arbitrarily ordered the nascent market, by stabilizing prices through a reduction of production and control of refining in a sort of bottleneck of

the oil industry, actions that were imposed on all producers to control the market.

After the first decade of the twentieth century and the threat represented by the powerful international oil empire built by Rockefeller, the U.S. government enacted the Anti Trust Act. Through this law and after several years of absolute dominance, in 1911 the monopoly of Standard Oil Company of Ohio was broken, and was divided into eleven companies to weaken the dominance of said American entrepreneur.

## The Seven Sisters

However, the international reality was different. In 1929 the big multinationals gathered in the Castle Lochaber (Achnacarry, Scotland), where the presidents of oil companies known as the Seven Sisters sealed what was called the Achnacarry Agreement, a "gentlemen's agreement" to control the market worldwide.

The Seven Sisters was a group made up of Standard Oil of New Jersey (Esso), which after merging with Mobil formed Exxon Mobil; Royal Dutch Shell, Anglo-Iranian Oil Company, later known as British Petroleum, Standard Oil of New York, later Mobil, Standard Oil of California, later Chevron, Gulf Oil Corporation, acquired by Chevron and BP in 1985 and Texaco, which in 2005 became only a brand of Chevron.

Fulfilling their agreement to fix prices, these transnational determined which regions were to compete with each other, share production facilities to minimize costs and manipulate transfer prices between the different activities of the hydrocarbons chain: oil production, gathering, pipeline transport, ports and transfer to ships, and lastly, achieving a change in the mode of ownership from producer to buyer.

The transfer price, since it concerned them, was manipulated so that the implicit tax on economic activity, a means of allocating the total income produced by the natural valuation of oil, was reduced or increased according to the will of the Seven Sisters. They easily transferred the income of a producer country to a consumer coun-

try and established legal mechanisms to capture more of such income, along the entire chain.

The era of the Seven Sisters had a decisive impact on geopolitics. It is worth remembering what happened in Iran in 1952 during the government of Mohammad Mosaddeq, the first to rise against the tyranny of the Seven Sisters. Mosaddeq nationalized the Anglo-Persian Oil and as an immediate response orchestrated between oil multinationals and the governments of their respective nationalities, blocked Iran to prevent the marketing of its crude, replacing its production, strangling the Iranian revolution, irremediably provoking its downfall.

But the so-called posting prices mechanisms whereby the Seven Sisters determined the prices of crude oil to be sold the following month, began their decline in 1928, when an idea began to mature in Venezuela. Juan Pablo Pérez Alfonzo began studying the oil industry and established the rules that should be imposed in the producing countries to defend their sovereignty over natural resources.

## Creation of OPEC

Decades later, on September 14, 1960, the Organization of Petroleum Exporting Countries (OPEC) was created. At the onset, ministers of OPEC member countries issued only political statements because they lacked real power. They had to wait for a confrontation for the crucible of political factors to bring about the necessary conditions to reverse the power and control of the Seven Sisters.

Between 1970 and 1973, these political factors emerged in Libya and Algeria. In Libya with the revolution led by Muammar Gaddafi who imposed limits on what transnationals could produce. Resorting to the conservation principle, Gaddafi applied to the transnational a production ceiling, driving them into a corner, since they had made significant investments in Libya which they wanted to recover as soon as possible. It was the first time that a producing country set the rules to the transnationals representing through their interests the consuming countries.

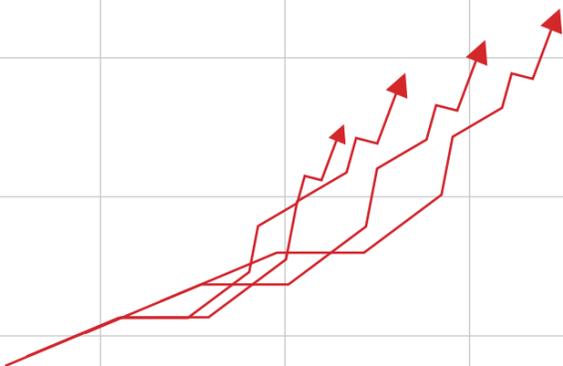
Nine months later, Algeria imposed a price on multinationals. No longer accepted the posting prices of the Seven Sisters, and it (FS) set its own prices and taxes that companies should pay. With this act of sovereignty the companies were also cornered. With these two revolutionary actions the ability to determine the prices was handed over by the Seven Sisters to OPEC. But the response from the consuming countries and oil companies did not take long, with the creation of the International Energy Agency (IEA), with stipulations to counter the actions of the Organization.

The long-term contracts that had been established by the Seven Sisters during their hegemony in the crude market, to provide stability to each other, ensure the flow of oil in their refineries and manipulate prices of this item to the detriment of market stimulation, would be scrapped by themselves. With the revolution of OPEC, transnationals were forced to approach the market as an instrument to reduce the Organization's power to determine prices. And indeed they did, with the power of large oil reserves still in their hands, gradually eliminated the long-term contracts and introduced in 1973 and 1974 the first futures contracts.

Futures contracts, which are traded on the New York Mercantile Exchange (NYMEX) began with a time lag in its performance, because oil cannot be treated as a material good, since it requires producing, refining, transporting, storing and delivery, and this needs a minimum of 30 days. And while it is possible to know how much production will be available in a given month, it is not possible to sell today's production, since it has been marketed 30 days ago, a mismatch between the buying and selling deal and the physical delivery of the product.

## Futures markets

Future contracts gave rise to the futures market, where there are no rules for the transaction, the parties will simply sit, lay down a contract and should there be an infringement on the same a court settlement is sought. This is why the credibility of both seller and buyer plays an important role. As it is, buyer and seller are actors with great economic standing.



But futures contracts serve as a banknote with standard specifications, it is common for sellers and buyers, hence the word commodity. This is a contract that has two parts: the bearer and the Central Bank, because the paper is worthless if it is not endorsed by something of value.

In oil contracts the crude is the element that supports the paper. The contract, as well as a banknote changes hands, there is a supply and demand of contracts and these set the price. There is a direct relationship between the physical price of oil and the price of the contracts that support such transactions.

An oil contract has a standard 10,000 barrels and a specific point of delivery. It may be defined by its four characteristics: size, maturity, quality and cost of acquisition. Therefore, what is actually bought is not crude, but the right to receive or deliver crude, and that right is worth money and it is supply and demand that fix the price of the papers.

Since the futures market requires a unique location and a quality of the crude for transaction, standard benchmarks were defined: The West Texas Intermediate (WTI) light crude used for gasoline production and located in Oklahoma, USA. The Brent light crude located in the UK and oriented to the production of diesel. And the Dubai light crude oriented to the production of diesel and kerosene, benchmark for oil going to Japan, China and India, among others.

**Who uses this mechanism and for what purpose?**

It is used by producers, buyers and of course, speculators. The first two use it to protect against volatility of oil, as there is

an arrangement established by the IEA, a kind of court responsible for ensuring that the rights of those who buy, as well as the dealers' rights are protected by a brokerage firm, which is accountable for the non compliance of either party, whether delivering oil, if required, or the money equivalent to the amount of oil set at the time.

Regarding the speculators, they use it to their advantage to inflate prices. They buy a 10,000 barrel contract and trade it three, four, five and six times, knowing that the passing of time left those contracts without the physical support of oil.

Currently, pricing is in direct relationship to structural factors and circumstances. The structure consists of inventories that each country has underground, considering the natural reserves as inventories, storage tanks or strategic reserves, such as those created by the U.S. to use them in emergencies such as wars or to balance OPEC's power.

However, to consider inventories as a determining factor, the technological and human capacity are needed to produce them. Then another structural factor comes into play: the ability to support production. Who has market power must then have spare production capacity. If oil prices are skyrocketing, this spare capacity can produce more oil and place oil in the market to lower the price, according to the guiding interests.

Another factor influencing for economic transactions to take place, is transportation. The transport capacity of the country should go from producer to the delivery site, a single place. For this reason the U.S. maintains a war fleet on the Persian Gulf to protect the

Bab El Mandeb strait through which 30% of global oil production passes per day moved by tankers. This means that numerous factors not only in terms of supply and demand but the geopolitical and the current situation will bear down on the price of crude.

And each economic situation or political instability in a producing country or a transit area for oil, is used by speculators to supply and demand according to their highly subjective perception of risk in relation to the conflict, thereby altering the supply and demand of contracts and indeed, the current price of oil.

In the current market coexist the immediate price or spot price, related to the oil to be delivered today, but was sold 30 days ago; the stretch price, which includes supply or demand for oil that has not been nominated and goes to the market in emergency situations and may involve price discounts or strengthening, and the futures price, which requires simultaneously the rights to sell and receive to avoid losses and to balance the transaction, because the oil we sell today will be received in 30 days, the price of oil at the end of that period of time is unknown, which requires the purchase on a 30 days-later basis, a position contrary to that assumed today.

How oil prices are determined is a complex scenario where historical, economic interests, environmental changes, new technologies, energy needs and a growing scarcity of resources enter into play, increasingly showing the predisposition to geopolitical conflict, control of oil reserves and its means of production.



# the *Pastor* who revolutionized Venezuela

by Rosarys Ysturiz

**The Venezuelan people, traditionally inspired by baseball, moved en masse to the Paseo Los Próceres to watch an unusual spectacle of Formula 1, by Pastor Maldonado who already looms among the glories of national sport**

Sponsored by Petroleos de Venezuela SA (PDVSA), this young man born in Maracay, State of Aragua, who gave his first laps on the track at the age of 7, is the second Venezuelan driver to join the maximum category in motor racing, after 27 years of the brief participation of Venezuelan Johnny Cecotto, who on March 13, 1983 joined the ranks of Theodore-Cosworth team and in the second and final season (1984) was part of

the Toleman team, accompanied by the late Brazilian driver Ayrton Senna.

