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Report of the *Canada*

MINISTERIAL TRADE DEVELOPMENT MISSION TO VENEZUELA

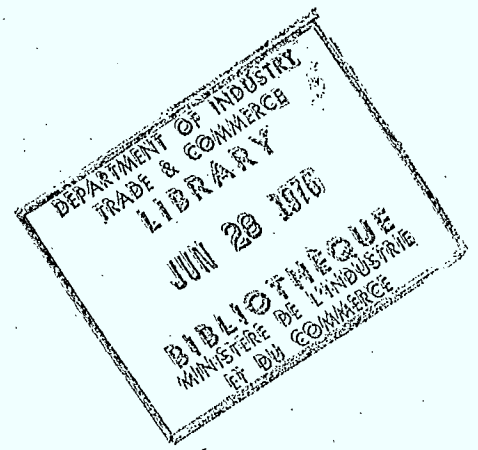
Led by The Honourable Alastair W. Gillespie
Minister of Industry, Trade and Commerce

March 23 to 27, 1975



Industry, Trade
and Commerce

Industrie
et Commerce



REPORT OF THE
MINISTERIAL TRADE DEVELOPMENT MISSION TO VENEZUELA
LED BY
THE HONOURABLE ALASTAIR W. GILLESPIE
MINISTER OF INDUSTRY, TRADE AND COMMERCE
MARCH 23 TO 27, 1975



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BACKGROUND

Canada and Venezuela have a long standing record of maintaining good trade relations. Venezuela has traditionally supplied the major share of Canada's petroleum imports and has in turn received important but smaller volumes of Canadian exports, which have been mainly in the automobile sector.

The energy crisis has accentuated this trade imbalance. Where previously we had an unfavourable balance of trade with Venezuela, it had always been of manageable size. However, in 1974 this ballooning deficit passed the billion dollar mark. In fact our 1974 petroleum imports for Venezuela (1,289,000,000) were worth more than our exports to all of the 20 Latin American republics. This made Venezuela our third most important supplier of redundant imports after the United States and Japan.

Venezuela's surplus with Canada is only part of the whole story. Higher oil prices have increased total government revenue from \$1.9 billion in 1972 to \$10 billion in 1974. Venezuela faces the challenge of utilizing this vast petroleum revenue to develop and diversify its economy. As these plans are implemented they will provide an enormous range of opportunity for increased Canadian exports.

OBJECTIVES OF THE MISSION

The objectives of the mission are to strengthen and support Canada's marketing programs in Venezuela, and to provide an opportunity for Canadian businessmen to demonstrate our interest in developing and intensifying the commercial relations between the two countries and increasing Canadian participation in the Venezuelan market. Direct contact between Canadian and Venezuelan government and business leaders will facilitate discussion of Canadian manufacturing capabilities and technical expertise in relation to Venezuelan requirements for economic development.

STRATEGY

Membership on the Mission was determined with a view to ensuring that as far as possible, a wide range of Canadian capabilities and interests were represented. Members included those from manufacturing, consulting services, mining, food and forestry products and transportation industries as well as investors and academic representatives. Both those firms which had already established themselves in the market and those which were seeking to enter the market were represented.

The program was designed to provide the members with contact with leaders in both government and business. Meetings were arranged with Dr. Manuel Perez Guerrero, the Minister of State for International Economic Affairs, with other Cabinet Ministers closely involved with Venezuela's development plans, trade and foreign investment, with senior government officials and with high-level executives of the Venezuelan business community.

Media representatives accompanied the Mission to observe and report to the Canadian business community at large on potential markets in Venezuela.

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PROGRAM

March 23

- 16:50 Mission arrives in Caracas where it is met by Dr. Manuel Perez Guerrero, Venezuelan Minister of State for International Economic Affairs and representatives of the Canadian Embassy
- 19:30 Mission briefing at our Ambassador's residence
- 21:30 Buffet supper at residence

March 24

- 08:00 Mission breakfast with selected business leaders
- 10:00 The Minister and the mission attend an Inaugural Plenary Session chaired by Dr. Manuel Perez Guerrero, Venezuelan Minister of State for International Economic Affairs
- 11:00 The Minister and the mission call on Fedecamaras, the Venezuelan Federated Chambers of Commerce and Industry
- 15:00 The Minister and the mission call on Dr. José Ignacio Casal, the Venezuelan Minister of Development and receive briefing by Ministry officials
- 16:30 The Minister and party calls on the Venezuelan Minister of State for International Economic Affairs
- 17:45 Briefing of Canadian Press
- 19:30 Reception hosted by the Venezuelan Minister of Development

March 25

- 09:30 The Minister and selected members of the mission call on the Andean Development Corporation
- 11:00 The Minister and selected members of the mission call on the Venezuelan Guayana Corporation
- 15:30 The Minister and party call on Dr. Gumersindo Rodriguez, the Venezuelan Minister of State for Coordination and Planning
- 16:30 The Minister and the mission receive a briefing from officials of the Ministry of Coordination and Planning
- 19:30 Reception hosted by the Minister of Industry, Trade and Commerce.

