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Folder Title:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997): Background Papers, Venezuela

Staff Office-Individual:

Inter-American Affairs

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. briefing paper	Handbook for Venezuela, October 1997 (18 pages)	ca. 10/1997	b(7)(E)
002. briefing paper	Venezuela: Venezuelan-Cuban Relations (1 page)	ca. 09/1997	P1/b(1)
003. briefing paper	Venezuela: Relations with Colombia (1 page)	ca. 09/1997	P1/b(1)
004. briefing paper	Venezuela: Political Situation (1 page)	ca. 09/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Security Council
Inter-American Affairs
OA/Box Number: 1361

FOLDER TITLE:

POTUS [President of the United States]-Travel (Venezuela, Brazil, Argentina, October 13-18, 1997): Background Papers, Venezuela

2009-1155-F
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

VENEZUELA: ARRIVAL STATEMENT

I am very happy to be starting my South American trip here in Venezuela, the birthplace of Simon Bolivar and "la cuna (cradle, phon: CUN ya) de la democracia" on this continent.

I am proud to be following the footsteps of two other great American Presidents who visited Venezuela: John Kennedy and George Bush.

And I look forward to my opportunity to talk with President Rafael Caldera, this hemisphere's great democrat and wise statesman, who continues to provide exemplary moral leadership.

I am confident that our discussions will allow us to find ways to tighten the already strong and diverse links which join our two peoples and demonstrate our shared concerns about the environment. I am also confident that we will enhance our cooperative efforts as we and our hemisphere face the challenges of the coming millennium.

When President Kennedy arrived at this airport thirty-six years ago to begin the first visit of an American President to Venezuela, he harkened back to words spoken by President Franklin Roosevelt in Buenos Aires in 1936. President Roosevelt, who at the time was grappling with the Great Depression, the twin monsters of fascism and communism, and the rumblings of war in Europe and the Pacific, said it was up to the Americas to show that economic development and social justice could be achieved through democratic government.

It is to the credit of the peoples of this hemisphere that democratic government is now consolidated in every country but one. It is also to the credit of this hemisphere's peoples, and leaders such as Rafael Caldera, that the economic development and prosperity of free markets is well-established in the region. As we work to promote economic integration of the Americas, always with an eye on the goal established at the Summit of the Americas in 1995 to create a single hemispheric free trade area by the year 2005, we are aware, as were Presidents Roosevelt and Kennedy, of the inextricably linked nature of free markets, economic development, social justice, and democratic government.

Our efforts to achieve lasting prosperity for the peoples of the Americas through democratic government is not without challenge. The rapid social and economic changes which have buffeted the last half of this century have required representative and responsive government to make sure that the

state and its public administration are relevant to the every day lives of our citizens. The plague of drug trafficking and international organized crime also threaten national sovereignty and democracy. But these are challenges which we can face with determination and confidence, recognizing, as Bolivar did, that a people united in spirit and principle cannot be beaten.

Thank you for your very warm reception. I am happy to be in Venezuela. May God Bless you all.

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VENEZUELA: MEETING WITH EMBASSY STAFF

This event will take place in a large meeting room at the Hilton Hotel, where you will be staying.

Embassy personnel, including American and Venezuelan employees and their families, will be assembled in the room. You and Mrs. Clinton will enter the room with Ambassador and Mrs. Maisto. You will ascend an elevated platform and walk to the podium in the front of the platform. The Ambassador will introduce you.

Following your remarks, you will descend from the podium and pass along the length of the crowd, greeting people as you head towards the door. Once out the door you will return to your quarters.

Background

The Embassy has 139 American employees and 174 Venezuelan employees. The majority of these employees will be on hand to greet you. Many will bring family members with them. You can expect a large crowd.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

VENEZUELA: REMARKS TO EMBASSY STAFF

Thank you for your very warm reception.

Hillary and I are very happy to be here in Caracas, and very proud to be standing outside the U.S. Embassy surrounded by such a hard-working, dedicated Embassy staff and their families.

We have just finished the first leg in a three-country visit to South America. This was a very successful stop. We had an opportunity to meet with President Caldera and members of his government to discuss the very important relationship which exists between our two countries. We made some important advances in the areas of trade and investment, energy and the environment, and counternarcotics and law enforcement cooperation. We also had a chance to meet and talk with the Venezuelan people.

We come away from this visit buoyed by Venezuela's enthusiasm and good will, and confident that our relationship, which has been characterized by such close ties between our peoples and our governments, will only get stronger and better. The success of this stop also sets the tone for our visit to Brazil and Argentina, which we look forward to.

I would like to thank all of you for your long hours of hard work to make our visit a success. I know these visits are not easy, but when they work--and this one worked--they pay enormous dividends in terms of promoting our interests and strengthening our relations in the region.

When I look through the crowd I see many familiar faces. Hillary and I know Ambassador Maisto and his wife, Nini, well. The Ambassador has spent a career struggling for democratic government in the Philippines, Panama, and Nicaragua, where Hillary visited. Deputy Chief of Mission John Keane, who stepped into the breach as Charge d'Affaires in Guatemala when the country's democracy was threatened. And Administrative counselor John Collins, who played a key role in organizing Hillary's and Vice President Gore's trip to South Africa for the inauguration of President Nelson Mandela. This is a great Embassy and I know I can expect great things from you.

I would also like to thank the Foreign Service Nationals who form the backbone of this mission. We know how important your work is, and we want you to know how much we appreciate the role you played in this visit.

We have also been blessed with good weather during this trip--Ambassador Jeff Davidow, who has returned to his favorite country, warned me about the rain this time of year. Someone told me to thank the GSO for the sunshine.

As we prepare to move on to Brazil, let me close by telling you how proud you make me to be an American. There is nothing like

standing in a foreign land, at an American Embassy, with our flag snapping in the wind, face to face with such brave and dedicated public servants, to understand why our nation has been so successful and why we have every reason to be confident about the future.

Thank you, and God bless you.

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VENEZUELA: WREATH-LAYING AT THE NATIONAL PANTHEON

You will proceed from La Carlota Airport directly to the wreath-laying ceremony at the tomb of Simon Bolivar. The Director of Historical Ceremony and Monuments will meet you as you arrive at the Pantheon. He will introduce you to the Ministers of the Interior and of Foreign Affairs. With the Foreign and Interior Ministers, you will climb the stairs leading to the Pantheon. You will stop at the entrance in front of an Honor Guard. The National Youth Orchestra will then play the U.S. National Anthem.

The Director of Historical Ceremony and Monuments will then invite you to enter the Pantheon. Accompanied by the Interior and Foreign Ministers, the Director of Protocol, and the U.S. Ambassador, you will proceed down the central nave of the Pantheon to the altar holding Bolivar's sarcophagus. At the altar, those accompanying you will enter the Pantheon from the left and form a line behind you.

The Director of Historical Ceremony and Monuments will then invite you, accompanied by the Foreign Minister and the U.S. Ambassador, to climb the stairs to the sarcophagus. You will place the wreath against the base of the sarcophagus, and you will then turn around and face the central nave of the Pantheon. The National Youth Orchestra will then play the U.S. and Venezuelan National Anthems.

You will then descend the stairs and stop at the bottom. The Director of Historical Ceremony and Monuments will read a statement and then invite you to sign a ceremonial book. Following the signing, the Director of Historical Ceremony and Monuments will direct you back to the main entrance of the Pantheon. The Honor Guard will render honors, and the orchestra will again play the U.S. National Anthem, the "Stars and Stripes Forever," or an alternative of your preference. At this point, the orchestra will play a traditional Venezuelan song. You will then greet the conductor and the children of the Orchestra. After this greeting, you will descend the stairs to your motorcade and depart the Pantheon.

Background

The Pantheon is a revered site containing the remains of Simon Bolivar and many of Venezuela's other founding fathers. The Pantheon was constructed in the 19th century when his remains were transferred from Colombia to Venezuela. The Pantheon looks like a church, and its internal layout is in the form of a cross with Bolivar's sarcophagus mounted on a raised altar-like area.

The National Youth Orchestra does not normally play at Pantheon ceremonies. However, this orchestra will replace the normal military one in order to show you the talent of Venezuela's youth and their interest in your visit. The National Youth Orchestra was formed in 1975, and is made up of children between 7 to 14

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years old. Most of these young musicians come from poor families, and would not have had the opportunity to learn to play an instrument were it not for the National Youth Orchestra and its counterparts at the state and local level. Approximately 250 children will play at this ceremony.

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VENEZUELA: STATE DINNER - LA CASONA PRESIDENTIAL RESIDENCE

You will arrive at 7:10 p.m. and be greeted by President and Mrs. Rafael Caldera on the doorstep of the mansion. After greetings are exchanged, both First Couples will turn to face the press for a brief photo opportunity. No questions will be posed by the press. President Caldera will escort you to the Council of Ministers Hall. This room is dominated by a large painting entitled "Los Causahabientes"-- Those Who Formed Venezuela (More information below). Mrs. Caldera will take Mrs. Clinton on a short tour of the mansion. After a brief private meeting, both First Couples will move to the patio which looks out onto the interior gardens for an aperitif.