In the 2010 season, Maldonado became the first Latin American driver to reach the GP2 championship in addition to being the only driver to top six places in the history of the category. In this successful season, Pastor also had six straight wins, a mark that will be difficult to emulate.



**1** Adam Parr, president of Williams, shows the enthusiastic Venezuelan public part of the controls of FW32 car that ran Maldonado. The staff of the AT & T Williams and 14 engineers and specialists were in charge of the exhibition's technical details.



**2** Parts of the FW32 car traveled from England and once in Caracas, Williams technicians made the careful assembly and tuning of the car.



**3** The car used in the exhibition was the FW32, with which Williams participated in the 2010 season of Formula 1.



**4** Williams technicians at the monument to the heroes of the Independence of Venezuela. It is not the first time these areas have been opened for motor racing. On 4 November 1955 the legendary Argentinean driver Juan Manuel Fangio ran through Los Próceres.



**5** President Chávez gave to Maldonado the national flag that he will proudly take to the F1 circuit. Pastor shared with drivers Rodolfo Gonzalez, Samín Gomez and Ernesto Viso; the swimmer Albert Subirats and other athletes were decorated by the Commander, who told them: "Count on us", referring to the strong support offered by the Bolivarian Government and Venezuelan people to their athletes.

# Pastor Maldonado

## Venezuelan Pride



**12** "It is an honour to represent my country in all sports venues, this is the Venezuelan youth who wants new alternatives and with our arrival in F1 we are demonstrating our opportunities and growth of the national sport," said the driver to the hundreds of fans who thronged "Los Próceres".



**6** Charismatic, simple and proud to be Venezuelan, Pastor Maldonado traveled by motorcycle from the tribune of honor to reach the car that raced through Los Próceres, waking up in his path the audience emotions.



**11** The Venezuelan driver ended the show with a series of pirouettes, to the euphoria of the public.



**10** Maldonado went fast in front of the eyes of those present, waving their hands, taking photographs, whistling, clapping and praising the driver, but the roar of the FW32's engine was deafening.



**9** "We have been working hard these years. To receive a world title in GP2 and take Venezuela to the top of the podium is a feeling that words cannot describe. We now have a new challenge in Formula 1, where I am sure that with hard work and humility we will achieve the results that we Venezuelans are expecting," said Pastor Maldonado.



**8** In his transit through the GP2, Pastor already began to sound the "Gloria al Bravo Pueblo" anthem on the podium of the demanding tracks in Istanbul, Valencia, Silverstone, Hockenheim and the Hungaroring.



**7** Once inside the car, at the starting point, Maldonado made the FW32 engine roar and in the vibrant bleachers, the audience screamed with excitement while waiting for the swift passage of the car.



# 2011 Formula One

## World Championship Race Calendar

 **AUSTRALIA**  
Melbourne  
Sunday, 27 March, 1:30 am.

 **SPAIN**  
Valencia  
Sunday, 26 June, 7:30 am.

 **SINGAPUR**  
Singapore  
Sunday, 25 September, 7:30 am.

 **MALASIA**  
Kuala Lumpur  
Sunday, 10 April, 3:30 am.

 **BRITAIN**  
Silverstone  
Sunday, 10 July, 7:30 am.

 **JAPAN**  
Suzuka  
Sunday, 9 October, 1:30 am.

 **CHINA**  
Shanghai  
Sunday, 17 April, 2:30 am.

 **GERMANY**  
Nürburgring  
Sunday, 24 July, 7:30 am.

 **SOUTH KOREA**  
Yeongam  
Sunday, 16 October, 1:30 am.

 **TURQUIA**  
Istanbul  
Sunday, 8 May, 7:30 am.

 **HUNGARY**  
Budapest  
Sunday, 31 July, 7:30 am.

 **INDIA**  
Nueva Delhi  
Sunday, 30 October

 **SPAIN**  
Catalonia  
Sunday, 22 May, 7:30 am.

 **BELGIUM**  
Spa-Francorchamps  
Sunday, 28 August, 7:30 am.

 **E.A.U.**  
Abu Dhabi  
Sunday, 13 November, 8:30 am.

 **MONACO**  
Montecarlo  
Sunday, 29 May, 7:30 am.

 **ITALY**  
Monza  
Sunday, 12 September, 7:30 am.

 **BRAZIL**  
Sao Paulo  
Sunday, 27 November, 11:30 am.

 **CANADA**  
Montreal  
Sunday, 12 June, 12:30 pm.



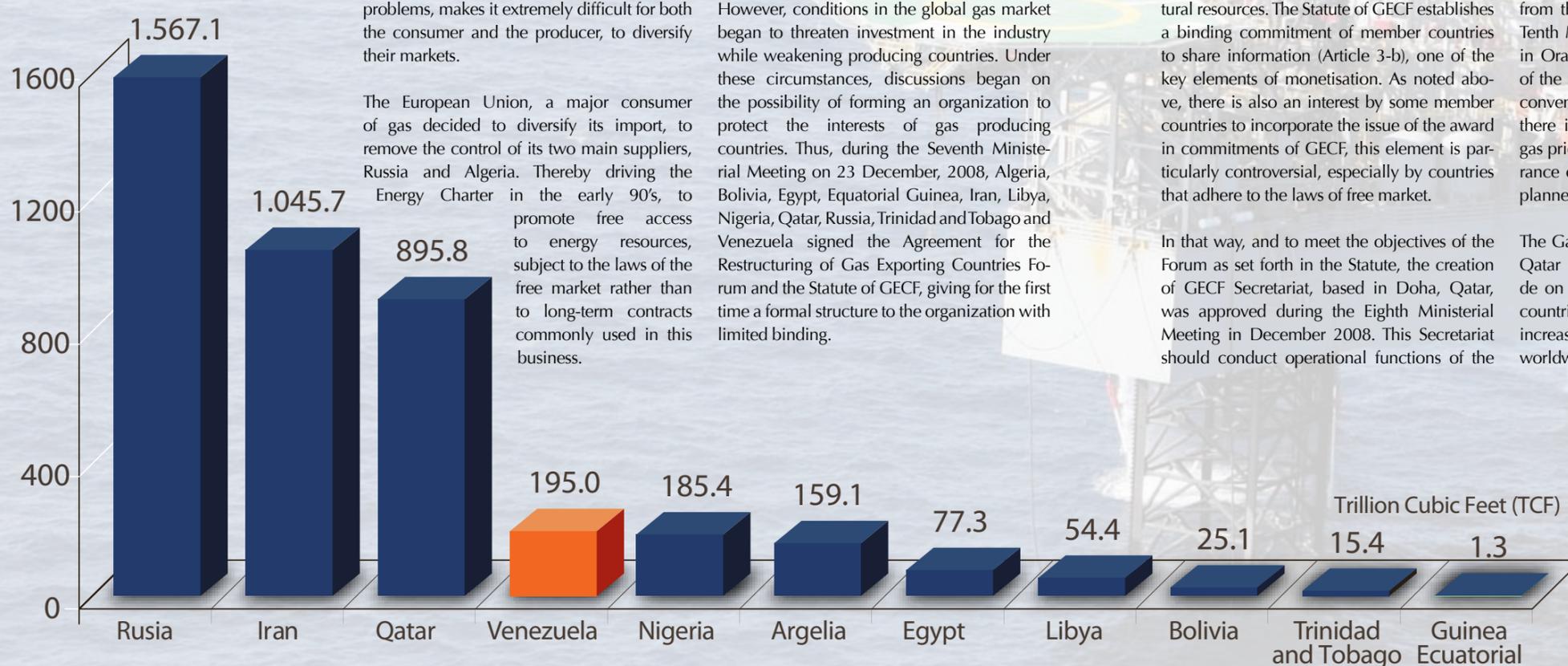
# GAS

## Exporting Countries Forum

by Iván Orellana / Asier Achutegui

It is an international body often compared to the Organization of Petroleum Exporting Countries (OPEC) even referred to on many occasions as the gas OPEC, but whose creation and functions are quite different

Gas Reserves (Members of the GECF)



SOURCE: BP Statistical Review of World Energy 2010, and Ministry of Popular Power for Energy and Oil

The creation of OPEC, on 14 September, 1960, occurred against the political background of the Cold War, where access to energy resources played a critical role in the confrontation between the United States and the Soviet Union.

The U.S. and its allies have used their oil companies as a tactical tool of domination by defining the transfer prices and thus controlling which part of oil revenues would be transferred to the consuming country and how much would remain in the country owning the resource. This was evidenced in the Achnacarry Agreement, signed in 1928, where the companies agreed to limit competition between them and thus control transfer prices.

The political context in which the Forum of Gas Exporting Countries (GECF), was born, although less intense, also corresponds to a confrontation for control of a non renewable natural resource. The peculiarity of international trade in natural gas, especially transport problems, makes it extremely difficult for both the consumer and the producer, to diversify their markets.

The European Union, a major consumer of gas decided to diversify its import, to remove the control of its two main suppliers, Russia and Algeria. Thereby driving the Energy Charter in the early 90's, to promote free access to energy resources, subject to the laws of the free market rather than to long-term contracts commonly used in this business.

Additionally, with the same goal, through an ordinance, destination clauses are prohibited, expressly limiting the market quotas of gas exporting countries and establishing a timetable for the elimination of long-term contracts. The exporting countries, especially Russia and Algeria, perceived this as a threat to sovereignty over their natural resources and investment in the gas industry in their countries.