March 26

- 09:00 Briefing of Canadian press
- 11:00 The Minister meets with the Venezuelan Superintendent of Foreign Investment
- 15:00 The Minister and party meet with the President of the Foreign Trade Institute
- 16:30 The Minister and the mission participate in the Final Plenary Session, chaired by the Minister of State for International Economic Affairs
- 19:30 Reception for the members of the mission hosted by the Canadian Commercial Counsellor, J.E.G. Gibson

March 27

- 08:30 Debriefing breakfast for mission
- 13:00 Mission departs for Ottawa

MISSION REPORT

Mr. Gillespie and the mission were welcomed upon arrival to Venezuela by Dr. Manuel Perez Guerrero, the Minister of State for International Economic Affairs and during the succeeding three days meetings were held with various key Ministries and government organizations. The schedule of appointments included the following:

Dr. Manuel Perez Guerrero - Minister of
State for International Economic Affairs

Dr. Perez chaired the Inaugural Plenary Session in which he and representatives of the various Ministries and organizations that would subsequently be met during the visit, welcomed Mr. Gillespie and the mission to Venezuela. Dr. Perez and Mr. Gillespie both expressed the hope that commercial relations between Venezuela and Canada would be strengthened as a result of the contacts made during the visit of the trade mission.

Mr. Gillespie also had private discussions with Dr. Manuel Perez Guerrero during which they exchanged views on policies concerning natural resources and commodities, encompassing such issues as resource upgrading, pricing, conservation, and producer/consumer agreements. Mr. Gillespie

and Dr. Perez reviewed various sectors in which the two countries might cooperate more closely in the future including steel, pulp and paper, power generation and transmission, transportation and communication, and heavy oil exploitation. Mr. Gillespie suggested the creation of a "Consultative Committee of Officials" that would meet annually to discuss trade and economic matters. Dr. Perez agreed to consider the proposal, and noted that such a Committee was of interest to have especially as it could be composed of technical and official representatives.

Dr. José Ignacio Casal - Venezuelan
Minister of Development

Dr. Casal and Mr. Gillespie discussed the problems of and legislation for foreign investment which is a common area of responsibility. Dr. Casal also outlined Venezuela's development plans, mentioning in particular the steel and aluminum industries, forestry, and hydroelectric projects as areas in which Canada might cooperate with Venezuela. The Ministers then joined the mission members and Ministry of Development officials to discuss the Venezuelan development plans in more detail with specific reference to potential involvement of Canadian firms.

Dr. Gumersindo Rodriguez - Venezuelan
Minister of State for Coordination and Planning

During a cordial private discussion, Dr. Rodriguez assured Mr. Gillespie that Canadian expertise and technology were needed for Venezuela's development plans. The meeting was immediately followed by a briefing session outlining Venezuela's economic plans and programs. Mr. Gillespie was presented with a draft "Technical Cooperation Agreement" which will be examined by Canadian Government officials in Ottawa.

The Agreement proposes cooperation in several areas of mutual interest including petroleum technology, geology, agriculture and public works.

Federation of Venezuelan
Chambers of Commerce (Fedecamaras)

The Federation of Venezuelan Chambers of Commerce (Fedecamaras) met with Mr. Gillespie and the mission members. During the very interesting exchange, Fedecamaras members presented the Canadians with details of the role of the private sector in Venezuela, as well as providing comprehensive information on the business environment. Of particular interest were the comments on foreign investment, joint ventures, tax incentives and trade in general.

The Andean Development Corporation (CAF)

The Minister and the mission visited the Andean Development Corporation (better known by its Spanish acronym as CAF - Corporacion Andina De Fomento) the financial institution which helps finance pre-feasibility and feasibility studies, as well as the implementation of projects that promote regional integration of the Andean Group. The acting President, Dr. Terry Suero and several CAF vice-presidents explained to the mission the goals and objectives, the mechanisms, and the activities to date of the CAF, with particular reference to the \$5 million loan made to the Corporation by CIDA. The mission members had the opportunity to make specific inquiries regarding the CAF plans in certain sectors. The CAF presented the mission with the list of proposed and current projects.