After the aperitif, President Caldera will escort you to the dining room for the State Dinner. The dinner should last about one hour and fifteen minutes. During dessert, President Caldera will rise and offer a toast welcoming you and the First Lady to Venezuela. Afterwards, you will offer your toast to President Caldera.

Upon adjourning from dinner, President Caldera will escort you to sign the mansion's guest book. The President and Mrs. Caldera will then escort you to a different, more intimate exit. After farewells are exchanged, your motorcade will depart La Casona en route the Hilton Hotel.

Background

La Casona (which literally means the "big house") is the residence of the President of Venezuela. Until the 1940s, this colonial style manor was surrounded by sugar fields. Today, only 30 acres remain of this original sugar plantation. The original owner of the house was the Marques de Mijares family. In 1928, Alfredo Brandt, brother of painter Federico Brandt, purchased the house and named it La Casona.

During the 1959-64 term of President Romulo Betancourt, the Venezuelan government bought and began to renovate an expansion of the house. President Raul Leoni was the first President to occupy the house (1966). In 1973, President Caldera, during his first term as president, opened the house to the public one day a week; this tradition continues.

The Council of Ministers room contains a vast mural by Tito Salas [check] entitled "Los Causahabientes" -- or Those Who Formed Venezuela. This painting depicts Simon Bolivar and the 19th Century Presidents of Venezuela. The house includes several gardens which contain trees planted in the last century. Several giant sloths also live in the gardens.

POTUS 10/12-19 TRIP PUBLIC STATEMENTS

VENEZUELA: STATE DINNER TOAST

Earlier this evening I had the pleasure, along with Hillary, of receiving a guided tour of this beautiful house by President and Mrs. Caldera. The President and I spent some time in his office here, where a stunning picture fills nearly an entire wall. It is a painting which depicts many of Venezuela's greatest political leaders. As the President explained the painting to me, and described the role of each of the figures in Venezuela's independence and development, I could not help but think that one of Venezuela's most important and impressive leaders is not in that painting. The leader of whom I speak is Rafael Caldera.

That President Caldera is a skilled politician and wise statesman is evidenced by his political career of nearly seven decades. Where I come from, Presidents are considered successful if they can last eight years. But even more, Rafael Caldera is a man of high personal integrity who has tried to lead by example in his personal life.

What separates a skilled politician from a great leader is vision, and the ability to anticipate and communicate the challenges which his nation and people must face. President Caldera took office at a difficult period in Venezuelan history. It was his job to reestablish popular confidence in democratic government, undertake reform, and make a modernized state relevant again in the daily lives of its citizens.

President saw that dramatic economic and social changes would present new challenges to Venezuela. His leadership instituted the Agenda Venezuela, the economic reform program which has positioned Venezuela to reap the economic rewards of hemispheric free trade. His strong support for judicial reform has pushed forward legislation which will bring dramatic and necessary changes to the administration of justice in this country. He has helped build a public consensus that drug trafficking and money laundering are corrosive factors in national life that threaten the representative nature of democratic government. I think it is fitting that Venezuelan ratification of the OAS Washington Protocol, which so strongly defends democracy, was the action that brought the Protocol into force last month. Finally, his role in conceiving and bringing to fruition the OAS Anti-Corruption Convention gave all countries in the hemisphere an important means to combat one of democracy's gravest threats: the corruption which suborns public institutions and brings government into disrepute.

Venezuelans are building the bridge to the 21st century. A bridge which will make possible free and sovereign democratic government while providing economic growth and development. In this regard, Venezuela will continue to exercise an important role in our hemisphere. And the Venezuelan and American people will continue to partake of a shared destiny by a common belief

in the importance of individual liberty, the efficacy of democratic government, and right of every person to reap the fruits of his or her labor.

I am very happy that I am starting this trip in Venezuela, and I am very happy to be here with President Caldera. Please raise your glasses and join me in a toast to President Caldera, the hemisphere's sage democrat and statesman, and to the common democratic destiny of the Venezuelan and American peoples.

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VENEZUELA: ENVIRONMENTAL ENERGY ISSUES

The visit to Venezuela is an opportunity to highlight the U.S.-Venezuela partnership as coordinators of the energy initiatives generated by the 1994 Summit of the Americas. Venezuelan leadership has been critical to maintaining broad participation and concrete progress in opening markets, especially their own, protecting the environment, and ensuring the energy security of the Americas. As a member of OPEC, however, Venezuela has been reluctant to address global climate change or to support international partnerships such as joint implementation. We have successfully assisted Venezuela's Environment and Energy Ministries in producing a Climate Change Country Study, to determine their own greenhouse emissions, and a draft Climate Action Plan, from which they could mitigate their own emissions. The state oil company prides itself on cutting edge practices, whether economically or environmentally driven, and this is an opportunity to encourage state-owned Petroleos de Venezuela (PDV) to diversify beyond petroleum.

Venezuela's leadership of our Hemispheric Energy collaboration has led to enhanced energy cooperation among the nations of the Hemisphere and has heightened interest in policies that support sustainable development. As a part of that process, the Western Hemisphere Oil and Gas Environmental Forum was established which regularly brings together companies from throughout the hemisphere to discuss best practices, policies and technologies to protect the environment. Venezuela has since established its own domestic analog to the Forum, COPEVASHI, comprised of the state oil company, PDVSA, and its subsidiaries(2) and the close to forty international companies operating in Venezuela under the recent opening of Venezuela to foreign petroleum company participation.

Beyond petroleum, we would like to work together to diversify the economic strength of Venezuela, including the advancement of renewable energy and energy efficiency uses in rural electrification and urban transportation. To that end, we have negotiated a bilateral "Energy Agreement", to be signed during the visit, which extends our ongoing cooperation on petroleum research and development, and broadens our cooperation to include environmental collaboration on renewable energy, energy efficiency, regulatory issues, and which will assist Caracas' effort to convert more of its vehicle fleet to natural gas.

The United States Government has provided \$350,000 for a climate change Country Study and \$150,000 for the development of a Climate Change Action Plan. The Country Study, which included a greenhouse gas inventory and vulnerability, adaptation, and mitigation analysis, was finalized in 1995. The Action Plan is

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in draft, and we hope that the President's visit will speed the release of the final plan as well as its implementation. We look forward to formalizing our relationship and initiating projects to build on these interests and activities.

TALKING POINTS

- Venezuela's leadership of our Hemispheric cooperation demonstrates their commitment to the region's energy security, environmental health, economic and social development.
- We look forward to broadening our bilateral relationship to address these priorities, open new markets, and protect the global environment. By example, we can demonstrate that environmental protection, efficiency investments, and renewable energy technologies save money and benefit our citizens, bringing affordable electricity to those in need.

POTUS 10/12-19 TRIP PUBLIC STATEMENTS

VENEZUELA: DEPARTURE STATEMENT

In a few minutes Hillary and I will depart Venezuela en route to Brazil and Argentina.

As much as we look forward to the rest of our journey, it is not easy leaving Venezuela. This is a beautiful, dynamic country which has received us with much kindness and enthusiasm.

I would like to take a moment to say that I am very pleased with the outcome of this visit. President Caldera and I, during our meetings yesterday and today, spoke about the deep and significant bonds that link our peoples and our governments. We also talked about how we can build on our good, close relations to meet together many of the challenges which face our hemisphere. By concluding agreements on important trade and investment issues, by establishing energy and environmental technical exchanges, and enhancing our counternarcotics and law enforcement cooperation, we have made an important start in this direction.

I also had the opportunity to meet and speak with the Venezuelan people. This was very encouraging for me, and I came away from this impressed by the confidence and drive of the Venezuelans. This country has passed through some dramatic and difficult times, but it has not lost its spirit. Venezuela's efforts to initiate sweeping economic and judicial reform, decentralize government, revamp its public health and welfare systems, and battle the scourge of drug trafficking and organized crime are the actions of a bold and courageous people. Venezuelans are indeed "los hijos de Bolivar."

This visit has helped set a very upbeat, positive tone for the remainder of my trip. I will use what I learned here to underscore our message that democracy and economic development and security are two sides of the same coin, that economic integration stands to benefit all the peoples and countries of the Americas, and that we have every reason to face the coming century and its challenges in our hemisphere with enthusiasm and confidence.

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VENEZUELA: VENEZUELA, THE ANDEAN COMMUNITY AND THE FTAA

Venezuela, along with Bolivia, Colombia, Ecuador and Peru, is a member of the Andean Community, which boasts over 100 million inhabitants and a combined GDP of over 260 billion dollars. The Andean Community has functioned as a limited free trade area since 1992. In 1995, Venezuela joined Colombia and Ecuador in adopting a common external tariff with numerous exceptions. Venezuela and Colombia are the largest economies of the Andean Community, accounting for two thirds of intra-bloc trade.

Despite Venezuela's active steps to establish closer economic ties with fellow Latin countries, the U.S. is its chief trading partner: Nearly half of Venezuela's imports (46.5%) came from the U.S. in the first six months of 1997. Colombia, its second largest trading partner, accounted for only 6.2% of imports during this period. Venezuela sells about 1.3 million barrels of oil to the U.S. daily and the U.S. is by far Venezuela's biggest export market.

