

*Hemisphere Insider***Program News****Venezuelan Elections
Hot Topic on Capitol Hill**

July 12, the U.S. Congressional Venezuela Democracy Caucus held a roundtable discussion in the Capitol on prospects for monitoring the October 7 elections in Venezuela. CSIS Americas Program director Stephen Johnson moderated the event featuring Glenn Cowan of Democracy International; Máximo Zaldívar Calderón of the International Foundation for Electoral Systems; Teresa Albanes of the Caracas-based Mesa de Unidad Democrática; Bolivian ambassador Jaime Aparicio, formerly of the Organization of American States; and Manuel Puyano, of the Venezuelan Youth Movement. Panelists noted limited opportunities for outside observers, but predicted robust internal scrutiny. Despite President Chávez's use of state resources and control of the airwaves, this is the first competitive contest in 14 years.

Photo credits: Sandblogs 83 (Henrique Capriles); chavezcandanga (Hugo Chávez)

In Depth

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Chávez's Oil Superhero Complex

Despite sitting on the world's largest crude oil reserves, Venezuela's state-owned petroleum company, *Petróleos de Venezuela, S.A. (PDVSA)*, finds itself curiously dependent on gasoline imports to meet international sales commitments. Two cases illustrate the predicament. First, Ecuador's state-owned oil company, *Petroecuador*, reached an agreement with PDVSA in 2008 in which *Petroecuador* agreed to send crude oil shipments to PDVSA in return for refined fuel products—hoping to avoid high refining costs elsewhere. However, because of limited refining capacity and a long list of concessionary agreements, such as the one with Ecuador, Venezuela must now import more than half of its refined fuel from China, Brazil, Trinidad and Tobago, and the United States to meet domestic needs and export obligations. At the same time, President Hugo Chávez's support for Syria's Bashar al-Assad with diesel shipments could complicate Venezuelan sales to the United States and other Western consumer markets if the international community ramps up sanctions on the Syrian government. Venezuela is negotiating what would be the fourth diesel delivery to Syria in the past eight months, part of an increase in trade since Assad called for a "Damascus-Caracas axis" in 2010. While Venezuelan diesel helps keep the Assad regime afloat, domestic pumps now face frequent shortages. Although current U.S. sanctions only prevent U.S. citizens from conducting business with Syria, international restrictions similar to those placed on Iran and its oil industry could become a reality if the stalemate between the Syrian government and opposition continues. In the meantime, PDVSA is finding it tougher to meet domestic gasoline needs and demands of trade partners, as well as those imposed by Hugo Chávez's political projects. —**Samuel Kareff**

In the News*Regional*

Indonesia's president Susilo Bambang Yudhoyono called for deepening trade and investment through existing cooperative frameworks between Southeast Asia and Latin America such as the Forum for East Asian-Latin American Cooperation (FEALAC) and ASEAN-MERCOSUR initiatives. Despite low levels of current trade, the president argued that growth in both regions offers investment opportunities. —*Channel News Asia (Singapore)*

Delegates from Lebanon's Hezbollah party met with Cuban and Venezuelan officials last week during official state visits. The members first visited Cuba to

Upcoming Events

July 24: “Statesmen’s Forum: Prime Minister of Haiti Laurent Lamothe,” CSIS, B1-A/B Conference Center, 9:00–10:00 a.m. Sign up [here](#).



July 30: “Drug Policy in the Americas: A Conversation with Gil Kerlikowske,” CSIS, B1-B Conference Center, 10:00–11:00 a.m. Sign up [here](#).



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tour sites and then traveled to a forum for international leftist parties in Caracas, where they met with several high-ranking Venezuelan officials. Among the topics discussed included regional development and the current situation in Syria. —[Daily Star \(Lebanon\)](#)

Caribbean: Cuba

For the first time in 50 years, a shipment of humanitarian supplies was sent from the port of Miami to Cuba. The shipping company, Port International Corp., expects to maintain a weekly service. The company will distribute its goods to NGOs and religious organizations. — [El Nuevo Herald \(Cuba\)](#)

Central America: Honduras

A recent study found that 89 percent of illicit drug flights from South America pass through Honduras. This reality has prompted many Hondurans to urge the government to invest in surveillance radar to track aircraft, citing the Dominican Republic’s successful experience deterring “narco-flights” after the island nation installed radar in October 2011. —[El Heraldo \(Honduras\)](#)

North America: Mexico

Following the Argentine and Brazilian governments’ recent announcements to impose import tariffs on Mexican auto exports, José Luis Valls, president and CEO of Nissan Mexicana, announced that the company will reroute 14 percent of its products—which usually go to Brazil and Argentina—to more than 100 other countries. Nissan is also planning to build a plant in Brazil to bypass the import tariffs. —[El Universal \(Mexico\)](#)

South America: Ecuador

Ecuador’s foreign minister Ricardo Patiño remarked that prospects for renewal of the U.S. Andean Trade Promotion and Drug Eradication Act (ATPDEA) were dim, but reaffirmed that 70 percent of Ecuador’s exports to the United States will not be affected. While trying to diversify markets, Ecuador is also studying alternative trade preference regimes to facilitate continued exports to the U.S. market. —[El Tiempo \(Ecuador\)](#)

Venezuela and Argentina

Venezuela and Argentina reportedly signed a military cooperation agreement that will see increased joint military exercises as well as collaboration in science and technology. The agreement will operate under the framework of the Union of South American Nations (UNASUR) Defense Council. Signing the agreement were Venezuelan defense minister Henry Rangel Silva and Argentine defense minister Arturo Puricelli. —[Mercopress \(Uruguay\)](#)

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Americas Program Staff: Stephen Johnson, director; Michael Graybeal, program coordinator

Senior Associates: Anton Edmunds, George Grayson, Phillip McLean, Johanna Mendelson Forman, Carlos Regúnaga, Christopher Sands, Duncan Wood

Senior Advisers: Luis Carlos Ugalde, Amb. David Johnson

Adjunct Fellow: Douglas Farah

Intern Scholars: Siremorn Asvapromtada, Janae Edwards, Samuel Kareff, Maite Rabelo