Dr. Oscar A. Martinez, Acting President,
Venezuela Guayana Corporation (CVG)

Dr. Martinez explained to Mr. Gillespie and the mission the potential of Venezuela's most easterly region, and CVG's plans for the development of its rich resources. The areas of electrical power generation, mining equipment, rolling stock, forestry equipment, pulp and paper technology,

and steel technology were identified as holding much promise for specific Canadian companies. The CVG officials and the mission members agreed that there were interesting possibilities for joint ventures.

Final Plenary Session

Dr. Manuel Perez Guerrero and Mr. Gillespie agreed that the major objectives of the mission had been achieved and promising contacts established. Our Minister expressed disappointment at the postponement of the signing of the Air Agreement. Various members of the mission expressed their satisfaction at the business opportunities that they had identified and their hope for closer cooperation in the future.

SUMMARY OF BUSINESS INTERVIEWS

Canada's major exports to Venezuela in recent years have been automobiles, trucks, pulp and paper, steel, zinc, asbestos, wheat, milk powder, malt and seed potatoes. These items are expected to continue to be major items in the make-up of our exports to Venezuela.

Important opportunities were identified in the provision of machinery and capital equipment, especially in the process and primary industry and transportation sectors. The requirements for engineering services generated by Venezuela's development plans are enormous and even with a fairly sophisticated local engineering community, there should be good potential for Canadian participation. We also see opportunities for turnkey projects.

Railway Equipment

Planned \$400 million expansion of the railway system in Venezuela will involve at least 1200 kms. of new track in the next five years. Total development calls for 3500 km of new track. It is stated government policy to promote the use of rail lines for bulk transport rather than highways, and considering Venezuela's geographical characteristics it appears very likely that expansion of the rail system will continue to be a priority during the next decade.

A major expansion of rolling stock is also planned. There is a requirement for seventy, 70 ton hopper cars for use in phosphate transport. Additional iron ore cars will be purchased to support the planned large scale expansion of the iron ore and steel industries. Coal cars are also likely to be required as the coal industry expands. There will also be a requirement for 2000 freight cars, 35 modern "LRC" type passenger cars and 80-100 locomotives.

Subway

The Caracas subway project has been officially approved and tenders have been called for various phases of the project. There is a requirement for some 180 subway cars to be delivered from 1977 to 1978 worth approximately \$80-\$90 million.

Electrification, train control, supervisory and communications equipment will likely be included in the contract for the cars.

Forest Industries

Venezuela has been carrying out a large scale plantation and reforestation program during the past ten years. This involves the plantation of Caribbean Pine (developed from Insignis/Radiata pines) in addition to

hardwood reforestation and a program of Eucalyptus plantation. As the program continues there will be a requirement for the establishment of pulp and paper facilities as well as for additional logging machinery and lumber processing equipment. Currently, only newsprint, pulp and paper and veneer are permitted to be imported into Venezuela. There may be an opportunity for joint ventures in the processing of other wood products.

There is also a potential for forest fire control equipment.

Power Generation and Distribution

Development of Venezuela's hydroelectric potential is of high priority. Phase two of the Caroni project, expansion of the distribution system to rural and decentralized industrial areas, and a thermal plant are planned.

Canadian technological expertise in this field is considerable, especially in the field of high voltage transmission. However, Venezuela appears to have adequate industrial engineering capacity and Canadian participation will likely be confined to supply of large and sophisticated components.

Oil and Mining Industry

The uncertainties regarding the newly introduced policy for nationalization of the petroleum industry have resulted in a cut-back in the exploration program, and there is little opportunity for sale of equipment at the present time. Government plans do include however further exploration and production which will provide opportunities for offshore drilling rigs and gas turbine and/or diesel pumping compressor stations for pipelines.

The coal industry is slated for major development and increased iron ore production is being encouraged. Opportunities exist for consulting work and the provision of specialized vehicles and equipment for use in mining developments.

Agriculture

Milk powder, wheat, seed potatoes, oats, rye, malt, canned salmon and cereal products are our major exports to the Venezuelan market and are likely to continue to play an important role. During the mission several contracts were finalized for the provision of these items and for the sale of 600,000 units of frozen bovine semen, however, Canada faces stiff competition in these goods and must remain price competitive.

CONCLUSION

The Mission was successful, achieving its objectives, notably in establishing contact with Venezuela's government and business leaders, and in demonstrating our interest in developing and intensifying Canada-Venezuela commercial relations.