The Andean Community has not been able, over the last several years, to forge a consensus on such issues as subsidies, rules-of-origins and phytosanitary restrictions. This has allowed certain members such as Peru to retain considerable autonomy. The Community's weakness has led to repeated delays of its trade negotiations with MERCOSUR. Nevertheless, an agreement with MERCOSUR is expected by year-end under which tariffs on most goods would be removed within 10 years.

While the Andean Community is attempting to develop a consensus on its approach to FTAA negotiations, it has only recently begun to speak as a bloc. Venezuela supports the FTAA process, but on issues that divide the U.S. and MERCOSUR -- including fundamental disagreements on the timing and depth of the negotiations -- Venezuela is torn between the reality of its extensive trade ties with the U.S. and its political commitment to forge closer ties with Latin brothers in MERCOSUR.

TALKING POINTS:

- To forge the hemispheric economic partnership of an FTAA, we should commit to a simultaneous launch of negotiations on all issues with everything on the table and a clear, unequivocal focus on the ultimate goal of free trade.
- As we agreed in Miami, it is of utmost importance to achieve concrete progress by the end of the century. This can be achieved by agreeing to a very significant package of interim agreements by the year 2000.
- To fulfill Miami's vision of prosperity for the Americas, we must address worker rights and environmental concerns of all citizens that the fruits of free trade benefit as many as possible in the FTAA process.

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Potus 10/12-19 TRIP PUBLIC STATEMENTS
VENEZUELA: QUESTIONS AND ANSWERS

PRESIDENTIAL VISIT

Q: You didn't visit Latin America at all during your first term. Doesn't that indicate a lack of interest in the region?

- While my first term was primarily focused on important domestic American priorities like health care, education and the economy, I have long valued our relations with our Latin American neighbors. For this reason I invited the 33 democratically-elected leaders to meet with me at the Miami Summit in December 1994. I traveled to Mexico, Central America and the Caribbean in May of this year and I have two more trips to the region scheduled in the next seven months. Based on all of this, I think Mack McLarty is right to say that this is the "Year of the Americas" for me and others in my government. And, my Administration is committed to a Free Trade Area of the Americas by 2005.

Q: Why are you coming to Venezuela?

- Venezuela is important to the United States; it's important to South America and the hemisphere, and it has a significant role to play. Venezuela is the United States' seventh-largest trading partner, and our largest source of imported oil. More importantly, it enjoys the longest-standing democratic tradition in South America and has been a strong ally of the United States. I am very happy to be able to include Venezuela on my itinerary for this trip.

TRADE RELATIONS

Q. The United States and Venezuela have resolved their differences on tuna fishing, and a solution to the Oirimulsion question seems on the way. Nevertheless, aren't these examples of protectionist pressures hiding behind environmental concerns?

- No. These are examples of the United States enforcing laws and regulations which have been designed to protect the health and safety of its citizens and to respond to serious environmental concerns, in the case of the tuna ban and the aircraft noise restrictions. During my visit to Venezuela, we hope to be signing a number of agreements regarding investment

and taxation. Obviously, these agreements are testimony to the growing economic ties between our two countries.

BILATERAL INVESTMENT TREATY

Q: A Bilateral Investment Treaty (BIT) has been mentioned as one of the most important issues to be addressed during your trip to Venezuela. Why is the BIT important?

- Our Bilateral Investment Treaty Program supports key U.S. economic policy objectives of export promotion and enhanced international competitiveness of U.S. firms. BITs are designed to protect U.S. investment abroad in those countries where U.S. investors' rights are not protected through existing agreements; to encourage foreign countries to adopt and maintain market-oriented domestic policies conducive to foreign investment; and to support international law standards consistent with these objectives. BITs can assure U.S. exporters the right to establish a market presence overseas through investment. BITs provide clear limits on expropriation of investments and the right to international arbitration to resolve investment disputes.
- BITs are reciprocal agreements which create obligations and opportunities for both sides. A BIT would ensure that U.S. investors are treated as well as domestic investors or any other foreign investor. Likewise, Venezuelan investors would enjoy national or most-favored nation treatment in the United States.
- The U.S. views conclusion of a bilateral investment treaty with Venezuela as a foreign policy priority given the high level of U.S. investor interest, particularly in the liberalization of Venezuela's oil sector. Furthermore, a BIT would signal Venezuela's commitment to open trade and investment policies.

NARCOTICS CERTIFICATION

Q. The United States reviews annually the narcotics control efforts of other countries, particularly in Latin America. What gives the United States the right to condemn or condone the practices and policies of other sovereign states?

- Countering the illicit narcotics trade is a national security issue for the United States. The U.S. provides counternarcotics foreign assistance to major narcotics producing and transit countries to assist our domestic efforts against drug consumption, as well as to support host government efforts against narcotics corruption and institutional destabilization. My certification determinations are mandated by U.S. law, and are reported to the Congress to provide accurate information on the degree to which the international community is making progress against the illicit drug trade.

Q. Foreign Minister Burelli was once quoted as saying he advocated a narcotics "counter-certification" of the United States by Latin American countries. What is your reaction?

- The Foreign Minister has a right to express his opinion on this issue. U.S. narcotics certification determinations on cooperation take into account the degree to which countries have taken adequate steps to meet the counternarcotics goals and objectives of the 1988 UN Drug Convention. Compliance with the goals and objectives of the Convention is a shared goal of the international community, and the certification process supports that goal.

Q: The United States counter-narcotics strategy seems to be limited strictly to eliminating production and shipment of drugs to the US by other countries. Why don't you do anything to reduce consumption at home?

- Eradication and interdiction are only part of our strategy to counter narcotrafficking. Most of the Federal money spent on anti-drug programs goes for domestic prevention programs such as education rehabilitation, law enforcement, and research. It is important for Venezuelans and citizens of other countries to realize that we are not trying to shift responsibility for the drug problem in the United States from our shores to theirs. We are trying to enlist the support of other countries in our effort to reduce drug consumption, because, obviously, one key to reducing demand is to reduce supply. However, we also realize quite clearly that our primary responsibility is to eliminate consumption at home, and private organizations, schools, churches, and agencies of local, state and national government are all working together to make that happen.

U.S. PARTICIPATION IN ERADICATION EFFORTS?

Q. Why were U.S. soldiers involved in opium poppy eradication efforts in Venezuela's Perijas region?

- No U.S. troops were in the Perijas to help with eradication efforts or for any other purpose. A team of U.S. Army personnel was in Maracaibo earlier this year to help train Venezuelan military forces in eradication and counternarcotics activities, under an agreement with the Venezuelan Government--but that agreement also specified that U.S. troops were not to take part in those activities themselves, and they did not.

FAA

Q. Will Venezuela be promoted back to FAA safety category 1, or will it be relegated to category 3?

- Venezuela must meet International Civil Aviation Organization standards for air safety oversight before the FAA can change the ranking to Category 1. We cannot predict how long it will take for Venezuela to meet those standards. The Venezuelan Ministry of Transport and the Federal Aviation Administration are in regular contact about these issues.

HUMAN RIGHTS

Q. Earlier this year, the State Department issued a report that was quite critical of the Government of Venezuela in terms of its human rights practices. What gives you the right to pass that kind of judgment?

- Respect for human rights is a fundamental value in U.S. society, a value we share with Venezuela. Positive relations between the United States and any other country require that the government of that country be stable and democratic. Abuse of human rights threatens both stability and democracy. For that reason, it is in the interest of the United States, as well as the country in question, to promote respect for human rights.
- As in the case of narcotics certification, the State Department's Annual Human Rights Report is a mandate from the U.S. Congress. We prepare such reports on every country in the world. We also do such a report on the U.S. to meet our obligations under the U.N. Covenant on Civil and Political

Rights. As in the case of the drugs report, the United States regards the human rights report as a tool, not as a weapon. We encourage other governments to use this tool to examine their own practices and make changes where necessary, and not to regard it as a threat.

Q. In your 1997 birthday greeting to President Caldera, you praised him as one of the most respected democratic leaders in the Hemisphere. How can you reconcile that comment with the human rights report, which is so critical of the government?

- Most of the problems identified in the Human Rights Report stem from practices his government inherited from previous administrations. I applaud President Caldera's efforts to address these problems and coordinate human rights policy through the Venezuelan human rights commission and Prosecutor General.

PRESIDENT CALDERA

Q. There are recurring reports suggesting that President Caldera's health is failing. Is the United States concerned about President Caldera's condition?

- President Caldera appears by all accounts to enjoy excellent health, to be fully in charge of Venezuela's government, and to be fulfilling a rather more active role than that of a mere "tourist attraction," as he himself joked. I am looking forward to visiting President Caldera.

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VENEZUELA: HUMAN RIGHTS OVERVIEW

Our 1996 Country Report on Human Rights Practices notes that the absence of due process and mistreatment of detainees are continuing and serious human rights problems. Venezuelans identify public security (kidnapping, robbery and assault) as their top concern. The Government of Venezuela (GOV) is aware of human rights problems and is taking steps to reduce abuses. This progress includes judicial and other reforms which target the underlying causes of human rights abuses. However, much work remains to be done.