In this political environment, Iran, which has the second largest reserves of natural gas in the world, convenes the first meeting of gas exporting countries in May 2001 with the aim of seeking solutions to this situation. However, to avoid creating panic in the markets and to clarify that it is necessary to share the investment risks among all participants, gas companies and consumer countries were also invited. Thus the GECF was born, but as a purely technical organization to discuss issues of interest to its members without any obligations or binding commitments.

However, conditions in the global gas market began to threaten investment in the industry while weakening producing countries. Under these circumstances, discussions began on the possibility of forming an organization to protect the interests of gas producing countries. Thus, during the Seventh Ministerial Meeting on 23 December, 2008, Algeria, Bolivia, Egypt, Equatorial Guinea, Iran, Libya, Nigeria, Qatar, Russia, Trinidad and Tobago and Venezuela signed the Agreement for the Restructuring of Gas Exporting Countries Forum and the Statute of GECF, giving for the first time a formal structure to the organization with limited binding.

Discussions on the structure of the organization were extremely complicated given the different ideological positions of its members. Therefore, the GECF was defined as a technical organization, for information exchange, but with the explicit purpose of defending the sovereignty over their natural resources (Article 3 of the Statute of GECF). There remains however a potential for expanding the direction of the organization so that it defends a fair and reasonable monetisation of gas, i.e. one addressing the positive externalities and reflecting the value as exhaustible and non-renewable condition of this natural resource. This approach is still under discussion and has been gaining ground especially given the sharp drop in gas prices in recent years.

To ensure a fair monetisation of gas, it is necessary to avoid generating a transfer of rent from the rightful owner of the resource to the consumer through manipulations of the transfer price. Control over rent will depend on the way to have access to information, control over the award and the stability of the marketing of natural resources. The Statute of GECF establishes a binding commitment of member countries to share information (Article 3-b), one of the key elements of monetisation. As noted above, there is also an interest by some member countries to incorporate the issue of the award in commitments of GECF, this element is particularly controversial, especially by countries that adhere to the laws of free market.

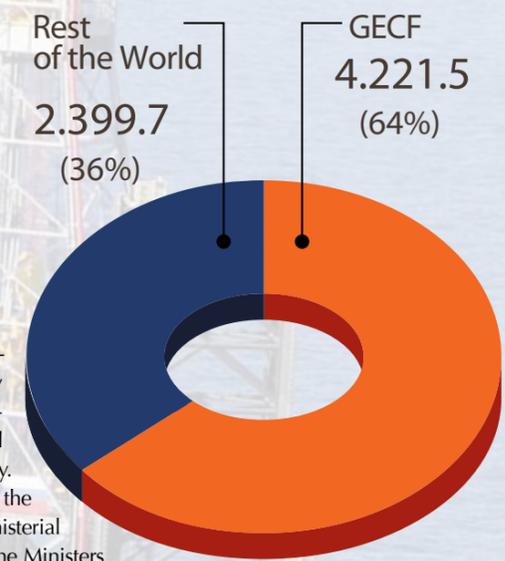
In that way, and to meet the objectives of the Forum as set forth in the Statute, the creation of GECF Secretariat, based in Doha, Qatar, was approved during the Eighth Ministerial Meeting in December 2008. This Secretariat should conduct operational functions of the

Forum under the direction of the Board, a body composed of national representatives nominated by each member country. The most senior body in the organization is the Ministerial Meeting, represented by the Ministers in charge of gas policies of each member country and meeting at least once a year both to receive accounts from the President of the Board and the Secretariat (represented by its Secretary General) as well as making policies for the Forum.

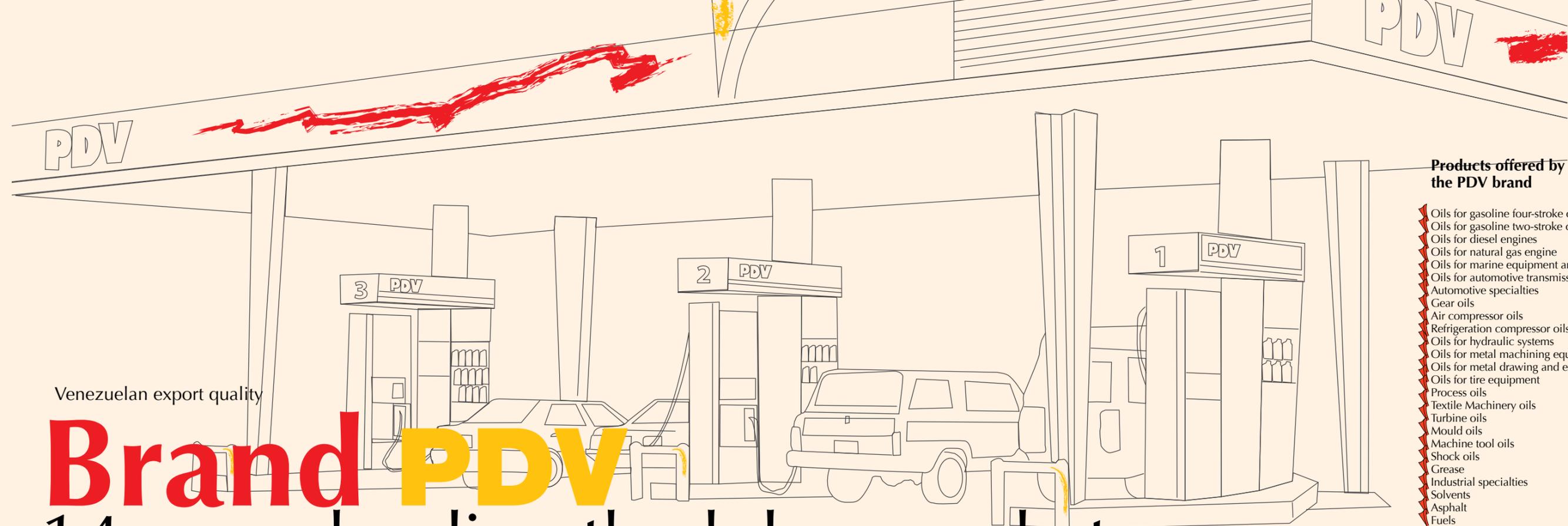
However, there is still an institution of higher rank, though not officially mentioned in the statutes of GECF, which meets only when the domestic economic policy conditions so requires and makes it necessary to make a statement at the highest level. This institution is the Summit of Heads of State and it is represented by the heads of each member country.

In this regard, the Ministers, with instructions from their Heads of State, concluded at the Tenth Ministerial Meeting held in April 2010 in Oran, Algeria, that in the current context of the natural gas market, it was necessary to convene a Gas Summit in 2011. In particular, there is great concern about the ceiling on gas prices that has been placed by the appearance of shale gas, endangering existing and planned liquefied natural gas projects (LNG).

The Gas Summit, due to take place in Doha, Qatar on 15 November, 2011, would decide on the future of GECF and the way that countries owners of natural gas would face the increasingly uncertain future of the gas market worldwide.



World Gas Reserves



Venezuelan export quality

# Brand PDV

## 14 years leading the lubes market

### Products offered by the PDV brand

- Oils for gasoline four-stroke cycle engines
- Oils for gasoline two-stroke cycle engines
- Oils for diesel engines
- Oils for natural gas engine
- Oils for marine equipment and motors
- Oils for automotive transmission
- Automotive specialties
- Gear oils
- Air compressor oils
- Refrigeration compressor oils
- Oils for hydraulic systems
- Oils for metal machining equipments
- Oils for metal drawing and extrusion
- Oils for tire equipment
- Process oils
- Textile Machinery oils
- Turbine oils
- Mould oils
- Machine tool oils
- Shock oils
- Grease
- Industrial specialties
- Solvents
- Asphalt
- Fuels

by Nielca de Ochoa / Josmar Querales

When buying a PDV product we are purchasing Venezuelan technology of recognized international quality, while contributing to keep the environment in harmony, since the brand guarantees its production processes based on strict criteria of health and environmental safety

In 1997, Deltaven is created, following the merger of the former subsidiaries of Petróleos de Venezuela SA (PDVSA), Corpoven, Maraven and Lagoven, whose main objective was to develop a strategy to market fuels, lubricants, asphalts, solvents, grease and other hydrocarbon derivatives directly competing with international brands that were starting to settle in the country.

Thus the PDV brand name was born, making its debut in Venezuela with the opening of modern service stations that not only supply unleaded petrol, but also provides products with high national and international standards for optimal maintenance of vehicles.

PDV has gone from strength to strength thanks to its staff working in the production

of the brand, which is fully trained and has sufficient experience to create high-quality products, based on the latest technology. Moreover, its activities are conducted with the strictest industrial safety standards and meticulous health standards to ensure the conservation of the environment.

PDV is also distinguished by the manner of serving its customers, since in each of the business conducted through its Deltaven brand emblem, advisory services on the technical aspects of each product, the brand image, consumer benefits and staff training courses are included.

When buying a PDV product we are purchasing Venezuelan technology of recognized international quality, while

contributing to keeping the environment in harmony, as the brand guarantees its production processes are based on strict criteria of health and environmental security; but we are also strengthening the national oil industry and at the same time we support PDVSA programs that benefit all Venezuelans.

PDV products are used in gear systems, heavy machinery, boilers, engines for air, maritime, aeronautical and automotive transport. Among the major brand products in the PDV mark are fuels, lubricants, asphalt, paraffin, solvents and sulfur, among others.

### Products for the world

Venezuela's geographical location ensures immediate access to international markets as

required by products for automotive, marine, aviation and industrial, which represents an important strategic advantage for this subsidiary of PDVSA.