The members of the Mission gained important first-hand exposure to the current thinking in Venezuela, especially with regard to their development plans. This contact enabled the Mission to recognize and identify areas of long term potential as well as current opportunities, information which will prove most valuable in helping Canadian business firmly establish itself in this market.

The Mission was given a warm reception and a positive feeling of goodwill developed.

It will be some time before the full trade promotional effect can be assessed, however, results to date are promising. Sales amounting to \$3 million were obtained during the Mission itself with a large number of concrete prospects being identified. Venezuela's development plans involve a number of sectors in which Canada has considerable expertise; forestry - pulp and paper, mining,

steel production, electrical power generation, grain storage, fisheries, dairy livestock breeding, agricultural machinery and fertilizers, transportation and communications. As a result of the Mission, the Venezuelans are now more aware of Canadian capabilities.

Joint ventures are a means of strengthening our commercial ties, especially in the medium to long term. Several viable prospects were identified and although no contracts have been signed todate, some investment is anticipated.

The Venezuelan market, supported by large oil revenues, is rapidly growing and attracting exporters of goods and services from every major country. Their plans for development are ambitious, and competition to supply will be keen and aggressive. Canadians must develop effective marketing strategies and be willing to undertake patient groundwork to secure an increased share of the market. Flexibility in approach will be an asset as the Venezuelan economy diversifies and expands.

There will continue to be a need to provide competitive financing and manufacturing sectors must consider a degree of local involvement to protect their position in the Venezuelan market.

This market will require a persistent and effective follow up program to realize the identified potential.

The principal impetus and ultimate success rests with the private sector and the Department of Industry, Trade and Commerce will assist in every way possible.

FOLLOW-UP

Venezuela is a challenging market with a good deal of potential for Canadian exports. It is receiving a high priority in the export market programs of the Department of Industry, Trade and Commerce and new initiatives to intensify Canada-Venezuela trade relations are under study.

A substantial number of business opportunities were identified by the Mission. These have been brought to the attention of Canadian exporters and are now being actively pursued. At least six of the firms represented on the Mission have returned to Venezuela to follow-up on prospects identified, and there appears to be a distinct possibility that important new market penetration may result.

As an immediate follow up to the Mission, our Senior Trade Commissioner in Venezuela participated in a tour of Canada by all of our Trade Commissioners to Latin America and the Caribbean. Export marketing seminars were given in nine cities coast to coast and private interviews were held with over 250 interested businessmen. This response was most encouraging, especially considering the magnitude of response from firms new to the Venezuelan market.

This growing interest shown by Canadian exporters will also be supported by various ITC ongoing programs of export assistance.

ASSISTANT TO CANADIAN EXPORTERS

For additional information and possible assistance,
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VENEZUELAa) Population

- 11.9 million

Area

- 352,150 square miles

b) Principal Cities

- Caracas
 - 2.28 million
 (altitude 3,000 ft)

- Maracaibo - 0.75m
 - Barquisimeto - 0.33m
 - Valencia - 0.30m
 - Maracay - 0.25m