There continue to be instances of extrajudicial killings by the police and the military, torture and abuse of detainees (especially to extract confessions and other information) and failure to punish or otherwise hold police and other security officers accused of abuse accountable for their acts. Many security force abuses stem from operations to combat Colombian guerrillas, narcotraffickers and common criminals.

The administration of justice is dysfunctional, as a result of corruption and severe inefficiency in the judicial and law enforcement systems, arbitrary arrests, excessively lengthy pre-trial detentions and illegal searches. Those accused of serious crimes spend 4-5 years in prison before their trial is complete. Prison conditions are extremely harsh due to overcrowding, corruption and gang violence. Violence against women, abuse of children and discrimination against the disabled continue to be problems. The GOV does not rigorously defend the rights of indigenous people, despite a growing framework of legal protections.

In order to address problems and better coordinate human rights policy, the GOV has created an intergovernmental Human Rights Commission, which works in tandem with the prosecutor general, the public ombudsperson. Ongoing judicial reform includes systems modernization and changing to an adversarial system. Legal provisions guaranteeing civil liberties, political and worker rights and freedom of religion are respected. Academic freedom is not restricted. There are no legal limits on the participation of women in politics. First asylum is provided. There were no reports of political prisoners. Local and international groups involved with human rights matters operate freely.

TALKING POINTS

- We applaud your efforts to address problems and coordinate human rights policy through your human rights commission and prosecutor general.
- We support your efforts to implement judicial reform through systems modernization and changing to an adversarial system of justice.
- We encourage you to ensure that security forces respect international human rights norms during all operations.

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VENEZUELA: COUNTERNARCOTICS AND LAW ENFORCEMENT ISSUES

Venezuela's burgeoning counternarcotics cooperation with the U.S. has been active on several fronts, including extradition, money laundering and mutual legal assistance. Closer cooperation with the U.S. in mutual legal assistance will facilitate the prosecution of international drug trafficking and other cases. Our continuing negotiations on a Mutual Legal Assistance Treaty is a powerful example of international judicial cooperation.

Further, Venezuela's participation in INL-funded training courses designed to improve the prosecution of drug cases reflects the country's commitment to the rule of law. In the face of the drug trade's corrosive effect on democratic institutions, the GOV has sought to modernize its judicial system. Senior Venezuelan justice officials should be congratulated for persevering in this struggle.

Venezuela's precedent-setting extradition of convicted Colombian narcotics trafficker Justo Pastor Perafan to the U.S. will hobble major Colombian cartels. His trial in New York in the near future symbolizes the power of international cooperation in enforcing the rule of law.

Only a few disappointments mar Venezuela's overall good cooperation. In the past, the GOV's denied several USG requests to board suspected Venezuelan drug trafficking vessels in international waters. However, we now have a shipboarding agreement and the GOV has said it wants to negotiate a comprehensive new maritime cooperation agreement to resolve such problems.

TALKING POINTS:

- I commend your government for the swift extradition of convicted Colombian narcotics trafficker, Justo Pastor Perafan Omen;
- Venezuela's law to better track financial assets flowing through the gaming industry is expected to help control the laundering of illicit funds;
- Congratulations on GOV participation in international judicial and prosecutorial training courses that complement your country's ambitious judicial reform effort;
- The Joint Declaration we have issued reconfirms our cooperation in combatting organized crime and narcotics trafficking.

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- I look forward to making use of the MLAT to our mutual benefit in the fight against narcotics trafficking and international crime; and
- I hope to see a comprehensive Customs Mutual Cooperation Agreement to better control the smuggling of cocaine, chemicals and other contraband through Venezuelan territory.

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VENEZUELA: U.S.-VENEZUELA TRADE RELATIONS

The U.S. is Venezuela's principal trading partner, while Venezuela is the leading foreign supplier of U.S. oil.

Symbiotic relationship. Venezuela belongs to a free-trade bloc (the Andean Community) and continues to negotiate preferential trade agreements with other Latin American countries, but the U.S. remains its main trading partner. Venezuela's primary export to the U.S. is oil (\$8.7 billion in 1996), but even in terms of non-oil trade, the U.S. is Venezuela's second largest export market (after Colombia). Venezuela buys almost half of its imports from the U.S. The U.S. ran an \$8.2 billion trade deficit with Venezuela in 1996, but excluding oil, the balance was in the U.S.' favor. The U.S. is Venezuela's largest supplier of goods, services and technology in the oil industry.

Diminishing list of trade issues. A number of bilateral trade problems have been addressed over the past few months. These include the end of the tuna embargo under the amended Marine Mammals Protection Act, and issuance of a new EPA regulation on gasoline imports that meets the terms of a WTO case brought by Venezuela. In addition, a suspension agreement in the U.S. countervailing duty investigation against SIDOR, a state-owned steel company, now appears likely.

Civil aviation dispute. The FAA determined that Venezuela's air safety oversight structure does not meet internationally-agreed standards, and thus placed Venezuela in (conditional) Category II of its international aviation safety program. This ranking limits Venezuelan carriers to current levels of service to the United States until the GOV brings its safety oversight capability into compliance with international standards. Although this freeze results entirely from safety considerations, the GOV has reacted by denying U.S. airline requests to increase service to Venezuela. The U.S. maintains that the GOV's actions violate our bilateral civil aviation agreement.

TALKING POINTS

- Venezuela has been a reliable trading partner, especially in the supply of oil.
- Bilateral trade relations are excellent, with the exception of an ongoing civil aviation dispute.
- Commerce and safety are separate issues. Venezuela should approve new route requests by U.S. airlines as provided in our bilateral air transport agreement.

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VENEZUELA: ENERGY

Venezuela's energy importance to the U.S. stems from its large proven oil reserves (73 billion barrels), the fourth largest of any country and the largest outside of the Middle East. Since 1996, Venezuela has become our number one foreign oil source, meeting 18 percent of our daily imports. Venezuela also holds an astounding 275 billion barrels of extra heavy oil (about the size of Saudi Arabia's conventional reserves). U.S. oil companies will spend billions with Venezuela to "upgrade" these crudes at U.S. refineries. U.S. firms assist Venezuela to produce "orimulsion", a heavy boiler-fuel now seeking regulatory approval, on appeal, in Florida. We stress that permitting is an independent local, state, and federal process.

A founder of OPEC, Venezuela is now its largest quota-buster with production of 3.2 million barrels per day yet a quota of only 2.3 million. The U.S. does not comment on internal OPEC issues nor on the production levels of its members. Oil provides Venezuela 65 percent of federal revenues.

Venezuela is focusing its oil exports to the nearby U.S. market. The U.S. praises Venezuela's role as our largest oil supplier and for its 80 year history of supply reliability. Venezuela did not participate in the 1973 Arab oil embargo, has boosted production during times of crisis, from the World Wars to the Gulf War. We welcome Venezuela's integration into the U.S. energy sector. State-owned Petroleos de Venezuela (PDV) owns CITGO Petroleum, with more U.S. gasoline stations (15,000) than any other chain and third by volume in U.S. gasoline sales. On August 19, 1997, since Venezuela and Brazil won their WTO case against us on gasoline import standards, EPA amended import regulations while upholding the Clean Air Act.

Venezuela seeks to double its oil production by 2005, with foreign investment to play a key role. Starting in 1992, private (Venezuelan and foreign) oil companies have been paid a royalty-per-barrel to "re-start" older, existing oil fields. The latest, July 1997, bid round for twenty fields, earned Caracas a surprising 2.2 billion USD in up-front bids. Even broader was Venezuela's successful 1996 auction, for the first time since nationalization in 1976, of eight new areas for exploration and production by private, mostly American, oil majors; the companies will hold an equity share in these fields.

TALKING POINTS

- Venezuela remains our number one source of oil imports. We value our long-standing partnership with the Venezuelan petroleum industry.
- Extensive U.S. investment in Venezuela's petroleum sector and Venezuela's considerable investment in the U.S. reflect the efforts of both our nations to promote and achieve a free and prosperous economic partnership.

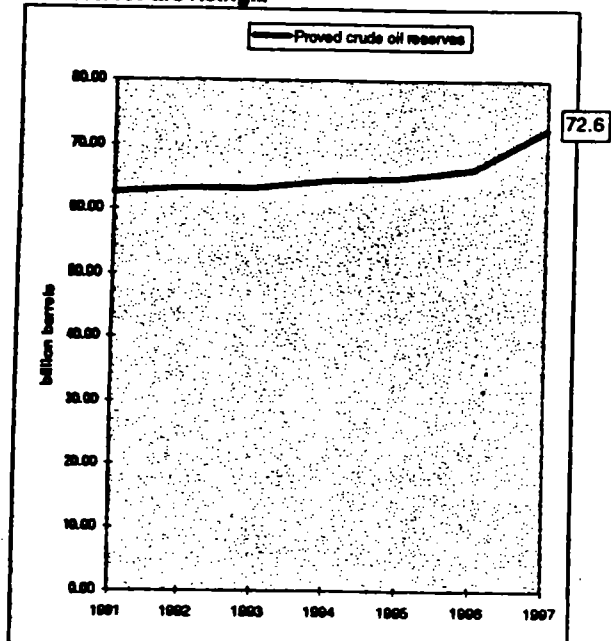
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- Venezuela and the U.S. share a commitment to protect the environment. U.S. companies working in Venezuela are using the latest technology and the best environmental practices.

