

The Venezuela Situation in a Nutshell

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Crude Oil Price¹

	1998	1999	2000	2001	2002	2003	2004	2005*	2006+
US\$/barrel	10.57	16.04	25.91	20.21	21.95	25.76	32.88	48.37	56.88

* Value corresponding to December 9, 2005

+ Crude oil price (year-average)

Crude oil price (November 20 to 24): 49.23 US\$/barrel

Exports: 2.4 Millions barrel a day, 1st Quarter 2006 average (PDVSA Newsletter, August 2006)

Corruption Perceptions Index (CPI) 2006² Transparency International

	2005 (159 nations surveyed)	2006 (163 nations surveyed)
CPI score*	2.3	2.3
Country Rank	130	138

* CPI Score relates to perceptions of the degree of corruption as seen by business people and country analysts, which ranges between "10" (highly clean) and "0" (highly corrupt).

World press freedom ranking 2006 Reporters without Borders

	2004 (167 countries analyzed)	2005 (167 countries analyzed)	2006 (168 countries analyzed*)
Rank	90	93	115

The index measures the state of press freedom in the world.

*Reporters Without Borders compiled a questionnaire with 50 criteria for assessing the state of press freedom in each country. It includes every kind of violation directly affecting journalists (such as murders, imprisonment, physical attacks and threats) and news media (censorship, confiscation of issues, searches and harassment).

Human Development Report 2006 United Nations Development Programme

	2001 (HDI refers to 1999)	2004 (HDI refers to 2002)	2005 (HDI refers to 2003) (177 countries analyzed)	2006 (HDI refers to 2004) (177 countries analyzed)
HDI* Rank	61	68	75	72

* HDI: Human Development Index.

The HDI is a summary composite index that measures a country's average achievements in three basic aspects of human development: longevity, knowledge, and a decent standard of living. Longevity is measured by life expectancy at birth; knowledge is measured by a combination of the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio; and standard of living by GDP per capita (PPP US\$).

¹ INE - Venezuelan National Institute of Statistics, Venezuela Department of Energy & PDVSA

² Transparency International (TI)

Growth Competitiveness Index (GCI) rankings 2006-2007 World Economic Forum³

	2002	2003	2004	2005	2006 (125 countries analyzed)
GCI Rank	68	82	85	84	88
GCI-2006 Score	--	--	3.30	3.22	3.69

GCI identifies "nine pillars": Institutions Infrastructure, Macroeconomy, Health and primary education, Higher education and training, Market efficiency, Technological readiness, Business sophistication & Innovation.

The Business Competitiveness Index (BCI) 2006 World Economic Forum³

	2001	2002	2003	2004	2005	2006
BCI Ranking	65	73	83	86	91	93
Company operations and strategy ranking	67	73	74	83	85	81
Quality of the national business environment ranking	65	72	84	88	92	94

The BCI specifically measures two areas that are critical to the microeconomic business environment in an economy: the sophistication of company operations and strategy, as well as the quality of the overarching national business environment in which they are operating.

2006 Index of Democratic Development (IDD-Lat) The Konrad Adenauer Foundation⁴

Country	2005 Index (18 countries analyzed)	2006 Index (18 countries analyzed)
Chile (Rank 1)	10,435	10,796
Venezuela	2,581 (Rank 17)	2,720 (Rank 16)

The 2006 index is calculated based on the measuring of four dimensions of democratic development: basic conditions of democracy; respect for political rights and civil liberties; institutional quality and political efficiency, and effective exercise of power to governing.

³ World Economic Forum - Global Competitiveness Report 2006-2007- Global Competitiveness Index rankings and 2005 comparisons

⁴ Idd-lat.org

2006 Index of Economic Freedom The Heritage Foundation⁵

Rank (161 countries analyzed)	Score (category repressed, score: 4 - 5)	Category
152	4.16	Repressed

Low scores are more desirable. The higher the score on a factor, the greater the level of government interference in the economy and the less economic freedom a country enjoys.

Present and Past Score (Index of Economic Freedom)

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Score	3.48	3.43	3.38	3.78	3.93	3.76	4.23	4.09	4.16

Economic freedom is defined as *the absence of government coercion or constraint on the production, distribution, or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself*. In other words, people are free to work, produce, consume, and invest in the ways they feel are most productive.

To measure economic freedom and rate each country, the authors of the *Index* study 50 independent economic variables. These variables fall into 10 broad categories, or factors, of economic freedom: Trade policy, Fiscal burden of government, Government intervention in the economy, Monetary policy, Capital flows and foreign investment, Banking and finance, Wages and prices, Property rights, Regulation, and Informal market activity.

