

and the CMA aimed at expanding contacts between the public and private sectors of Canada and Venezuela.

The Economy

Venezuela's economy has experienced a major slowdown since 1981 linked primarily to the worldwide recession and a lowering of petroleum prices. In 1982 there was a 20 per cent decline in the revenue from the petroleum sector and the growth in overall real GDP was only 0.4 per cent. The economy is not expected to improve appreciably in 1983. As a result the Venezuelan government has cut capital budget spending by some 30 per cent in its new budget.

In 1982, the domestic price of gasoline was increased, tax exemptions on imports by the petroleum industry were cancelled, and import quotas on specific goods were introduced. All these measures are part of a restrictive fiscal and monetary policy which will prevail through 1983. The inflation rate is expected to be around 10 per cent, with zero or negligible growth of the GNP. In summary, Venezuela will continue to face considerable difficulties in 1983 caused by the world oil glut. The resulting deterioration of the current account and economic stagnation will impose a considerable burden on the economy. Despite increased oil reserves and high foreign reserves (although the latter were reduced by 41 per cent last year), the high proportion (47 per cent) of short term debt to the U.S. \$18.5 billion total public debt creates uneasiness among bankers. Combined with an apparent lack of concern for management and disagreement over rescheduling packages by the government, there is more talk of a possible devaluation of the currency in 1983. However, longer term prospects appear sound and the thrust to develop the infrastructure is expected to continue.

In November 1982, in order to give more protection to a battered industry, the government announced "temporary" import restrictions banning some 146 products (foodstuffs, building materials and equipment, printing machinery, textiles, household appliances, etc.), increased tariffs on 258 items (tractors, certain categories of vehicles, canned fish and meat products, etc.), and restricted 18 products to imports only by the government (mostly foodstuffs, raw materials and chemicals).

The Development Plan

The final version of the Sixth National Development Plan (1981-1985) calls for a less ambitious program than had