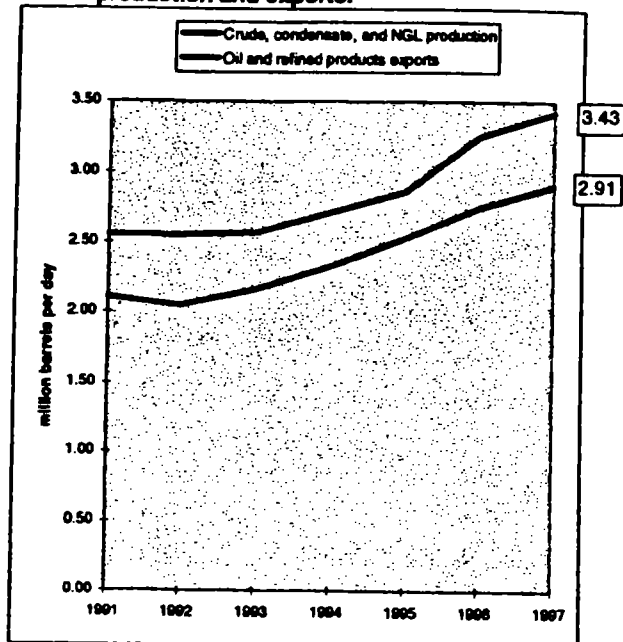
This map of Eastern Venezuela illustrates the geographical distribution of oil fields and areas of US involvement. The legend in the bottom-left corner defines the symbols used: a grid pattern for 'Area of US Involvement', a solid black oval for 'Heavy oil producing area', a stippled pattern for 'Marginal oilfield area', a white rectangle for 'Oil exploration area', and an oval shape for 'Sedimentary basin'. The map shows several major rivers including the Rio Orinoco, Rio Apure, Rio Guainía, Rio Negro, Rio Arica, and Rio Uribarí. Key locations such as Maracaibo, Lago de Maracaibo, Barinas-Apure, and the coastal region of Carabobo are labeled. The map also shows the borders with Colombia to the west, Brazil to the south, and Guyana to the east. A scale bar at the bottom left indicates distances in kilometers (0 to 100) and miles (0 to 150). A note at the bottom right states 'Boundary representation is not necessarily authoritative'.

Venezuelan Oil Trends

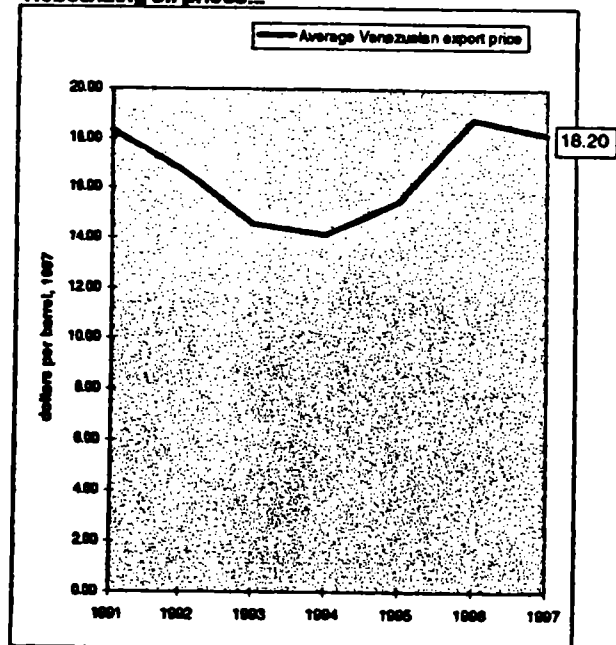
Oil reserves are rising...



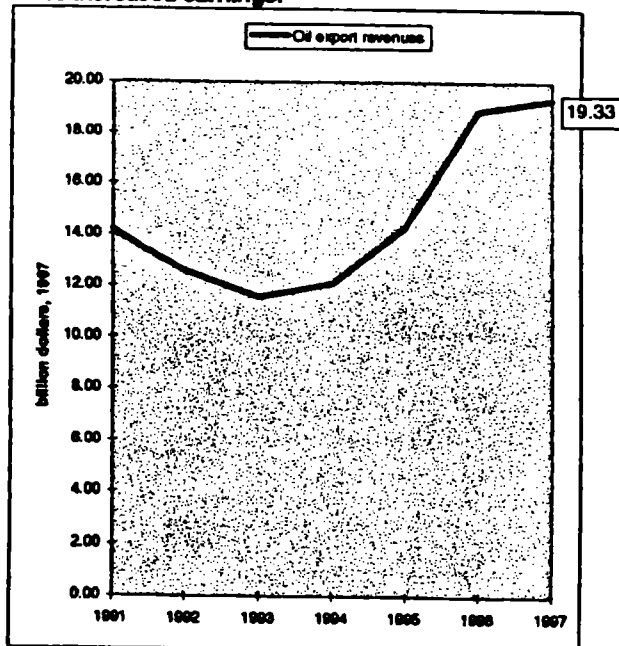
as are production and exports.



Rebounding oil prices...



have increased earnings.



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VENEZUELA: AGENDA VENEZUELA

In April 1996, the GOV adopted the "Agenda Venezuela," a sweeping program of economic reform. Price, exchange, and interest rate controls were eliminated, and domestic fuel prices were raised in line with world prices in 1996 and 1997. Venezuela negotiated a stand-by agreement with the International Monetary Fund, gaining the Fund's support for politically difficult reforms. In 1997, the Caldera Administration presided over a historic reform of the severance payments system which diminished the disincentives to job creation and formal employment.

The GOV has taken other steps to open the economy to foreign investors. Venezuela continued the opening of its state-owned petroleum sector to foreign investment, promoting establishment of massive new joint ventures and reactivation of inactive oil fields. U.S. firms have been major participants in the oil opening with concessions totaling nearly \$15 billion. Venezuelan financial authorities have also succeeded in reprivatizing virtually all major banks and insurance companies nationalized in the wake of a deep financial crisis in 1994. Foreign investors are now the largest players in both banking and insurance.

The reform has yielded positive results in terms of lower inflation and, with last year's rise in oil export prices, a small government budget surplus. Macroeconomic stabilization has exacted a price, with Venezuela's non-oil economy shrinking by 3.6% in 1996. However, a recovery appears to be underway, with growth in both the oil and non-oil sectors in the first half of 1997.

Under pressure to allow compensation for cost of living increases, the Caldera Administration has decreed large wage increases in 1997. This is ominous for a nation that is just recovering from high inflation. In addition, national elections scheduled for late 1998 will make it more difficult for the GOV to press on with important, but controversial, reforms of the state administration and the social security system, and privatization of the large and costly state-owned aluminum and steel companies.

TALKING POINTS

- The U.S. commends Venezuela for pursuing its program of economic liberalization. Global capital markets and U.S. investors have taken note and responded enthusiastically to the reforms.
- The GOV should resist political pressures that would jeopardize the Caldera Administration's achievements in bringing down inflation and placing Venezuela on the path to sustainable long-term growth.

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13-18, 1997): Background Papers, Venezuela

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VENEZUELA: FACT SHEET ON U.S.-VENEZUELAN RELATIONS

Close U.S.-Venezuelan relations are founded on a strong mutual commitment to constitutional democracy, hemispheric integration, economic liberalization, and counternarcotics cooperation.

Venezuela has an unbroken tradition of civilian democratic rule since 1958, though it suffered through a period of political turbulence from 1989 to 1994 during which there were two coup attempts and the impeachment of a president. President Caldera, elected in December 1993, used his personal stature and reputation for incorruptibility to restore political stability and social peace.

The Caldera Government has made hemispheric cooperation a foreign policy priority and has been working closely with the United States on the Summit of the Americas initiative. President Caldera championed the OAS Anti-Corruption Convention and has been an active proponent of energy integration. Venezuela also participates in the UN Friends of Haiti, El Salvador, and Guatemala groups.

Venezuela is the United States' top supplier of foreign oil, both crude oil and refined petroleum products, boosting production when necessary, as during the Gulf War. Conversely, Venezuela is the largest export market for U.S. oil and gas goods and services. The United States is Venezuela's leading trade partner. In 1996, the United States posted \$4.7 billion in exports (about 45 percent of Venezuela's total imports) and purchased \$12.9 billion in imports (about 55 percent of Venezuela's total exports).

The Venezuelan economy is making a comeback under President Caldera's economic reform plan, "Agenda Venezuela," propelled by the opening of the petroleum sector to foreign investment and an ambitious privatization program. This has created new trade and investment opportunities for U.S. companies which have shown intense interest in the reactivation of marginal oil fields, oil exploration and production concessions, and extra-heavy oil strategic associations.