Deltaven has the backing and experience of the Venezuelan state oil company, one of the largest companies in the world, which in turn guarantees the provision of raw materials and first class infrastructure, from which hydrocarbon derivatives are obtained which are then processed and marketed.

The managerial and technical training of its staff, ensures excellent workmanship of all the operations in the business. Deltaven manufactures products and offers services of high quality that are endorsed by national

and international companies specialized in evaluation and certification.

Outside our borders, and as part of its business strategy, Deltaven maintains strategic alliances with internationally recognized firms competing in the global market for lubricants, fuels and other oil derivatives.

With 14 years in the market for finished lubricants, we can say that PDV has fully met consumer requirements in Latin America and the Caribbean, who have found in this national brand excellent quality, prices and services.

### Different expressions of the business of this subsidiary of PDVSA



#### Service stations for vehicles

The most visible Deltaven symbol is the network of PDV service stations established throughout Venezuela, which places it as the market's broadest network.

In addition to fuel, PDV service stations offer PDV lubricants and lubrication centers and trained staff offer advice to motorists.

#### Finished lubes packing plant in Cardon

Deltaven has the packing facility of PDV finished lubricants in Paraguaná Refining Complex (Punta Cardón, State of Falcón). This Business Unit is responsible for the processing, packaging and dispatching of different types of lubes.

The plant distributes lubes to the Venezuelan market through a land fleet and to the Caribbean through shipping. Afton Chemical, a producer of additives for lubes, is the main partner in the development of PDV lubricants.

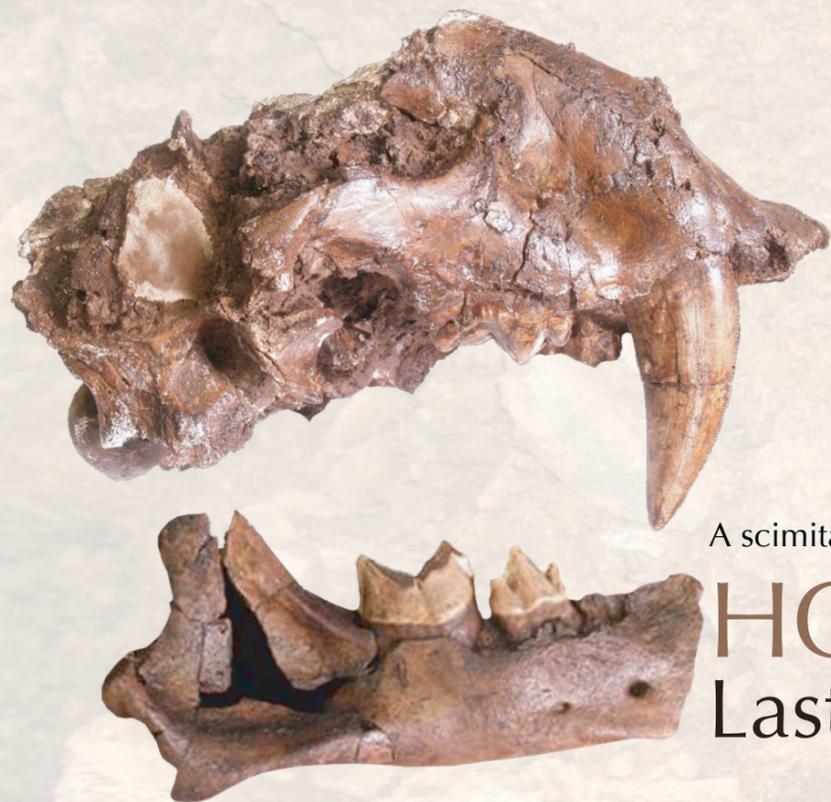
#### Aviation Fuel Plants

Deltaven supplies Jet A1 aviation fuel and Av Gas to international clients in the 16 domestic airports using modern delivery facilities. The main points of supply are the plants of the Simón Bolívar International Airport and La Chinita International Airport.

#### Marine Sector

Deltaven offers a complete line of Marine Bunkers and Lubricants to all commercial ports and oil loading terminals along the Venezuelan coast.

All Bunker requirements for the local market and exports are handled by Deltaven both in port and offshore. Outside Venezuela Deltaven supplies Bunkers in Freeport, Bahamas.



A scimitar-toothed tiger measuring 1.20 mts. high

# HOMOTHERIUM VENEZUELENSIS

## Lasting impression of prehistory on Venezuelan soil

by PDVSA La Estancia

A fossil specimen of the scimitar-toothed tiger was found in the town of Orocuál Los Mangos, State of Monagas, dating back 2.5 million years and with physical characteristics that differentiate it from similar specimens discovered elsewhere in the world. PDVSA La Estancia, a cultural subsidiary of Petróleos de Venezuela SA, created the adequate conditions for Venezuelans to admire these fossils

What started millions of years ago as a daily battle for survival, nearby an asphalt well today is a major event for paleontologists, scientists and researchers worldwide.

It all began in 2007 when Petróleos de Venezuela SA (PDVSA) was excavating to build a pipeline in the town of Orocuál Los Mangos, State of Monagas. In perfect condition, the remains of 38 prehistoric specimens were found at the bottom of an old asphalt well. One of them turned out to be an invaluable scientific treasure: the scimitar-tooth tiger (*Homotherium*).

It stood out among the others so far found, by its physical characteristics, for it is one of the first evidences of the great exchange of faunas in northern South America, and especially by being the first time in a hundred years of paleontological research in South America, that something of this magnitude is discovered.

Finding fossil specimens of the Upper Pliocene in Venezuelan territory triggered a series of logistical and preservation efforts by various institutions related to the topic: PDVSA La Estancia, the Venezuelan Institute for Scientific Research (IVIC initials in Spanish), the Cultural Heritage Institute (IPC initials in Spanish), the Bolivarian University of Venezuela, the Tourism Fund of the State of Monagas, and communities in the area joined forces to study and preserve this historical and scientific heritage.

### On the trail of *Homotherium*

The scimitar-toothed tiger found in Venezuela, dating back 2.5 million years has physical characteristics that differentiate it from similar species that have been found elsewhere in the world. This specimen had shorter snout, with a weight ranging 300 to 350 kilos and is four feet high. Its skull was small and had a structure with deadly claws

and canine teeth of 8.5 inch long scimitar-shaped, reminding an old curved Arab sword where its name comes from.

The history of this creature and its way of life remain timeless with this account of an ordinary hunting afternoon: in sweltering heat and hidden by thick forage curtains, this fearsome cat waited patiently for prey. The victim, a thirsty horse, approached the edge of a false trough, without noticing the presence of the mighty predator. The water, dark and viscous, concealed a natural trap of asphalt, where the naive horse had its front legs trapped. Then, the alarm of a perfect opportunity activated the murderous instinct of our scimitar-toothed tiger, which pounced on the helpless prey to satisfy its voracious appetite. However, it also became a victim of that trap. Like many other animals that came to drink or hunt, they

were trapped in the sticky surface of the well, sinking slowly into the liquid but deadly-calm of the black hole.

Thus, one can understand how, despite their built and physical strength, these cats were trapped in the wells that naturally preserved their skeletal structure. Until now, the remains of seven scimitar-toothed tigers and a saber-toothed tiger have been found at this site. During the excavation process about 200 osseous pieces, including fragments of jaws and teeth have been extracted from the grounds of Breal del Orocuál, serving as evidence of the passage of these enormous cats across Venezuelan land.

### *Homotherium venezuelensis*

The Society of Vertebrate Paleontology (SVP) located in the city of Cleveland, United States, approved on 13 December, 2010, the





GLYPTODON  
GLYPTODONTE CLAVIPES

SCIMITAR-TEETH TIGER  
HOMOTHERIUM VENEZUELENSIS

PLEISTOCENE WOLF  
CANIS DIRUS

PAMPATHERE  
HOLMESINA SEPTENTRIONALIS

SABER TOOTHED TIGER  
SMILODON FATALIS

PLEISTOCENE LION  
PANTHERA ATROX

name and scientific name *Homotherium venezuelensis*, the specimen of a scimitar-toothed tiger found in Orocuá. According to Ascanio Rincon, a paleontologist in charge of this project, this name is due to the physical particularities of this specimen and the adjective *venezuelensis* was given in honor of the country where the osseous pieces were found.

The request for the renaming of this extinct cat came about after the presentation of a scholarly article authored by paleontologists, Ascanio Rincon and Francisco Prevosti and exploration geologist engineer of PDVSA, Gilberto Parra. This article is the subject of an in-depth research on the species under study and will be published by the *Journal of the SVP, Journal of Vertebrate Paleontology* during the first half of 2011.

**PDVSA La Estancia: commitment to scientific development**

Since its discovery, Breal del Orocuá became one of the main projects of PDVSA La Estancia. Since 2006, the social and cultural arm of the oil industry has been coordinating a series of activities to meet the requirements of qualified researchers and scientists who are carrying out studies in this location. Among the activities programmed in 2008 and 2009 to inform the Venezuelan public about this important event were a visit to the site of the

findings with expert paleontologists from different countries, the First International Paleontology Meeting on Breal del Orocuá, an exhibition of replicas of the fossils and a talk on the subject open to the public.

Currently, PDVSA La Estancia remains committed to this work through the construction of two modules for the roofing and protection of the excavation trenches of Breal del Orocuá. This project is 65% advanced, and will be used for research and display of each of the specimens found in these areas. To accomplish this mission, the enclosures will be fitted with see-through walls, so that the work of this important paleontological evidence undertaken by scientists could be seen by locals and foreigners.