c) Time

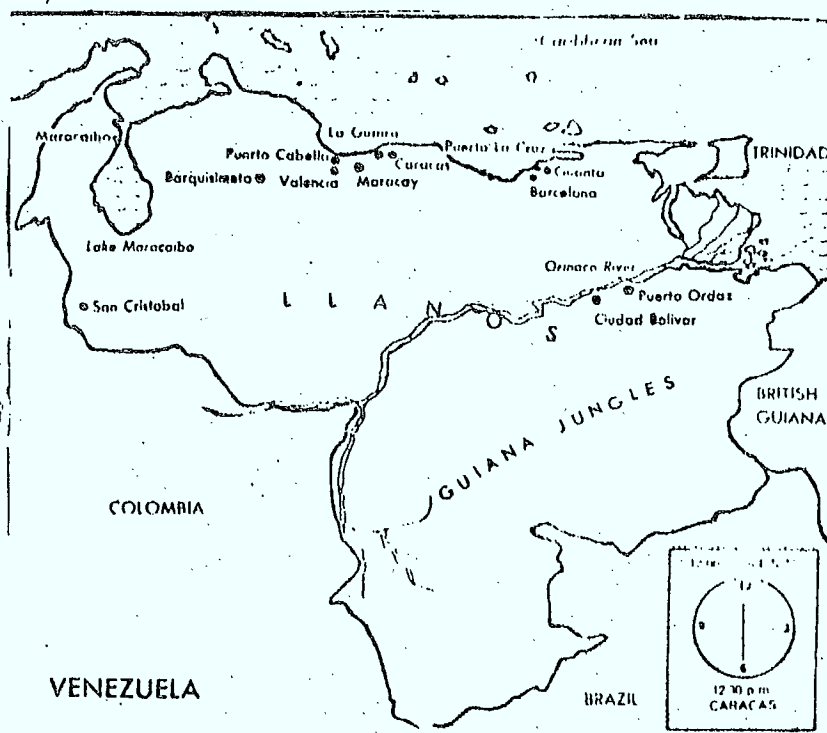
- 4 hours behind
 Greenwich mean time

d) Public HolidaysOfficial

January 1 - New Year's Day
 March 19 - St. Joseph
 (variable) - Holy Week (Thurs.
 Fri.)
 April 19 - Declaration of
 Independence
 May 1 - Labour Day
 June 24 - Army Day
 July 5 - Independence Day
 July 24 - Bolivar's Birthday
 October 12 - Columbus Day
 December 17 - Death of Bolivar
 December 24 - Christmas Eve
 December 25 - Christmas Day
 December 31 - New Year's Eve

Unofficial

January 6 - Epiphany
 (variable) - Carnival
 (variable) - Wed. Holy Week
 (variable) - Ascension Day
 (variable) - Corpus Christi
 June 29 - Sts. Peter & Paul
 August 15 - Assumption Day
 November 1 - All Saints' Day
 December 8 - Immaculate
 Conception



General

Venezuela, with a population of almost \$12 million has an area of 352,150 square miles and 1,750 miles of coastline. The country can be divided into four more or less distinct regions:

- (1) Western Region (the Lake Maracaibo Basin) is hot and humid. It offers good grazing and crop land, but petroleum accounts for more than 75% of the regions total production.
- (2) Central Region (Andean Highlands) is the urban and industrial heartland and includes Caracas, the capital city. The urban concentration in this area may be due to the mild climate and the good agricultural land in the valleys.
- (3) Eastern Region (the Llanos) or great plains, covering almost one-third of the national territory from the Andes to the Delta of the Orinoco River in the East. It is a hot, broad, low, alluvial plain, with dry winters and rainy summers, and is subject to seasonal flooding.
- (4) The Guayana Highlands, South East region of the country where the mineral and forest resources are located. It is also in this area where the hydroelectric potential is the greatest. An industrial complex is presently taking shape in the region centered around Ciudad Guayana.

The largely mestizo (mixed) population has been growing at the annual rate of 3.6% in recent years. This has resulted in a very young population - 45% below 15 years and 56% below the age of 20. The estimated literacy rate is 89% (84% for the population older than 10 years). As the agricultural sector is poorly developed and almost all economic activity is centered in Caracas and the other major cities, there has been a rural exodus in recent years and at present over 75% of the population live in cities.

Since 1958 Venezuela has enjoyed uninterrupted democratic rule.

Carlos Andrés Perez of Democratic Action party defeated the incumbent Government in the elections of December 1973 and with the support of a strong majority in Congress, has been able to take firm action to carry out this ambitious development plans.

Economy

Venezuela may be best known for her petroleum resources. The recent petroleum price increases have had a tremendous impact on the Venezuelan government revenues which have increased from \$1.9 billion in 1972 to more than \$10 billion in 1974.

The major part of these revenues will be used to finance the national development plans, and are being invested at home and abroad. In 1974, the Venezuelan Investment Fund was created as the principal vehicle for these investments and is funnelling millions of dollars into various government agencies and funds.

The aims of the development plans are to transform the economy from one of services into one of production with agriculture, steel and petrochemicals being the major recipients of Government largesse. (The Agriculture Development Fund has received \$416 million). Emphasis is also being placed on decentralization and the regional development corporations are receiving strong support (The Venezuela Guayana Corporation will receive \$6.9 billion over the next seven years).

The large increase in government spending, combined with higher import prices has caused the inflation rate in Venezuela to soar from the traditional 3-4% to over 15% in 1974.

Petroleum

For some forty years petroleum has been the life blood of the

Venezuelan economy. With the recent increases in oil prices and the resultant rise in government revenues, (government "take" per barrel increased from \$1.30 in 1971 to \$9.06 in December 1974) petroleum now has even greater significance for the economy of the country.

In 1974, Venezuela was the world's third largest exporter of petroleum, with average daily exports of approximately 3,000,000 barrels. Production has been decreasing steadily since 1971 and the 1974 output was 12% below that of 1973. This slowdown has been basically due to Venezuela's oil and tax policies.