Globalization Index 2006⁶

Country	2005 GI Rankings	2006 GI Rankings
Singapore	1	1
Switzerland	3	2
United States	4	3
Panamá	24	21
Chile	34	34
Venezuela	55	59

The A.T. Kearney/FOREIGN POLICY Globalization Index is the first comprehensive empirical measure of globalization and its impact. It measures 12 variables, which are divided into four baskets: economic integration, personal contact, political engagement, and technological connectivity. The data represent 62 countries, accounting for 96 percent of the world's gross GDP and 85 percent of its population.

⁵ Heritage.org

⁶ The A.T. Kearney/FOREIGN POLICY Globalization Index

Freedom House – Freedom in the World 2006⁷

	2005	2006
Political Rights (PL)*	3	4
Civil Liberties (CL) *	4	4
Freedom Rating	Partly Free	Partly Free

* A rating of 1 indicates the highest degree of freedom and 7 the least amount of freedom. Freedom House measures freedom according to two broad categories: political rights and civil liberties. Political rights enable people to participate freely in the political process, including through the right to vote, compete for public office, and elect representatives who have a decisive impact on public policies and are accountable to the electorate. Civil liberties allow for the freedoms of expression and belief, associational and organizational rights, rule of law, and personal autonomy without interference from the state.

Freedom House - Freedom of the Press 2006⁷ Global Press Freedom Rankings

	2004 (193 countries analyzed)	2005 (194 countries analyzed)	2006 (194 countries analyzed)
Rank	150	158	158
Rating	68	72	72
Status	Not Free	Not Free	Not Free

The examination of the level of press freedom in each country is divided into three broad categories: the legal environment, the political environment, and the economic environment. The degree to which each country permits the free flow of information determines the classification of its media as "Free," "Partly Free," or "Not Free." Countries scoring 0 to 30 are regarded as having "Free" media, 31 to 60, "Partly Free" media, and 61 to 100, "Not Free" media.

Ease of Doing Business Rank 2007 – Economy Rankings⁸

2007 Rank	2006 Rank	Starting a Business	Dealing with Licenses	Employing Workers	Registering Property	Getting Credit
164	144	129	98	165	75	143

2007 Rank	2006 Rank	Protecting Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Closing a Business
164	144	162	167	116	129	144

The ease of doing business index ranks economies from 1 to 175, with first place being the best. A high ranking on the ease of doing business index means the regulatory environment is conducive to the operation of business. This index averages the country's percentile rankings on 10 topics, made up of a variety of indicators, giving equal weight to each topic.

⁷ Freedom House

⁸ The World Bank and the International Finance Corporation (IFC), the private sector arm of the World Bank Group

Worldwide Governance Indicators (WGI): 1996-2005⁹

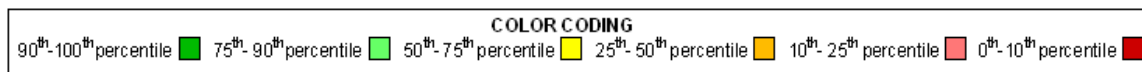
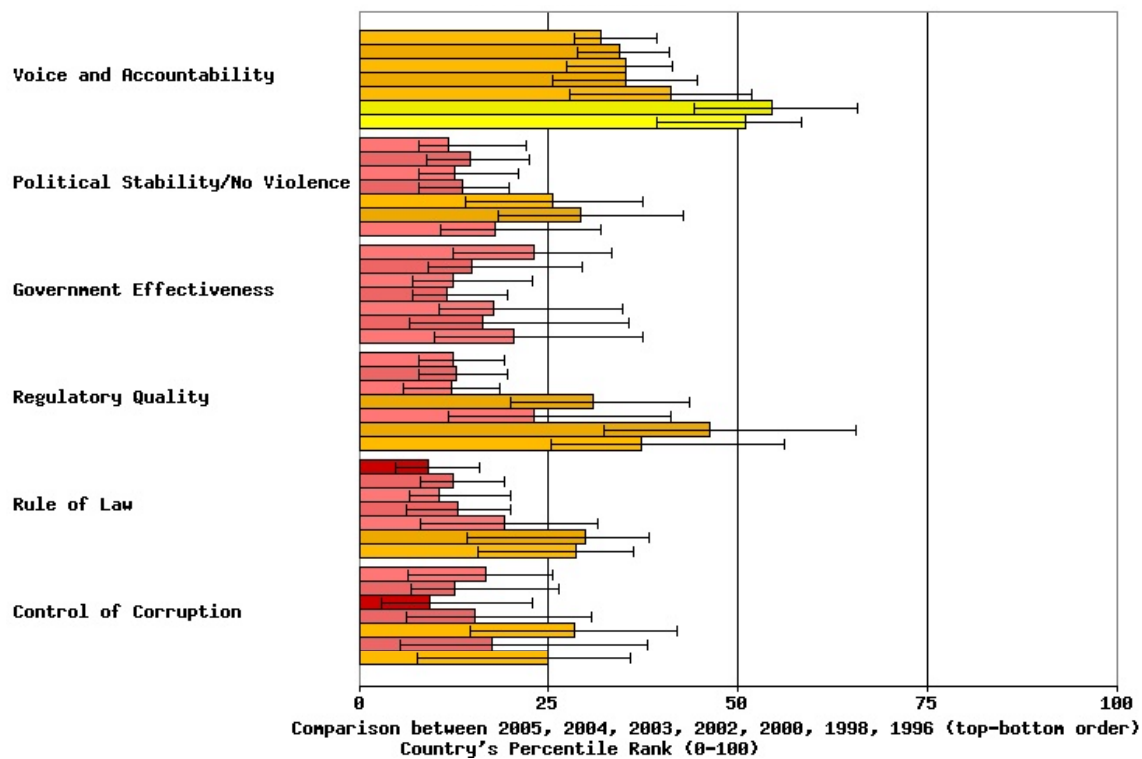
(Released - September 2006)