In order to address the social impact of this project, PDVSA La Estancia, hand in hand with the Community Councils of Orocuá de los Mangos, has visited the communities living nearby the paleontological site to identify appropriate spaces suitable for cultural activities. It also proposed a workshop of "Socialization of Science", designed by the Venezuelan Institute for Scientific Research, aimed at encouraging the inhabitants of surrounding areas to get involved in this important discovery.



Recovering tax sovereignty

# The end of the *Fifty Fifty*

by Alfredo Carquez Saavedra

**In 1948 the government led by the Democratic Action party reached a secret agreement with the oil companies whereby no further tax increases would be made without their prior consent**

Nearly 11 months after the downfall of the dictatorship of General Marcos Perez Jimenez and within days of the arrival to the presidency of the founder of Democratic Action, Rómulo Betancourt, an event took place in the Palacio de Miraflores about which little has been said, despite its significant political and economic consequences.

On 19 December, 1959 Venezuela recovered the sovereign authority of the nation to make tax adjustments in the hydrocarbons sector, a right which had been shamefully ignored for almost ten years, after the end of three years of the first adeco government (1945-1948) and ten years of its ally in the overthrow of President Isaiás Medina Angarita, the above mentioned Pérez Jiménez.

This decision was taken in haste and complete discretion, to the surprise of the big oil companies operating in the country at the time and its managers and political operatives who were preparing to assume the new government.

After years of slow but steady gains against the once all-powerful multinational oil companies (Creole Petroleum Corporation, Royal Dutch-Shell, Mene Grande Oil Company), the Venezuelan state established its sovereignty in tax matters.

World War II enhanced the geopolitical and military importance of Venezuela as an oil producing country, since the fossil fuel has become a strategic factor for the Armed Forces of the United States and England. This was well understood by President Medina Angarita, who called on oil companies to negotiate new business conditions.

But, led by the chairman of Creole, Henry J. Linam (who was eventually expelled from the country), they refused to comply with these calls. Still, Medina continued with his plans, an effort that crystallized in the 1943 Hydrocarbons Law, a legal instrument which, together with the Law of Income Tax (ISLR initials in Spanish) approved in 1942, placed the Venezuelan government for the first time in national

history in an advantageous position (as sovereign and owner of the natural resource) in front of the powerful oil companies.

According to Bernard<sup>1</sup> Mommer (Mommer, 1988) the most important aspects achieved thanks to this legal initiative were:

- The renewal of all existing concessions for 40 years, standardized under a single criteria. In return, concession holders agreed to the new Law.
- The royalty was raised from an average of 9% to 16.6%.
- Companies expressly recognized the tax sovereignty of the Venezuelan state, and were subject to the new Income Tax Act.
- The oil companies undertook to build large refineries in the country within five years after the end of the Second World War.

However, the conquest of tax sovereignty that subjected foreign companies to the interests of the Venezuelan State allowing an increased sharing of the Nation's oil rent,

was frozen after the coup d'état that ousted President Medina Angarita, and resulted in the ascension to Miraflores Palace of the Democratic Action party.

A "secret agreement" established between the first adeco government and Creole Corporation, the most powerful of oil companies in Venezuela, froze and neutralized this development. This unofficial pact was untouched by the military dictatorship of Perez Jimenez. Despite the changes in Miraflores, the relations of oil companies with internal power factors remained almost unchanged.

Salvador de la Plaza<sup>2</sup> said in a lecture in 1961 at the Central University of Venezuela, that in 1948 the government of the Democratic Action party "signed with the oil companies a secret agreement ... Through that agreement the government committed the state not to make further tax increases without the prior consent of the companies, thereby alienating the national sovereignty."

The "compromise" reached between the government of President Betancourt and the oil companies was publicized and praised inside the country by Democratic Action and by oil companies in oil-exporting nations in the Middle East under the catchy phrase "fifty- fifty" (50-50).

The concept behind this formula was that partners (country and transnational corporations) would share a maximum of 50% on equal conditions. Authors note that therein lies a pro-imperialist positions.

In this regard Angel Márquez (Márquez, 1977) notes that "the most important conquest achieved by the nationalist struggle waged by the people of Venezuela since 1936 that culminated in 1943, was to force oil companies to pay, on top of specific oil taxes under the relevant Act, any other general tax (in this case income tax) imposed by the Venezuelan state in full exercise of its sovereign powers. Acting in opposition to that conquest, the fifty-fifty again confused and mixed both types of tax, thereby reducing the role of the state as receiver of revenue as rightful owner of the oilfields, compromising its sovereign attribute of fixing taxes at any level."

After the overthrow of Pérez Jiménez (23 January, 1958) various sectors of the national public opinion demanded the immediate increase in income tax for oil companies. It must be remembered that one of the reasons for the ousting of the dictator was the severe budget crisis experienced in 1957, in contrast with the huge profits of these foreign companies.

On 26 August, 1958, the Finance Minister at the time, José Antonio Mayobre, representative of the Democratic Action party at the Governing Junta, said any increase in taxes on oil corporations would mean "an alteration of the agreement reached with oil companies ... and higher taxes than those agreed at a time when oil markets are not favourable and the effect on the Venezuelan oil economy could be a decrease in production or investments. The national government did not consider it appropriate to alter the status-quo with the oil exporting companies in the present provisional arrangements for the political and economic consequences that this would entail, especially given the current conditions in global oil markets."

But in that interim government, in which there was only one adeco (Mayobre), were a number of personalities related to the government of President Medina, among which the Minister of Mines and Hydrocarbons, Carlos Pérez de la Cova, who was linked to the drafting of the aforementioned 1943 Hydrocarbons Law.

In the evening of Friday, 19 December, 1958, the President of the Provisional Government, Edgar Sanabria, issued through Decree a new Income Tax Act whereby the rate for higher income rose from 28.5% to 47.5%.

This measure took by surprise the whole country, including oil companies, even some of the ministers of the Governing Junta and president Rómulo Betancourt (Democratic Action party). This decision had political and economic effects such as rescuing the power of the Venezuelan State to take sovereign decisions on taxation, and raise the country's relative share in the distribution of oil rent at a rate of 64%:36%.

## Aftereffects of a decision

The chairman of Creole at the time, H.W. Haight, wrote to the Minister of Mines and Hydrocarbons, Julio Diez, calling for a reconsideration of the measure, pointing out that it created "alarm and surprise", that it would "adversely affect the competitive position of the Venezuelan oil on world markets" and warning that "complementary tax increase without taking into account the balance that has been sought between the government and the oil industry participation, on the basis of the 50-50 formula, breaks the respectable understanding that has brought about excellent results both for the government and the industry."

Diez's answer was brief but blunt: "It is inadmissible to pretend that the Government reconsidered the measures you have mentioned, which were adopted through an act of sovereignty and after careful and thorough study. Such measures shall be maintained in its entirety." In addition to this response, Haight was denied a visa so he could not return to Venezuela, having travelled to the United States.

1. Former Deputy Minister of Hydrocarbons of the Ministry of People's Power for Energy and Petroleum, and currently Governor of Venezuela to OPEC.  
2. Lawyer, journalist, writer, oil researcher, and anti-imperialist fighter.





Union and Solidarity

# ALBA:

a light in the horizon for the good life of the people

by Wendy Beltrán

**The consolidation of a geopolitical, economic, social, cultural and ideological space transcended its beginnings as an alternative and development proposal to become a major Latin American and Caribbean regional mechanism focusing on the preservation of life on the planet**

After 10 years of its creation, the Bolivarian Alternative for the Peoples of our America (ALBA) shows tangible results for the construction of the Great Fatherland dreamed by the Liberator Simón Bolívar. This proposal has become the most effective bonding tool in terms of regional integration processes in Latin America.

Bolivia, Nicaragua, Dominica, Antigua and Barbuda, Ecuador, Saint Vincent and the Grenadines, Cuba and Venezuela make up this initiative whose fundamental objective is to take advantage of the fundamental strengths of member countries to generate the structural transformation and a system of relations needed to achieve development and the existence of sovereign and fair nations, provide good living, ensure the continuity of life on the planet and challenge the capitalist model of exploitation, domination and extermination, promoted by the imperialist countries.

In December 2001, Commander President Hugo Chávez put forward the idea of the Bolivarian Alternative for the Peoples of the Americas at the Third Summit of Heads of State and Government of the Association of Caribbean States, held on the island of Margarita. Three years later, on December 14, 2004 this proposed economic, social, political and cultural integration was officially established as an institution.