The world price situation has encouraged drilling with an estimated 700 wells being drilled in 1974. Also, drilling to 15,000+ feet is becoming common as compared to 10,000 feet only a year or two before. Two new refineries are to be build to increase the present 1.5 million bbl/day capacity, including one with private participation at Puerto Ordaz to process-eventually-heavy crude from the Orinoco belt.

By the Oil Reversion Law of 1971, Venezuela would have gained complete control of the petroleum industry by 1983. This date has now been advanced to 1975. The details of the nationalization and the possible future role of the international oil companies are not yet finally decided. It does appear, however, that the post-reversion industry will consist of four large entities, substituting the three largest companies - Creole, Shell and Mene Grande plus one for the other producing companies. It would be administered by a "National Oil Company".

Agriculture

The contribution of agriculture to overall output and exports is quite small. However, agriculture continues to provide employment for more than one-fifth of the labour force.

Venezuela possesses 912,050 square kilometers of land area, but

most of this suffers from limitations of climate or topography or both. Where proper soil conditions and topography exist, considerable investment in irrigation or drainage is often necessary to bring land into production. In all, only 3% of the total land area is used for crop farming and 20% for cattle ranching.

Old-fashioned techniques, inefficient management and lack of capital historically have plagued the agricultural industry. The current government, however, has made agriculture its top priority and efforts are being made to effect long-term and basic changes. New policies include such measures as the creation of the Agricultural Development Fund, the fixing of minimum salaries, the remission and consolidation of agricultural loans and tax relief for a wide range of agricultural industries. Nevertheless, it is expected that Venezuela, currently importing two-thirds of its food requirements, will remain a net importer of agricultural products for some time to come.

Mining

Although the mining sector accounts for only 1% of the GDP, it consists almost entirely (93%) of iron ore production. With a 1973 production of 22.2 million tons, Venezuela is the second largest producer of iron ore in Latin America (after Brazil) and the tenth largest in the world. Consistent with the government policy regarding ownership of resource industries, the Venezuela government nationalized the iron ore industry on January 1, 1975. The American parent companies will however, continue to participate in the industry under service contracts. This take-over will allow the Government to increase the secondary production and export iron concentrates and steel rather than iron ore. Current planning is to quadruple steel production to four million tons/year by 1977 to \$10 million tons/year by 1980 and to \$15 million tons/year by 1985.

Venezuela also has plans to exploit its reserves of coal, manganese, nickel and asbestos.

Industry

Until 1960 Venezuela used oil revenues and low tariffs for the import of any products it required. At that time the Government, realizing that the petroleum sector is a low generator of employment and a wasting asset, began to pursue policies of industrialization. With government encouragement, by import duty exemptions, quotas, tariff protection, preferential credits, and, in some fields (e.g. steel, petro-chemicals) by public investment, the manufacturing sector has grown considerably.

The major industries include chemicals, building materials, textiles, food-processing, rubber and leather, forest products and tobacco. The motor-vehicle assembly industry is well-established and should become strengthened, particularly with regard to the manufacturing facilities, once the Andean Group's Industrial Development Program for the Automotive sector is determined and the allocations agreed upon. This applies as well to the growing petro-chemical industry, considered a priority by the Government. (Some 38 major projects will be completed by 1975). Aluminum reduction plants and steel plants are also being constructed, expanding the secondary metal-using industries.

Venezuela's Foreign Trade Regime

One of the main instruments used to launch the industrial sector was import substitution. Thus, in general, when an industry begins operations previously modest tariff rates jump dramatically to protective levels and imports of similar goods are occasionally subjected to tight import licensing controls. For those goods not produced in the country and which are necessary such as raw materials or equipment for industry, imports are freely permitted and customs charges are generally low.

For a growing range of products, Venezuela applies a preferential tariff and import regime when these originate in other LAFTA countries.

To date, Canadian products which have faced increased competition as a result of Venezuela's LAFTA membership include certain auto parts, cellophane and paper products.

Accession to Ancom

On February 13, 1973, by the Lima Consensus, Venezuela acceded to the Andean Group and became subject to the regulations of ANCOM as laid down in the various Decisions of the Cartagena Agreement, and as modified by the Lima Consensus: 1) the progressive phasing out of tariffs between the member countries by 1980; 2) the establishment of a common minimum external tariff, also to come into effect by 1980; 3) common treatment of foreign investment. Lowering and removal of the tariffs on internal trade will have short-term adverse effects on those industries formerly protected. The higher external tariffs could lead to sharp increases in the price levels of a wide variety of imports. To alleviate some of these adverse effects the Cartagena Agreement does provide for certain exemptions from the tariff regulations: Venezuela is allowed to include 450 items in the list.