Venezuela and the United States have an important counternarcotics cooperation program designed to interdict the transit of Colombian cocaine en route to the U.S. and Europe, and the laundering of drug trafficking proceeds. Since 1993 we have spent \$2.3 million dollars on counternarcotics training and technical assistance programs. In FY 1997, the United States allocated \$600,000 in counternarcotics assistance aimed at detecting drugs, eradicating poppy fields, and strengthening the judicial system. In addition, the United States plans to deliver excess military equipment worth \$12.25 million to the Venezuelan armed forces for counternarcotics use.

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POTUS 10/12-19 TRIP PUBLIC STATEMENTS

VENEZUELA: U.S. RELATIONS

Venezuela and Political Equality

- Simon Bolivar (see MON bo-LEE-var) is the father figure of Venezuela and is known as "El Libertador" or the Liberator. His revolution in Venezuela and eventually Colombia, Ecuador and Peru was not only designed to end Spanish rule in these colonies. Bolivar, influenced by French and American revolutionaries, also promoted the political equality of all citizens. Although this ideal did not fare well elsewhere on the continent, it flourished in Venezuela. To this day, Venezuelans cherish this notion of political equality, which is manifested in their familiar speech, their strong attachment to democratic government, and in the still common habit of referring to each other by a single title: citizen (in Spanish, "ciudadano"; phon: see-u-da-DA-no).
- Venezuelans are proud of their mixed racial heritage (their Caribbean character makes them unique in South America), and do not consider racism to be art of their culture, society, or government. They even invented a term "criollo," which means of mixed blood, which they adopted to describe themselves (much the same way Americans use "Yankee").
- While political gender equality came late to Venezuela, Venezuelan women have made important legal and political strides to assert their independence and their right to participate in their country's decision-making. This year marks the 50th anniversary of universal suffrage.
- Bolivar was also fiercely committed to the belief that justice and liberty are closely linked. In a quotation which is displayed on the wall at the entrance of the Bolivar Museum in Caracas, Bolivar said, "Good customs and not the force of arms are the cornerstone of the law; and the exercise of justice is the exercise of liberty."
- A similar sentiment was expressed by Andres Bello, a great educator, philosopher, and poet. President Rafael Caldera, one of Bello's biographers, quoted Bello saying, "Security, property, honor, indeed everything that man seeks and finds in society is based precisely on the honest administration of justice. Without this, laws are a vain pretense, for it does not matter that they exist and are the best if bad application, or lack of observance, nullifies them, or if, in

order to gain their effect, a man has to suffer greater evils than those which obliged him to ask for their fulfillment."

Bolivar and hemispheric integration

- Bolivar sought to create a politically integrated region of the continent, known as Grand Colombia, which would have encompassed all the present-day Andean countries (Venezuela, Colombia, Peru, Ecuador and Bolivia). This effort failed as internal turmoil tore the alliance apart and created the countries we know today. But the integrationist thinking of Bolivar still holds strong sway over many Venezuelans and South Americans.
- This is demonstrated by two worthwhile quotes, one comes from Bolivar's compatriot General Jose Sucre, who said, "There is no more agreeable message for an American (i.e. anyone from this hemisphere) than that which strengthens the bonds among brethren nations."
- Andres Bello said, "The various sections of Spanish America have until now been too separated from each other; their common interest join them together; and nothing which contributes to this great aim is unworthy of the consideration of governments, statesmen, and friends of humanity."

Christopher Columbus and Venezuela

- Christopher Columbus, whose day of celebration was October 12 in Venezuela, only made landfall on the South American continent once. This happened during his third and penultimate journey in 1498, and he landed in what is today Venezuela.

Who is Rafael Caldera?

- Rafael Caldera's political career mirrors the long development of Venezuelan democracy. He first entered politics during the U.S. presidency of Franklin Roosevelt, and has watched the trajectory of U.S.-Venezuelan bilateral relations throughout the period of the "Good Neighbor Policy," the "Alliance for Progress," and now the "Summit of the Americas" process.
- When President Kennedy visited Venezuela in 1961, Rafael Caldera was President of the Chamber of Deputies, the equivalent of the U.S. Speaker of the House.

- Caldera was one of the founders of the Social Christian Party (known by its acronym COPEI), a party closely linked to the European Christian Democratic movement. COPEI and Caldera were a centrist party which acted as a counterbalance to the left-of-center Democratic Action party. Caldera left that party in 1993 when it refused to nominate him as its presidential candidate. He started his own party, Convergence, and captured the presidency.
- Despite being the oldest president in the hemisphere, Caldera has been one of the farthest seeing and is moving Venezuela from a narrowly nationalistic, oil-fueled statist model. His "Agenda Venezuela" is a dramatic economic reform program which has opened Venezuela to foreign investment in oil and other key areas, restructured the state, introduced decentralization, and reformed a broken down social security and public health system. Through judicial reform, he is attempting to improve the administration of justice, and he has worked to build political consensus around the need to fight drug trafficking and organized crime. President Caldera was also the father of the Organization of American States' Anti-Corruption Convention, which highlighted the destructive impact of corruption on democratic government, and provided states a means to combat corruption. In this regard, Caldera is Venezuela's bridge to the 21st century.

Visits of Previous Presidents

- President Clinton is the third U.S. president to visit Venezuela. President Kennedy visited in 1961 and President Bush visited in 1990.
- When President Kennedy visited Venezuela, he noted in his arrival statement that although he was the first U.S. president to visit Venezuela, he felt as if he were following "in the footsteps of Franklin Roosevelt." Kennedy quoted words from Roosevelt's speech in Buenos Aires announcing the "Good Neighbor Policy," saying "the lack of social and political justice is always a cause for concern . . . we must work to achieve for the Americans, through democratic means, the highest possible standard of living for all our people." (President Kennedy's visit is well remembered because he reached out to common Venezuelans in public appearances.)
- Kennedy, who came only three years after the fall of the Perez Jimenez dictatorship, sought to underscore the connection between democracy and economic development. This theme has

been a consistent part of our relationship with South America, and is evident today, as the consolidation of democratic government in the hemisphere moves forward with economic reform and integration.

- President Clinton visits Venezuela at the end of a difficult and dramatic political period which saw a social uprising in 1989, two failed coup attempts from disgruntled nationalist forces in 1992, the impeachment and imprisonment of a president (Carlos Andres Perez) in 1993, the collapse of the banking system in 1994, and rampant inflation (104 percent last year). Venezuelan democracy survived these body blows because of the depth of commitment to democratic, constitutional government among the public, in the political parties, and within the majority of the military.

The Embassy and Its Staff

- The American Embassy in Caracas has 139 American employees representing 11 federal agencies. The Embassy employs 174 Foreign Service Nationals who provide vital support services to U.S. personnel working in the Embassy.
- The Embassy is a new building, inaugurated in 1995. It sits on a hill to the southeast of Caracas's city center and has a stunning view of the city.
- When the Embassy was inaugurated, a sudden downpour left hundreds of invited guests and dignitaries soaked to the skin. Then Ambassador Davidow cheered up the crowd by quoting from one of Bolivar's great public moments when, following the earthquake of 1812 which many in Caracas took to be a message from God condemning the independence movement, Bolivar stood in a ruined plaza of the city and proclaimed, "If nature opposes us, we will struggle against her until we make her submit."



U.S. Department of State

Background Notes: Venezuela, September 1997

Released by the Bureau of Inter-American Affairs.

Official Name: Republic of Venezuela

PROFILE

GEOGRAPHY

Area: 912,050 sq. km. (352,143 sq. mi.); about the size of Texas and Oklahoma combined.

Cities: Capital--Caracas (metropolitan area population est. 2.8 million, 1990 census). Other major cities--Maracaibo, Valencia, Barquisimeto.

Terrain: Varied.

Climate: Varies from tropical to temperate, depending on elevation.

PEOPLE

Nationality: Noun and adjective--Venezuelan(s).

Population (1996 est.): 22.3 million.

Annual growth rate (1985-95 est.): 2.2%.

Ethnic groups: Spanish, Italian, Portuguese, Arab, German, African, indigenous peoples.

Religions: Roman Catholic 96%.

Languages: Spanish (official), numerous indigenous dialects.

Education: Years compulsory--9. Literacy--91%.

Health: Infant mortality rate--26.5/1,000. Life expectancy--73.31 yrs.

Work force (about 8.8 million in 1996): Services--64%. Manufacturing--13%. Agriculture--13%.

Construction--8%. Other--2%

GOVERNMENT

Type: Federal republic.

Independence: July 5, 1811.

Constitution: January 23, 1961.

Branches: Executive--president (head of government and chief of state; five-year term); Council of Ministers (cabinet).

Legislative--bicameral congress (203-member Chamber of Deputies, 53-member Senate) elected for five-year term.

Judicial--18-member Supreme Court.

Subdivisions: 22 states, one federal district (Caracas), and one federal dependency (72 islands).

Major political parties: Democratic Action (Accion Democratica--AD), Social Christian (Comite Organizador Politico por Elecciones Independientes--COPEI), Convergencia (President Caldera's party), the Radical Cause (Causa R), and the Movement to Socialism (Movimiento al Socialismo--MAS).

ECONOMY

GDP (1996 est.): \$65 billion.

Growth rate (1996): -1.6%

GDP per capita: \$2,900.

Natural resources: Petroleum, natural gas, coal, iron ore, gold, other minerals, hydroelectric power, bauxite.