#### **Breaking business schemes**

The creation of grand-national companies – a political concept that involves overcoming national barriers to strengthen local capacities, while respecting sovereignty, represents a significant step forward to challenge the neoliberal model of multinationals, because their vision is oriented towards coordinating strengths in specific areas depending on the development of peoples, unlike the globalizing corporations, whose priority is to

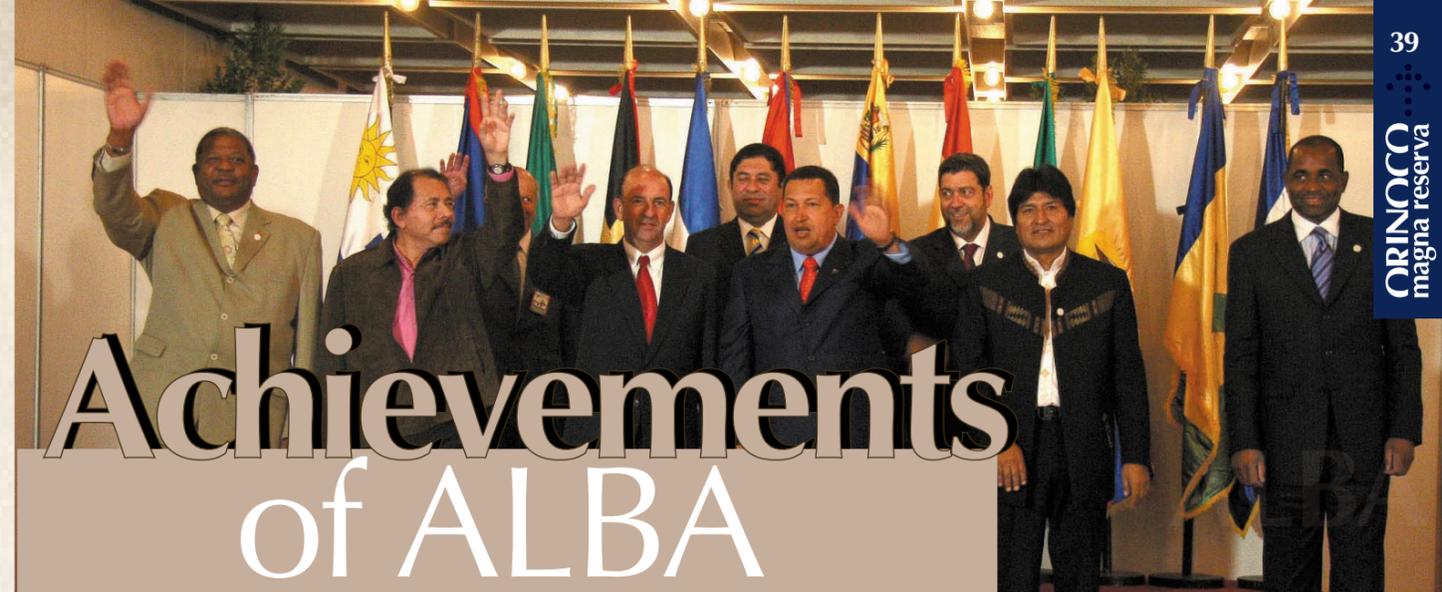
obtain profit at any environmental, human, political or social cost.

To date, more than 40 joint projects and grand-national companies in various areas such as forestry, cement, food processing, tourism, transportation, telecommunications, water, sanitation and watershed management, import and export (Albaexim), mining and metallurgy, aluminum, iron and steel are operating.

Regarding education, literacy and post literacy was achieved, and the University of the Peoples of the ALBA (UNIALBA) was built. Projects are being developed for distribution and marketing of pharmaceuticals, clinical, and genetic and psychosocial studies for disabled people, ALBA Satellite, Cultural ALBA, and the creation of the School of Film and Television of ALBA, to mention a few.

Another key aspect of this initiative is the humanist view whereby the benefit to improving the quality of life of humans prevails over mercantilist interests. While the imperial proposals advocate only for the free movement of goods and merchandise, ALBA promotes the free movement of people as a human right that allows the true knowledge of our people through culture, rapprochement, and mutual recognition.

To this goal, social movements effectively articulated assume an active role in the international arena, and, together with the governments of member states, construct a multipolar world and participate in the fight against interventionism and war, the defense of Mother Earth's rights and the human rights of workers and indigenous populations.



(Source: Executive Secretary of the ALBA)

### Energy solidarity

Within this geostrategic block that ALBA has become is a project to create a grand-national energy, oil and gas company allowing energy integration for the benefit of peoples and their development, ensuring the steady supply of energy for the benefit of Latin American and Caribbean societies, through mechanisms such as Petrocaribe, which allows access to energy in concessionary terms.

"Petrocaribe is a successful example of energy union, in fact, a mechanism as powerful has not been established after the Organization of Petroleum Exporting Countries (OPEC)," said Amenotep Zambrano, Executive Secretary of ALBA.

The energy sector has made significant strides. On April 29, 2007 the ALBA Energy Treaty was signed, to achieve union in this area and ensure the stable supply of products for the benefit of the great Latin American and Caribbean social majorities. Their fields of actions are oil, gas, electricity, alternative energy and finding mechanisms to encourage savings.

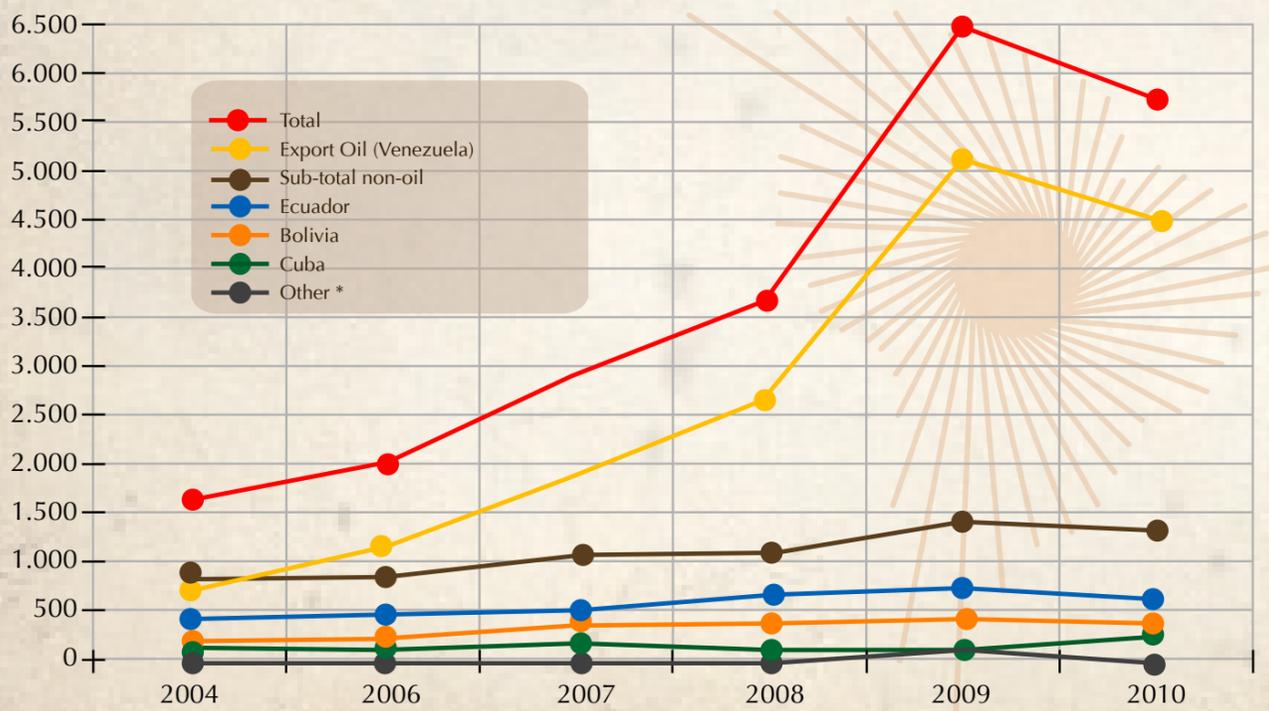
It also created the Grand National Energy Company for the operation of oil, gas, refining, petrochemical, construction of this industry's infrastructure. It also focuses on aspects of electricity, alternative energy and shipping.

Moreover, the Bolivarian Alternative for the Peoples of Our America has an Energy Board comprised of Energy Ministers from each member nation, which sets the guidelines for solidarity and complementarity on all issues.

The ALBA has transcended as a pro-independence and revolutionary trend which has now united our peoples of South America, Central America and the Caribbean in a geopolitical, economic, social, cultural and ideological block, after almost ten years, ten Presidential Summits, and seven Special Summits formed a regional block that promotes innovative projects for the development of member nations, respecting their idiosyncrasy and self-determination.

- After the withdrawal of Venezuela from the Andean Community of Nations, the ALBA became the 2nd block of greater importance in Latin America.
- According to a recent report by the ALBA, the GDP of its members reached \$465 million.
- Since its inception, ALBA has had an exchange of more than \$22 billion, second only to Mercosur.
- Trade between Venezuela and ALBA member countries increased from \$706 million in 1996-2003 to \$3,967 million in 2004-2008, a 5.6 increase.
- Since 2004 there has been a significant increase in Venezuelan oil exports to the countries of ALBA.
- With SUCRE (Unitary System of Regional Payment Compensation) trade transactions have improved.
- The greatest growth of Venezuelan purchases, according to a report from the National Institute of Statistics, took place between 2006 and 2010, when Venezuela's imports from Ecuador totaled 2.6%, followed by purchases to Cuba with an increase of 0.14%, Nicaragua 0.14% and Bolivia 1.3%.
- By 2006 and without the creation of the SUCRE, imports increased from \$639 million in 2006 to \$1.4 billion in 2010. This means that total imports of the ALBA, the figures for Venezuela showed an increase of 2.1% in 2006 to 4.9% during the first quarter of 2010.

## The growing trade balance of the Alliance



\*Other: Antigua and Barbuda, St. Vincent and the Grenadines, Dominica and Nicaragua.