End-2005 percentile rank	VA	PS	GE	RQ	RL	CC
VENEZUELA	32	12	23	12	9	17

Country's Percentile Rank (0-100) - Higher values indicate better governance ratings.

Colors are assigned according to the following criteria: Dark Red, below 10th percentile rank; Light Red between 10th and 25th; Orange, between 25th and 50th; Yellow, between 50th and 75th; Light Green between 75th and 90th; Dark Green above 90th.

The indicators measure six dimensions of governance: voice and accountability (VA), political stability and absence of violence (PS), government effectiveness (GE), regulatory quality (RQ), rule of law (RL), and control of corruption (CC). They cover 213 countries and territories for 1996, 1998, 2000, and annually for 2002-2005. The indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 31 separate data sources constructed by 25 different organizations.



⁹ Source: Kaufmann, Daniel, Aart Kraay and Massimo Mastruzzi (September 2006), "Governance Matters V: Governance Indicators for 1996-2005" World Bank Policy Research Working Paper, and "A Decade of Measuring the Quality of Governance", September 2006



Kidnappings and Homicides¹⁰

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Number of Kidnappings	74	59	50	44	67	113	201	277	260	263
Number of Homicides	4961	4225	4560	5974	8021	6432	9244	11342	9719	13200

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Number of Kidnappings	32	37	25	27	35	--	44	57	58	51
Number of Homicides	1501	1485	1709	2419	2474	2502	3366	4292	4733	4481

The United Nations reported last year that Venezuela has the highest number of deaths by gunfire per capita in the world, followed by Brazil and the U.S. commonwealth of Puerto Rico.

Food deprivation¹¹

Food and Agriculture Organization of The United Nation (FAO)

Number of undernourished persons (millions)							
Country Name	1969-1971	1979-1981	1990-1992	1993-1995	1995-1997	2001-2003 provisional	2002-2004 preliminary
Venezuela	1.5	0.6	2.3	--	3.4	4.5	4.7
Prevalence of undernourishment in total population (%)							
Country Name	1969-1971	1979-1981	1990-1992	1993-1995	1995-1997	2001-2003 provisional	2002-2004 preliminary
Venezuela	14	4	11	--	15	18	18

Venezuela has a moderate level of undernourishment; 18 percent of the population is undernourished. Both the proportion and the number of undernourished people have increased from 1990-92, benchmark period of the World Food Summit (WFS) and the Millennium Declaration (MD), to 2002-04, the latest period available.

Proportion of undernourishment (%)			
	1990-1992	1995-1997	2002-2004
Venezuela	11	15	18
South America	14	10	9
Latin America and the Caribbean	13	11	10

The prevalence of undernourishment in Venezuela is higher than in South America and Latin America and the Caribbean. *Undernourishment refers to the condition of people whose dietary energy consumption is continuously below a minimum dietary energy requirement for maintaining a healthy life and carrying out a light physical activity.*

¹⁰ Municipality of Chacao, Venezuela: *Situation of the Violence in Venezuela - 2006*

¹¹ Food and Agriculture Organization of The United Nation (FAO), *Food Security Statistics, October 2, 2006*



Poverty¹²

The Venezuelan National Institute of Statistics (INE) published poverty statistics. However this source is not reliable because the data is manipulated based on government desire. The INE changed Venezuela's official poverty figures, after Chavez said they reflected the international "neoliberal" standards of measuring poverty (2005). Today, the INE numbers, calculated under the new methodology, show that poverty has fallen to 33.9% (first semester of 2006). INE numbers also show that extreme poverty has fallen from 25% in 2003, to 15.3 in 2005, and to 10.6% during the first semester of 2006.