Agriculture (5% of GDP): Products--rice; coffee; corn; sugar; bananas; dairy, meat, and poultry products.

Petroleum industry (25% of GDP): oil refining, petrochemicals.

Manufacturing (21.5% of GDP): Types--iron and steel, paper products, aluminum, textiles, transport equipment, consumer products, and petroleum refining.

Trade (1996 est.): Exports--\$22.8 billion: petroleum (\$18.2 billion), iron ore, coffee, steel, aluminum, cocoa.

Major markets--U.S. (55%), Japan, Germany, Colombia, Netherlands, Brazil, Italy. Imports--\$10.6 billion: machinery and transport equipment, manufactured goods, chemicals, foodstuffs. Major suppliers--U.S. (45%), Japan, Germany, France, Canada, Italy, Colombia, Brazil.

Exchange rate (12/96): 477 bolivars = U.S. \$1.

U.S.-VENEZUELAN RELATIONS

U.S. relations with Venezuela are close. The two countries share a strong mutual commitment to democracy. As the U.S. number-one supplier of foreign oil, Venezuelan commercial ties are close. Major U.S. interests in Venezuela include protection and promotion of U.S. exports and investment; continuation of the economic reform program; preservation of constitutional democracy; closer counternarcotics cooperation; and maintaining access to a leading source of foreign petroleum.

The United States is Venezuela's most important trading partner, representing approximately half of both imports and exports. In turn, Venezuela is the U.S. third-largest export market in Latin America, purchasing U.S. machinery, transportation equipment, agricultural commodities, and auto parts. Venezuela's opening of its petroleum sector to foreign investment in 1996 created tremendous trade and investment opportunities for U.S. companies. The Department of State is committed to promoting the interests of U.S. companies in overseas markets. Contact information and a list of government publications can be found in the section "Other U.S. Government Contacts" toward the end of this document.

Venezuela is a minor source country for opium poppy and coca, but a major transit country for cocaine and heroin. Money laundering and judicial corruption are major concerns. The United States is working with Venezuela to combat drug trafficking. In FY1997, the United States allocated \$600,000 for counternarcotics assistance and about \$350,000 through the International Military Education and Training (IMET) program. In addition, the United States plans to deliver excess U.S. military equipment worth \$12.25 million to the Venezuelan armed forces for counternarcotics use. There is no U.S. Agency for International Development (USAID) or Peace Corps mission in Venezuela.

Approximately 23,000 U.S. citizens living in Venezuela have registered with the U.S. embassy, an estimated three-quarters of them residing in the Caracas area. An estimated 12,000 U.S. tourists visit Venezuela annually. About 500 U.S. companies are represented in the country.

PEOPLE AND HISTORY

Most Venezuelans are of European, indigenous, and/or African descent. About 85% of the population lives in urban areas in the northern portion of the country. While almost half of Venezuela's land area lies south of the Orinoco River, this region contains only 5% of the population.

The indigenous peoples ranged from agriculturists to less advanced groups living on islands offshore. The first permanent Spanish settlement in South America--Nuevo Toledo--was established

in Venezuela in 1522. However, Venezuela was a relatively neglected colony in the 1500s and 1600s as the Spaniards focused on extracting gold from other areas of their empire in the Americas.

The Venezuelans began to grow restive under colonial control toward the end of the 18th century. After several unsuccessful uprisings, the country achieved independence from Spain in 1821 under the leadership of its most famous son, Simon Bolivar. Venezuela, along with what are now Colombia, Panama, and Ecuador, was part of the Republic of Gran Colombia until 1830, when it separated and became a sovereign country.

Much of Venezuela's 19th century history was characterized by periods of political instability, dictatorial rule, and revolutionary turbulence. The first half of the 20th century was marked by periods of authoritarianism--including dictatorships from 1908-1935 and from 1950-1958. The Venezuelan economy shifted from a primarily agricultural orientation to one centered on petroleum production and export after the First World War.

Since the overthrow of Gen. Marcos Perez Jimenez in 1958, Venezuela has enjoyed an unbroken tradition of civilian democratic rule marked by the military's withdrawal from direct involvement in national politics. Until 1993, when Rafael Caldera won the presidential election on a coalition "Convergence" ticket, the presidency had passed back and forth between the country's main political parties, Accion Democratica (AD) and the Christian Democratic (COPEI) Party.

GOVERNMENT

The president is elected by a plurality vote with direct and universal suffrage. The term of office is five years, and a president cannot be re-elected until at least two terms have been served by others. The president decides the size and composition of the cabinet and makes appointments to it with the involvement of the congress. The executive branch initiates most legislation, which the legislature debates and approves, alters, or rejects. The congress has the authority to override a presidential veto, but the president can also ask the congress to reconsider the portions of bills found objectionable.

The congress is bicameral, and elections for the Senate and the Chamber of Deputies are held at the same time every five years. Until 1993, voters cast ballots for a party list of candidates. The 1993 national election permitted, for the first time, the direct election of one-half of the Chamber of Deputies by name and district. When the congress is not in session, its delegated committee acts on matters relating to the executive and in oversight functions.

All courts in Venezuela are part of the federal system. The 18 members of the Supreme Court of Justice are elected by a joint session of the congress to nine-year terms; one-third of the court is elected every three years, and each justice can serve only one term. The Judicial Council oversees the selection of judges to the lower civilian courts, which include district courts, municipal courts, and courts of first instance.

National Security

The armed forces number 80,000 personnel in four service branches--army, navy (including the marine corps), air force, and the Armed Forces of Cooperation (FAC), commonly known as the national guard.

Principal Government Officials

President--Rafael CALDERA

Foreign Minister--Miguel Angel BURELLI RIVAS

Ambassador to the United States--Pedro Luis ECHEVERRIA

Ambassador to the United Nations--Ramon ESCOVAR-SALOM

Ambassador to the OAS--Francisco PAPARONI

The Venezuelan Embassy in the United States is located at 1099 30th St. NW, Washington, DC 20007 (tel. 202-342-2214). Venezuela maintains consulates in Boston, Chicago, Houston, Miami,

New Orleans, New York, San Francisco, and Puerto Rico.

POLITICAL CONDITIONS

Venezuela's history of free and open elections since 1958 and its prohibition of military involvement in national politics earned it a reputation as one of the more stable democracies in Latin America. But the country suffered a series of political and economic crises at the beginning of this decade which culminated in a temporary suspension of constitutional rights in 1994-95. The current government has returned political stability and social peace to Venezuela.

Venezuela experienced political turbulence in response to a 1989 economic austerity program launched by then President Carlos Andres Perez. Disgruntled military officers unsuccessfully mounted two coup attempts in 1992 and, in 1993, Congress impeached Perez on corruption charges. President Rafael Caldera was elected in December 1993. His administration's primary concerns were economic problems, particularly a financial crisis in 1994 and, in 1996, it introduced a new economic plan, the "Agenda Venezuela," to liberalize Venezuela's economy and promote economic growth.

The economic and financial crisis in 1994 led to restrictions on some civil liberties. President Caldera gave the police the power to detain people and enter homes without warrants and to seize property without compensation.

When the Congress voted to restore civil liberties in July 1994, the President signed a decree suspending them again. He then challenged the Congress to put the matter to a national referendum; congressional leaders agreed to uphold the President's decree. Full civil liberties were restored in July 1995, except in some border areas.

Despite these conditions, Venezuela's political and electoral system in recent years has become more open. The 1993 presidential elections, won by Caldera's coalition, were the first since democracy was re-established in 1958 that were not won by the two major political parties. In addition, half the members of the Chamber of Deputies were directly elected for the first time in 1993. This reform resulted in a national congress comprised of five main political forces of roughly equal size, in contrast to the AD- and COPEI-dominated political system of the recent past.

Venezuela's armed forces have rejected a direct role in national politics since 1958. Civil-military relations in Venezuela are good. The two 1992 coup attempts failed because senior military commanders remained loyal to civilian authorities and suppressed the rebels.

On the local level, the decentralization of power from the national government to state and municipal authorities began in 1989 with the direct election of governors, state legislators, mayors and city council members every three years. Until that year, governors had been appointed by the president.

ECONOMY

Venezuela is rich in oil and other mineral resources. Its per capita income is about average for Latin America. The country's public external debt (excluding the obligations of the central bank and the parastatal oil company Petroleos de Venezuela, S.A., known as PDVSA) stood at approximately \$26.5 billion in 1996. The economy contracted by 1.6% in real terms in 1996. It is expected to recover and post positive growth of at least 3% in 1997. Consumer prices rose a record 103% in 1996 because of the lifting of foreign exchange and price controls. The government is hoping for inflation of 25%-30% during 1997.

The Venezuelan economy is making a comeback under the Agenda Venezuela, propelled primarily by the opening of the petroleum sector to foreign investment (the apertura), a far-reaching privatization program, and plans to reform public sector operations. Buoyed by higher than anticipated oil revenues and privatization proceeds, Venezuela registered a budget surplus for 1996

through increased sales taxes and domestic fuel prices.

In July 1996, the Venezuelan Government and the IMF formally announced a \$1.4 billion stand-by loan. The World Bank and Inter-American Development Bank are also contributing to efforts to promote fundamental structural reforms -- in the judiciary, electoral system, and social security/severance pay programs.