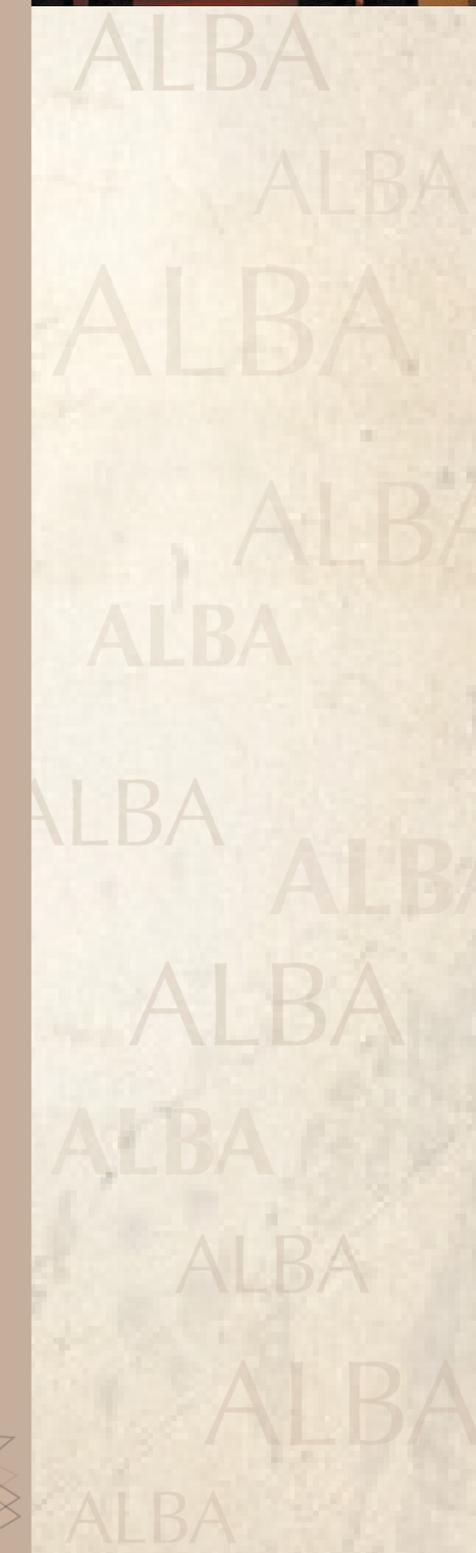
SOURCE: Venezuela's National Institute of Statistics / Correo del Orinoco

## Social

- **Literacy Plan:** More than 3 million people now read and write.
- **Miracle Mission:** 1,900,000 people from 17 countries have recovered their vision with this program, including 1,000,000 Venezuelans.
- **Latin American School of Medicine:** More than 1,730 youth from 70 countries, that have been awarded full grants will graduate as doctors to practice this profession in solidarity and humanism.
- **ALBA Cultural Fund - ALBA Houses:** Distributes cultural goods and services as a mechanism for rapprochement between nations.
- **ALBA TV, Radio South, Telesur:** Media outlets created to inform the people of South America about their own realities, with independent point of views.
- **ALBAMED:** More than 500 drug formulations will be produced for distribution at low prices in the ALBA zone.
- **PESCALBA:** ALBA's Socialist Industrial Fisheries Joint Venture, to promote fish production as an effort of peoples to socialize it. It has its own fleet of fishing vessels and boats, such as the "Bolívar" and "Martí" boats.
- **International Telecommunication System ALBA-1:** The undersea fiber-optic cable from Venezuela arrived in Cuba in February and will expand to Jamaica, bringing a more efficient telecommunications service for data transmission. This will break the blockade against Cuba in this field.
- **Care for disabled people:** Until 2010, about 750,000 people were censused and looked after. 40,861 prostheses were delivered and 166,564 consultations were carried out, and a study conducted by 72,000 researchers.

## Economic

- **ALBA Bank:** This entity builds the financial sovereignty to serve the peoples of South America and offers financial support to projects that promote the development of the region of ALBA.
- **Unitary System of Regional Payment Compensation:** The Sucre is a mechanism of joint and complementary economic and financial assistance for the promotion of fair trade between the ALBA countries, including traditionally excluded sectors.
- **Treaty of Commerce of the Peoples:** An agreement for the unification of common economic policies, ensuring that workers truly benefit from their hard work.
- **Food sovereignty:** it promotes the financing of agro-productive projects that strengthen the food security of member nations.
- **Energy security:** Boost energy union to improve the quality of life of the population.



Examples of terror and death

# Imperial interventions

Brief account of some attacks against peoples who have decided to take the path towards development based on independent and sovereign management of their own resources



## 1945-49. China

United States intervenes in a civil war in favour of Chiang Kai-shek, Chinese Nationalist Party leader against the Red Army of Mao Zedong.

## 1947-48. Italy

United States interferes in the elections to prevent the Communist Party from coming to power legally, with the stated purpose of "saving democracy" in that country.

## 1947-49. Greece

United States participates in the civil war taking sides with royalists against the Greek left which had fought the Nazis.

## 1945-53. Philippines

U.S. military forces fighting against leftist Huks (armed wing of the first Communist Party of the Philippines), while they were still fighting Japanese invaders.

## 1950-1953. Korean War

U.S. and UN multinational troops intervene in the military conflict between North Korea and South Korea. U.S. President Harry Truman ordered without congressional authorization, the use of U.S. Air Force in the conflict.

## 1945-53. South Korea

After World War II, the United States suppressed progressive popular forces in favour of the conservatives who had collaborated with the Japanese.

## 1953. Iran

United States and England conspired in Iran to overthrow Iranian Prime Minister Mohammad Mossadegh, who had nationalized the only oil company (British) operating in the country.

## 1953-1990. Guatemala

A coup d'état, orchestrated and financed by the

CIA, overthrew the progressive government, elected democratically, of Jacobo Arbenz, who nationalized the American company United Fruit Company.

## 1959. Cuba

Fidel Castro came to power in early 1959. A meeting of the National Security Council of the United States on 10 March, 1959 included in its agenda the possibility of "installing a different government in Cuba." For over 50 years of economic embargo and political isolation there have been terrorists, biological attacks and military invasions.

## 1961-64. Brazil

President João Goulart took an independent stand in foreign policy by establishing relations with socialist countries and opposing sanctions against Cuba, his administration passed a law limiting the amount of profits repatriated by multinationals; nationalized a subsidiary of ITT, promoted economic and social reforms. In 1964 he was overthrown by a military coup instigated by the U. S.

## 1963-66. Dominican Republic

In February 1963, Juan Bosch became the first democratically elected president in the Dominican Republic since 1924. Bosch proposed land reform, low-rent housing, a modest nationalization of business. Bosch was expelled in September. Nineteen months later, a popular uprising sought to restore Bosch in power by bringing him from exile. The United States dispatched 23,000 troops to the island to crush the rebellion.

## 1965. Indonesia

A complex set of events, including an alleged coup d'état attempt, a counter coup, with the American handprint at various points, resulted in the ousting of Achmed Sukarno and his replacement by a military junta led by General Suharto. The estimated number of deaths in a few years went from half a million to more than one million people.

## 1964. Greece

George Papandreou was elected in February

1964 with the only overall majority seen in the modern electoral history of Greece. A coup d'état in April 1967 prevented the re-election of Papandreou as Prime Minister.

## 1973. Chile

General Augusto Pinochet took power in a coup d'état supported by the Central Intelligence Agency (CIA) against socialist President Salvador Allende. More than three thousand people were executed, thousands more tortured and disappeared.

## 1978-79. Nicaragua

After the Sandinistas overthrew the Somoza dictatorship in 1978 U.S. intervention, under the presidency of Jimmy Carter, adopted diplomatic and economic means and during the administration of Ronald Reagan, violence was the method chosen. For eight terrible years the people of Nicaragua were besieged by the Contras. It was an all-out war intended to progressively sap all social and economic programs of the government, burning hospitals and schools, kidnapping, torturing, laying landmines and bombing violently.

## 1979-84. Grenada

Destabilizing tactics of the United States against the government of Maurice Bishop began in 1979 and continued until the U.S. invasion and his death in October 1983.

## 1989. Libya

U.S. planes shoot down two Libyan fighter jets in Libya's airspace, bombarding the nation, killing at least 40 people including Muammar Gaddafi's daughter. There have been several assassination attempts against him, attempts to oust him, a massive disinformation campaign, economic sanctions and blaming Libya, without any clear evidence, of the bomb planted on Pan Am flight 103.

## 1989. Panama

U.S. invades Panama to kidnap Manuel Noriega, Panamanian head of state, former Washington ally. The Chorrillo neighborhood is destroyed with thousands of deaths and missing people.

## 1990. Iraq

Bombing for more than 40 days and nights to one of the most advanced nations of the Middle East, devastating its ancient and modern capital city, thousands of bombs falling on the people of Iraq, the most concentrated aerial attack in world history, weapons pouring uranium incinerating people, causing cancer; explosion of biological chemical weapons depots and oil fields, poisoning the atmosphere to a degree perhaps never reached anywhere else, deliberately burying soldiers alive, destroyed infrastructure, with terrible health implications; permanent sanctions to this day increased health problems, with one million children and even more adults dying as a result.

## 1980-92. El Salvador

The presence of U.S. forces in El Salvador was limited to training, but in reality the military and CIA personnel played a much more direct role. The war officially ended in 1992: 75,000 civilians killed by military, police and members of death squads of the extreme right.

## 1991-2001. Yugoslavia

Yugoslavia Wars were a series of conflicts fought in the Balkans between 1991 and 2001. They saw two sets of successive wars affecting all six former Yugoslav republics (Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia). U.S. bombed the country bringing it back to a preindustrial era.

## 2001-2011. Afghanistan

U.S. and NATO intervened in Afghanistan to capture Osama Bin Laden and dismantle Al Qaeda. Military operations began on 7 October, 2001, shortly after the attacks of 11-S. To date it has killed thousands of innocent civilians. It is unclear if after the alleged death of Bin Laden the invading forces will continue to occupy this country.

