
II. *DOING BUSINESS IN VENEZUELA*

Venezuela's application for entry into the General Agreement on Tariffs and Trade (GATT) is proof of its more liberal trade policy which aims to open the trading environment thus forcing industry to become more competitive domestically and internationally. Prohibitions and restrictions on imports are now limited to some 200 items. International competition is intense but the market is now considerably more open. Nevertheless investment joint ventures and technology transfer are often requested if an exporter is to gain a permanent foothold in the market. Foreign investment regulations have also been liberalized and further reform is expected.

A local agent is a necessity and care must be taken in the selection of a commission agent or an import house. An agent should have the facilities and technical qualifications to provide good representation. The principal-agent relationship is governed by the civil and commercial codes which apply to agents operating under their own names for the account of another. Canadian business people should ensure that their agent does not already represent products which compete with their own goods or represent so many products that there is not enough time for proper marketing. It is preferable to appoint an agent after a representative of a Canadian firm has visited the country and made a personal assessment. The Commercial Section of the Canadian Embassy in Caracas can assist in the identification of possible agents.

Petroleum remains the cornerstone of the Venezuelan economy and represents approximately 20 per cent of gross domestic product (GDP), 90 per cent of export receipts and two-thirds of public sector revenues. With the growing diversification of the economy through industrialization, financed by oil exports, the petroleum sector's domestic predominance is declining but it continues to be an important source of foreign exchange.

Venezuela has a mixed economy with a high level of government regulatory control over transactions. The government also takes a leading role in overall economic planning and in the development production and sale of resources. Private sector activities tend to be overshadowed by the role of the