Since few restriction have been applied either to foreign investment or to remittances and repatriation of capital, profits or royalties, the Cartagena Agreement will change the amount and form of foreign investment in Venezuela.

The net effect on the Venezuelan economy of accession to the Andean Group will probably be adverse in the short-term but favourable in the long-term. Faced with diminishing oil reserves Venezuela must begin to plan for the future and the Andean Group offer the needed long-term advantages.

Canada/Venezuela Trade

Trade between Canada and Venezuela is conducted on a reciprocal most-favoured-nation basis under the terms of a Modus Vivendi signed in 1950 and subject to annual renewal.

Canadian exports to Venezuela have been increasing steadily in range of items and also in value. Between 1967 and 1972, the exports increased 117% to \$145.4 million dollars, but in 1973, a more accurate system of distinguishing between true Canadian exports and re-exports caused the apparent drop in exports. 1974, however, was a record year with exports reaching \$203 million.

The range of Canadian exports to Venezuela encompasses a wide variety of products. By far the largest export items are motor vehicles and parts, constituting some 40% of the total. Aircraft and aircraft engines are also important exports, as are the traditional items - pulp and paper, asbestos, steel and copper, grain, plastic and synthetic rubber, milk powder and seed potatoes.

On the import side, petroleum and petroleum products make up 99.7% of the imports from Venezuela. With the increases in the price of oil in 1974, Canadian imports from Venezuela have increased 147% to \$1,289 million dollars.

The composition of trade is outlined in the attached tables.

CANADA-VENEZUELAN TRADE: STATISTICAL SUMMARY

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Canadian Exports (\$Cdn millions)	82.0	102.5	92.9	111.4	119.9	145.4	102.0	203.6
Canadian Imports (\$Cdn millions)	<u>276.3</u>	<u>357.9</u>	<u>345.6</u>	<u>339.2</u>	<u>387.7</u>	<u>410.5</u>	<u>522.3</u>	<u>1,289.9</u>
Balance (\$Cdn millions)	-194.3	-255.4	-252.7	-227.8	-267.8	-265.1	-420.3	-1,086.3

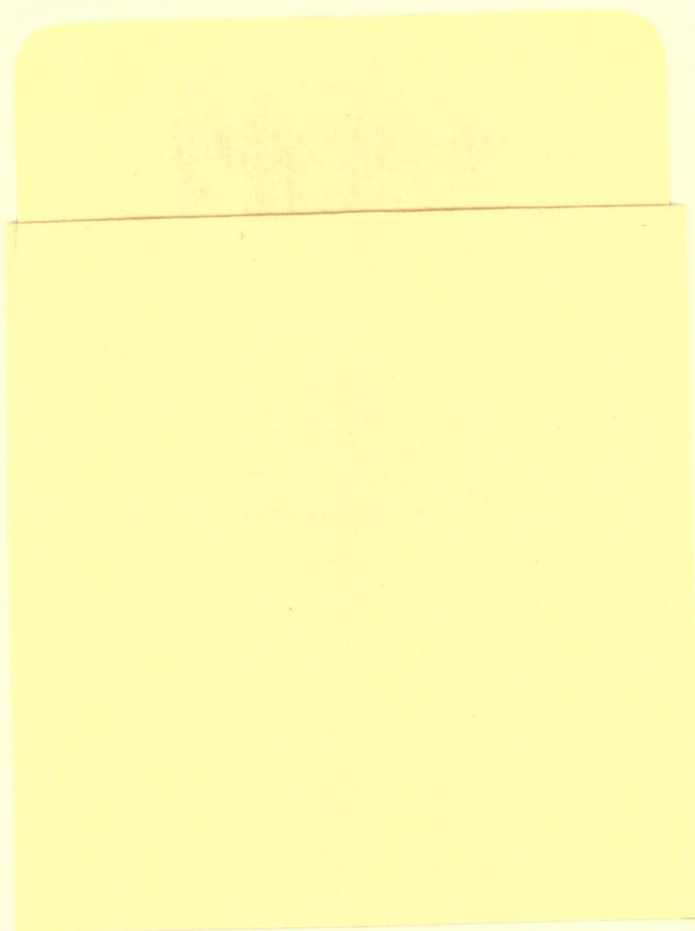
Selected Canadian Exports to Venezuela
(in \$Cdn 000's)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Skim milk powder	1,736	2,049	3,367	1,856
Oats	543	840	524	1,048
Wheat	668	804	917	5,809
Malt	988	809	1,049	931
Potatoes, seed	1,137	706	2,452	2,164
Oats by products nes	707	434	1,068	692
Asbestos milled fibres, groups 4 & 5	972	460	750	1,316
Woodpulp, various types	3,883	5,221	5,916	7,493
Newsprint	7,988	8,205	8,447	16,872
Writing and reproduction paper	470	578	421	1,312
Papermakers felts, textile	519	622	1,036	1,129
Special construction fabrics	-	-	105	300
Inorg. bases & metallic oxides	189	10	236	348
Phenols, phenol-alcohols & deriv.	273	276	293	436
Organic acids, anhydrides & deriv.	325	30	271	71
Polyethylene resins, not shaped	-	67	51	434
Plastics & synthetic rubber	2,369	2,382	1,550	2,572
Plastic film and sheet	1,311	1,175	1,463	1,265
Sheet and strip, steel	2,851	2,889	3,945	5,554
Pipes & tubes, iron & steel, welded	-	-	-	546
Pipes & tubes, iron & steel, nes	1,081	202	229	3,488
Copper bars, rods & shapes	879	1,540	1,252	6,399
Copper plates, sheet & flat prod.	392	429	573	1,474
Copper pipe & tubing	267	529	391	472
Copper alloy shapes & sections	213	195	309	1,023
Zinc blocks, pigs and slabs	1,112	881	1,710	1,871
Valves nes.	-	332	146	453
Insulated wire and cable	261	1,312	121	258
Gas turbines and parts	-	-	-	424
Engines, turbines and parts	3,032	1,887	946	8
Generators, incl self-cont gen sets	-	-	248	714
Generator parts & acces. nes	-	43	-	2,794
Excavating dredging machy & pts nes	52	28	226	258