## 2002. Venezuela

The CIA financed, prepared and executed along with Venezuelan opposition a military coup against the president of the Bolivarian Republic of Venezuela, Hugo Chávez. He returned to power in less than 48 hours, thanks to

the people organized and mobilized with the Army. U.S. interference through media campaigns prepared by the private media outlets and financing terrorist groups and opposition coup has been an ever-present feature in the 13 years of the Bolivarian Revolution.

## 2003-2011. Iraq

The invasion of Iraq, between 20 March and 1 May, 2003, was conducted by a coalition of countries led by the United States. Other nations were involved in the later phase of occupation. According to the U.S. President, George W. Bush, one of the reasons for the invasion was to free Iraq of weapons of mass destruction. It was confirmed after the immoral invasion that such weapons never existed.

## 2004. Haiti

In his third term as president from 2001 to 2004 (second constitutionally), Jean-Bertrand Aristide took a turn toward left-wing politics with the restoration of diplomatic relations with Cuba and a rapprochement to Venezuela, to the antipathy of the U.S. and some sectors of the country supported by the Secretary for Latin American Affairs Otto Reich. On 29 February, 2004 the United States, in a military intervention and with the help of France, kidnapped the President and sent him to South Africa.

## 2009. Honduras

The conservative forces of Honduras subjected President Manuel Zelaya to increasingly frequent attacks for his growing relationship with the ALBA countries, particularly Venezuela and President Hugo Chávez. Finally Zelaya was kidnapped by soldiers and flown to Costa Rica. United States endorsed the coup.

## 2011. Libya

According to the decision of the UN Security Council, the most recent attack on an oil producing country is under the argument: "to stop the killing of civilians" and restore "human rights". To intervene, the United States and European Union accuse the government of Muammar al-Gaddafi of bombing the population, an accusation that has not been possible to be verified.

by Hildegard Rondón de Sansó

# Arbitration bodies Regulations

Through the International Investment Arbitration, a state may be sued by private investors operating in its territory and at the same time, nationals of other States, with which they have entered into bilateral investment treaties.

The principle of immunity of jurisdiction, would prevent sovereign states from being sued by individuals, but with the formula devised for International Investment Arbitration, this rule has been displaced when the above mentioned take place.

## The Convention

The most important of the Treaties concerning the International Investment Arbitration for Central and South America, is the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, which is called "the Convention". This Agreement created the International Centre for Settlement

of Investment Disputes (ICSID) to provide facilities for conciliation and arbitration of investment disputes between States signatory to the Convention and nationals of other States.

The Convention was drafted by the executive directors of the International Bank for Reconstruction and Development (World Bank), who submitted the project to the member governments of the institution. It entered into force on 14 October, 1966 and was ratified by 20 countries. Currently there are 157 signatories, and 144 countries have deposited their instruments of ratification.

The ICSID headquarters are located at the World Bank's main office and is composed of an Administrative Council and a Secretariat. The Board comprises one representative from each Member State, and is presided ex-officio by the World Bank's president.

The Administrative Council sets the rules on conciliation and arbitration. To the effects of its implementation the ICSID maintains a list of Conciliators and a list of Arbitrators. The lists consist of names of people who are considered with high moral standing and recognized competence in the fields of Trade, Industry and Finance, and inspire confidence in the world of law, with four designations for each Contracting State.

## Conciliation and Arbitration

Conciliation is the act of a commission (of conciliators) intended to clarify the issues in dispute between the parties and reach a compromise between them, under mutually acceptable terms.

Arbitration is the process whereby one or more individuals, called arbitrators, appointed by the parties in the dispute, solve such dispute by a procedure, through the rendering of "the award."

Although the Convention provides that the Arbitral Tribunal is established with a sole arbitrator or an uneven number of

arbitrators, generally, the formation is threefold: one by each party and a third party appointed by them, or in its absence by the Chairman of ICSID.

## Rules of Procedure

An Arbitral tribunal is governed by the rules relating to the arbitration proceeding of ICSID, which establish the constitution of the Tribunal. This involves a prior agreement between the parties.

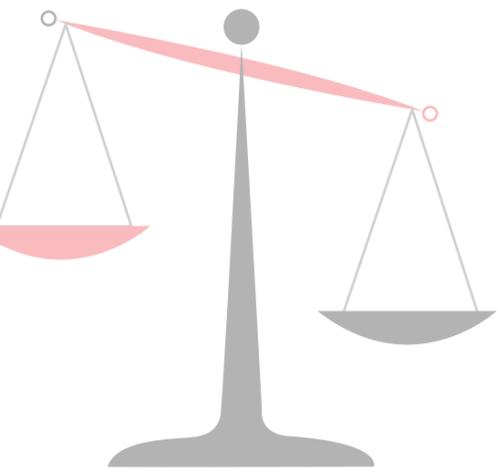
In addition to the constitution of the Tribunal, the rules provide for the replacement of arbitrators due to disability, waiver, or disqualification. It also regulates the rules regarding the court's operation, i.e., the rules for sessions, meetings and deliberations of its members and, finally, govern the decisions of the court.

With regard to the general provisions of the proceeding as the preliminary procedural consultation, the preliminary hearing, the languages to be used in the proceeding, copies of documents, supporting documentation, error correction

## Cases of ICSID jurisdiction

### The jurisdiction of the International Centre for Settlement of Investment Disputes operates under the following circumstances:

- a) Disputes arising directly from an investment between a Contracting State and a national of another Contracting State.
- b) To be subject to the jurisdiction of the Centre the disputes should be of legal nature.
- c) The dispute should arise directly from an investment in the Contracting State by a national of another Contracting State.
- d) Contracting States have consented in writing to submit to ICSID disputes filed against them.
- e) The consent, once given, may not be unilaterally withdrawn.
- f) "National of another Contracting State" means a natural person who, (on the date on which the parties consented to submit the disputes to conciliation or arbitration, and the date the request was registered for conciliation or arbitration) is a national of a Contracting State other than the State party to the difference.
- g) "National of another Contracting State" means the legal person that, on the date on which the parties consented to the jurisdiction of the Centre to settle the dispute, is a national of a Contracting State other than the State party to the difference.



and the cost of the proceeding should be pursuant to the ICSID rules.

### Duration of an arbitration proceeding

To answer this question, one has to bear in mind that the arbitration proceeding being conducted is different from a proceeding in state headquarters, since they are submitted before a judge already constituted, i.e., a civil servant paid by the State that does not charge the parties concerned for the service and is not designated by them.

An international arbitral tribunal is formed by the will of the parties, this process is being very slow and complex, since the parties have to choose the arbiter considered by them as credible and respectable, and that means that they will study the list and curricula of potential arbitrators.

Since international arbitration basically concerns business disputes of private investors against a host state, the latter will carefully choose an arbitrator that as far as possible has been previously appointed as arbiter of States.

### Difference between arbitration and national jurisdiction

Indeed, it should be noted that conceptually there is a difference between the arbitrator of a company and the arbitrator of States. Although there is no rule that makes this distinction, the arbitrator of companies has a mentality inclined towards private law and the predominance of the principle of autonomy in law prevails, inasmuch as the arbitrator of States usually has a greater inclination to public law, i.e., the rules governing the conduct of States and, in one way or another, feels inclined to protect sovereign acts, decisions that are of interest mainly to the generality of subjects and not to private entities.

Moreover, it is clear that unlike a State judge who is awaiting for the case and as soon as the case is presented, promptly examines the case following the rules of procedure, in an arbitration the tribunal shall be chosen by the parties and if there is no agreement between them, there are long procedures to reach an agreement.

Indeed, the arbitrator chosen by either party -whether a State or an Investor- may not be imposed on the other party, but rather, both parties will discuss the proposed candidates, in an effort to find conditions of fairness and good legal or technical training in each of them.

### The International Chamber of Commerce

The International Chamber of Commerce was set up in 1919 in Paris, where its headquarters remain to this day. Upon the creation of the United Nations, the ICC became an advisory body of said organization and its specialized agencies and international organizations such as the World Trade Organization, the International Monetary Fund and the European Commission and other agencies of equal importance.

This Court is composed of 75 members, from more than 55 countries, and is responsible for organizing and supervising the arbitrations that are conducted under the Rules of Arbitration of the International Chamber of Commerce.

### The International Court of Arbitration

The ICC created several agencies to facilitate trade and foreign investment, among which is the International Court of Arbitration founded in 1923 and with its headquarters also in Paris. The International Court of Arbitration monitor arbitration processes that are taking place at the International

Chamber of Commerce and is responsible for the appointment and confirmation of arbitrators as well as to decide the objections that are filed against it. It is also in charge of reviewing and approving the arbitration decisions and determining the fees of the arbitrators.

It is worth noting that in a technical sense the International Court of Arbitration is not a tribunal since its mission is only to ensure the implementation of the Rules of Arbitration. The Court does not itself settle disputes submitted to arbitration, which corresponds to the arbiters, but oversees the process from the initial application to the final award.

The Court regularly monitors the conduct of the trial and decides on the possibility of taking measures to ensure the progression of the arbitration. For that purpose closely monitors each case and receives copies of all documents and communications exchanged between the parties and arbitrators.

An important role of the Court is to carry out a "previous review of arbitration awards." Indeed, under ICC regulations, no award shall be rendered by the arbitration court before being approved as to its form by the Court. It may also draw attention to some points related to the merits of the dispute, respecting the freedom of decision of the arbitration court.

This examination gives the parties a supplementary level of protection unlike other institutions, since arbitration awards are not subject to appeal.

Arbitration may also be governed by the rules of UNCITRAL: the United Nations Commission on International Trade Law, a subsidiary body of the United Nations with the mandate to further the unification of the law of international trade.