The Poverty Project of the Andrés Bello Catholic University (UCAB) places the poverty level over 55%¹³

¹² INE - Venezuelan National Institute of Statistics

¹³ Fernando Luis Egaña, 05/15/2005, "La pobreza del INE", *Analítica.com*

Human Rights Watch World Report 2006

Hugo Chavez and his majority coalition in Congress have taken steps to undermine the independence of the country's judiciary by packing the Supreme Court with their allies. They have also enacted legislation that seriously threatens press freedoms and freedom of expression. Several high profile members of civil society have faced prosecution on highly dubious charges, and human rights defenders have been repeatedly accused by government officials of conspiring against the nation. Police violence, torture, and abusive prison conditions are also among the country's most serious human rights problems - *Human Rights Watch*

Amnesty International - Report 2006

- **Police brutality**

There were continuing reports of human rights violations by the police, including unlawful killings of criminal suspects. In most cases an investigation was not opened and the alleged perpetrators were not brought to justice. According to statistics published by the Public Prosecutor's Office in July, between 2000 and mid-2005, more than 6,100 people were killed by police in 5,500 incidents. Of the nearly 6,000 police officers implicated, only 517 were charged and fewer than 250 were under arrest.

- **Lack of independence of the judiciary**

The failure of the judiciary and the Public Prosecutor's Office to guarantee impartial and effective redress mechanisms for victims of human rights violations undermined their credibility.

- **Human rights defenders**

Human rights defenders continued to face harassment and intimidation.

- **Freedom of expression**

Administrative and tax proceedings were allegedly used to restrict freedom of expression.

- **Economic, social and cultural rights**

Persistent social and economic inequalities continued to limit access to the economic and social rights of Afro-descendants and indigenous peoples.

The Inter-American Press Association (IAPA)

IAPA condemns violation of rights in Venezuela, October 3, 2006 - *El Universal*

The Inter-American Press Association (IAPA) closed its 62nd annual assembly in Mexico by condemning "reiterated" violation by President Hugo Chavez's Government of the principles of freedom of speech and right to information, as provided for under the Universal Declaration of Human Rights, and ratified its support to reporters and media, hoping that Venezuela restores respect for the rules.

In its final resolution on Venezuela, IAPA rejected "murders, aggressions, intimidation and discrimination against independent reporters and media."

IAPA stated that democratically elected government are taking the same moves against the media "the military dictatorships used to employ 30 years ago".



**Office of the Special Rapporteur for Freedom of Expression
of the Inter-American Commission on Human Rights**

Press Release 154/06, October 12, 2006

The Office of the Special Rapporteur for Freedom of Expression reiterates that:

- It deploras the murder of the journalist and political leader Jesus Flores Rojas.
- It expresses its concern over the physical aggressions and threats to journalists registered during the quarter, period July 1 to September 30, 2006.
- It expresses its concern over the reopening of the criminal process against journalist Napoleón Bravo for the crime of contempt, for declarations that offended the Supreme Court of Justice.
- It observes that the threat to demolish the headquarters of the newspaper *Correo del Caroní* subsists.
- On the positive side, it highlights the partial cancellation on the part of the Judicial Branch of the censorship imposed on the publication of information related to the case of the homicide of prosecutor Danilo Anderson in 2004.

Center for Security Policy

Newsletter, September 29, 2006

The Danger Posed by Chavez

Unfortunately, neither the White House nor Congress has offered a strategy to deal with the rising threat to the stability of the Western Hemisphere and to the security of some of our most important energy supplies. That threat, posed by the Venezuelan regime and the Cuban security services that prop it up, has included:

- the dismantling of democratic institutions in Venezuela and the construction of a dictatorship built around the cult of personality of Chavez;
- the overthrow of the democratically elected president of Bolivia and his successor, and their replacement with the Caracas-backed head of the coca growers' union;
- other subversion in the region that has caused Mexico and Peru to all but break relations with Venezuela;
- open use of oil as a weapon against the United States and its allies;
- systematic alliance-building with all the countries on the State Department's list of state-sponsors of terrorism, including Iran and North Korea;
- new militarization that includes building factories to manufacture Russian-designed assault rifles, destined to arm pro-Chavez mobs at home and violent groups in other parts of Latin America; and
- an unprecedented buildup of military aircraft supplied by the Russian Sukhoi warplane manufacturer and the French-German-Spanish-Russian EADS aerospace giant.
- Washington has wanted to wish away the Venezuela problem, but the actions of the regime are so alarming that the United States dare not risk ignoring the problem any further