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Mining-quarrying machy & pts	427	138	2,622	219
Construction maintenance machy & pts	207	550	81	770
Hardtop sedans, new	14,759	20,562	10,041	31,289
Sedans, new nes	22,888	22,329	12,482	28,308
Station wagons, new	3,565	4,319	2,660	4,478
Trucks & chassis, not over 6,000 lbs.	11,150	7,919	5,129	16,304
Trucks & chassis, commercial nes.	14,963	14,292	8,595	14,827
Motor vehicles nes.	-	1	-	442
Parts & accessories for motor veh.	5,113	6,890	5,090	11,258
Aircraft complete with engines	-	19,000	-	4,795
Aircraft engines & pts	95	823	717	1,166
Aircraft assemblies equipment & pts	24	229	31	388
Commercial telecommun equip nes	44	23	471	154
Electronic components	570	843	173	428
Electric Cans, bulbs & tubes & pts	-	16	10	318
Transformers & pts	238	76	649	397
Switchgear & protect equip & pts nes	148	259	323	218
Electricity measuring instr. & pts	145	155	537	474
Models for demonstration etc. & pts	-	12	646	289
Card punch sort lab computers & pts	856	126	492	699
Biological products for humans	145	301	249	194
Veterinary medicine feed supplement	305	287	231	300
Medicinal & pharmaceutical prod nes	216	276	264	721
Shipping containers metal & pts nes	45	40	300	128
Metal end products nes	-	756	3	1,170
Contractors equipment & tools	-	138	40	912
TOTAL SELECTED ITEMS	110,121	135,297	91,848	192,430
% OF TOTAL EXPORTS TO VENEZUELA	91.8%	93.1%	90%	94.5%

Major Canadian Imports from Venezuela
(in \$Cdn 000's)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Shrimps and prawns, fresh & frozen (46 - 49)	62	389	36	54
Fruit juice concentrates, frozen nes (75 - 58)	8	205	242	83
Green coffee	306	577	902	1,058
Crude petroleum	340,267	359,670	475,440	1,189,751
Aviation turbine fuel	1,582	2,373	1,769	6,110
Diesel and tractor fuel	1,538	2,633	1,546	7,774
Fuel oil no. 1, stove oil	1,619	1,440	467	-
Fuel oil no. 2 and 3	8,114	17,283	5,276	6,040
Fuel oil nes heavy oil	33,608	24,002	34,382	76,783
Petroleum products, nes exc. chemical	101	414	558	418
Silver	-	-	-	438
Electronic computers and parts	-	6	14	201
TOTAL SELECTED ITEMS	387,205	408,992	520,632	1,288,710
% OF TOTAL IMPORTS FROM VENEZUELA	99.8%	99.6%	99.6%	99.9%



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