Petroleum and Other Resources

Venezuela's economy is dominated by petroleum, and the country is a founding member of the Organization of Petroleum Exporting Countries (OPEC). In 1995, this sector accounted for a quarter of GDP, almost three-quarters of export earnings, and almost half of the central government's revenues. Most of Venezuela's energy exports consist of crude oil, but the country is also the United States' leading foreign source of refined petroleum products.

The Government of Venezuela has opened up much of the hydrocarbon sector to foreign investment, promoting the establishment of massive new petrochemical joint ventures and reactivation of inactive fields. The Venezuelan petroleum corporation and foreign oil companies signed eight contracts for exploration and production joint ventures in July 1996. These contracts are expected to generate over \$15 billion in foreign investment.

A range of other natural resources, including iron ore, diamonds, coal, bauxite, hydroelectric power, gold, and nickel are in various stages of development. In 1996, CVG, the state-owned mining firm, announced its first joint venture with a foreign company to develop the Las Cristinas gold mine. Congress is also considering legislation which would update Venezuela's 1945 mining law in an effort to encourage greater private sector participation in mineral extraction.

Manufacturing, Agriculture, and Trade

Manufacturing contributed 21.5% of GDP in 1996. The manufacturing sector contracted in 1996 due to decreased aggregate demand, the devaluation of the bolivar, and tight foreign exchange controls in place until April 1996. Venezuela manufactures and exports steel, aluminum, textiles, apparel, beverages, and foodstuffs. It also produces cement, tires, paper, and fertilizers, and assembles cars for both the domestic and export market. The "Agenda Venezuela" envisions the privatization of a range of state-owned enterprises, including banks.

Agriculture accounts for 6% of GDP, 12% of the labor force, and 24% of Venezuela's land area. In 1996 this sector grew by approximately 2%-3% in volume terms. Venezuela exports beef, rice, coffee, and cocoa. However the country is not self-sufficient in most areas of agricultural production and imports about 60% of food consumed. In 1996, U.S. firms exported approximately \$475 million of agricultural products including wheat, soybeans, corn, soymeal, and cotton to Venezuela, our third-largest agricultural export market in Latin America. The U.S. usually accounts for slightly more than a third of Venezuela's food imports.

Thanks to petroleum exports, Venezuela usually posts a trade surplus. In recent years, non-traditional (i.e. non-petroleum) exports have been growing rapidly but still constitute only about one-fourth of total exports. The United States is Venezuela's leading trade partner. In 1996, the United States posted \$4.7 billion in exports (about 45% of Venezuela's total imports) and purchased \$12.9 billion in imports (about 55% of Venezuela's total exports). Venezuela's trade with other Andean Pact members, particularly Colombia, is growing in importance.

Labor and Infrastructure

Venezuela's labor force of about 8.8 million is growing faster than total employment. At the end of 1996, official unemployment was 13%, but unofficial estimates are higher. The public sector employs 14% of the work force, while less than 1% work in the capital-intensive oil industry. About 25% of the labor force is unionized. Unions are particularly strong in the public sector.

Venezuela has an extensive road system. With the exception of air service, transportation and

communications have failed to keep pace with the country's needs. Much of the infrastructure suffers from inadequate maintenance. Caracas has a modern subway, but only one functioning rail line serves the rest of the country.

FOREIGN RELATIONS

Venezuela traditionally has said that its international conduct will be governed by:

- Respect for human rights;
- The right of all peoples to self-determination;
- Non-intervention in the internal affairs of other nations;
- Peaceful settlement of disputes between nations, including border disputes;
- The right of all peoples to peace and security; and
- Support for democracy.

The Caldera Government has made hemispheric cooperation and integration its foreign policy priorities. Venezuela worked closely with its neighbors following the Summit of the Americas in many areas, particularly energy integration, and championed the OAS decision to adopt an Anti-Corruption Convention. Venezuela also participates in the UN Friends of Haiti, of El Salvador and of Guatemala groups. It is pursuing efforts to join the Mercosur trade bloc to expand the hemisphere's trade integration prospects.

Venezuela has long-standing border disputes with Colombia and Guyana, but seeks to resolve them peacefully. Bilateral commissions have been established by Venezuela and Colombia to address a range of pending issues, including resolution of the maritime boundary in the Gulf of Venezuela. Relations with Guyana are complicated by Venezuela's claim to over half of Guyana's territory. Since 1987, the two countries have held exchanges on the boundary under the auspices of the "good offices" of the United Nations.

Principal U.S. Embassy Officials

Ambassador--John Maisto
 Deputy Chief of Mission--John Keane
 Political Counselor--Thomas Shannon, Jr.
 Economic Counselor--Perry Ball
 Commercial Attaché--Eric Sletten
 Consul General--Marilyn Jackson
 Administrative Counselor--John Collins
 Regional Security Officer--Henry Jenkins
 Public Affairs Counselor--Nicholas Robertson
 MILGP--Col. William Hunter
 Narcotics Assistance Section--Michael Corbin

The U.S. embassy is on Calle F and Calle Suapure, Colinas de Valle Arriba, Caracas (tel. 58-2-977-2011). Office hours are 8 am to 5 pm, Monday through Friday.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country. **Consular Information Sheets** exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country. **Public Announcements** are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Travel Warnings

and Consular Information Sheets also are available on the Consular Affairs Internet home page: <http://travel.state.gov> and the **Consular Affairs Bulletin Board (CABB)**. To access CABB, dial the modem number: (301-946-4400 (it will accommodate up to 33,600 bps), set terminal communications program to N-8-1 (no parity, 8 bits, 1 stop bit); and terminal emulation to VT100. The login is **travel** and the password is **info** (Note: Lower case is required). The CABB also carries international security information from the Overseas Security Advisory Council and Department's Bureau of Diplomatic Security. Consular Affairs Trips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad, can be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954; telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

Passport Services information can be obtained by calling the 24-hour, 7-day a week automated system (\$.35 per minute) or live operators 8 a.m. to 8 p.m. (EST) Monday-Friday (\$1.05 per minute). The number is 1-900-225-5674 (TDD: 1-900-225-7778). Major credit card users (for a flat rate of \$4.95) may call 1-888-362-8668 (TDD: 1-888-498-3648).

Travelers can check the **latest health information** with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at (404) 332-4559 gives the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled *Health Information for International Travel* (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on **travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers** also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the U.S. embassy upon arrival in a country (see "Principal U.S. Embassy Officials" listing in this publication). This may help family members contact you in case of an emergency.

Further Electronic Information:

Department of State Foreign Affairs Network. Available on the Internet, DOSFAN provides timely, global access to official U.S. foreign policy information. Updated daily, DOSFAN includes *Background Notes*; *Dispatch*, the official magazine of U.S. foreign policy; daily press briefings; *Country Commercial Guides*; directories of key officers of foreign service posts; etc. DOSFAN's World Wide Web site is at <http://www.state.gov>.

U.S. Foreign Affairs on CD-ROM (USFAC). Published on a semi-annual basis by the U.S. Department of State, USFAC archives information on the Department of State Foreign Affairs Network, and includes an array of official foreign policy information from 1990 to the present. Contact the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. To order, call (202) 512-1800 or fax (202) 512-2250.

National Trade Data Bank (NTDB). Operated by the U.S. Department of Commerce, the NTDB contains a wealth of trade-related information. It is available on the Internet (www.stat-usa.gov) and on CD-ROM. Call the NTDB Help-Line at (202) 482-1986 for more information.

Other U.S. Government Contacts:

Department of State:

Inter-American Affairs, Venezuela Desk 202/647-3023

Overseas Citizens Services 202/647-5225

Department of Commerce:

International Trade Administration

Office of Latin America and the Caribbean Venezuela Desk

14th and Constitution, NW

Washington, DC 20230

Tel: 202/482-0475

800-USA-TRADE

Fax: 202-482-4464

E-Mail: <http://www.ita.doc.gov>

Private Sector Contacts:

Venezuelan-American Chamber of Commerce

Torre Credival, Piso 10

2da Avenida de Campo Alegre

Campo Alegre; Apartado 5181

Caracas 1010-A, Venezuela

Tel: (582) 263-0833

Fax: (582) 263-1829/0586

E-Mail: venam@ven.net

Home Page: <http://www.venamcham.org>

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VENEZUELA: USAID ASSISTANCE

USAID does not have an office in Venezuela, nor are there any USAID-funded projects currently operating there. After the attempted coup in February 1992, the U.S. Agency for International Development (USAID) responded to a request from the U.S. Ambassador for assistance in maintaining the democratic process in Venezuela. A USAID team visited Caracas in April 1992 to establish the framework for a limited assistance program focusing on administration of justice and accountability improvement activities (AOJ/Accountability). A second unsuccessful coup attempt took place in November 1992. Public opinion polls, Latin American political experts and the U.S. Embassy ranked public corruption as one of the major causes of social unrest.

From June 1992 through December 1993, USAID provided approximately \$800,000 for training and technical assistance to the Office of the Attorney General, the Controller General, and the Investigative Police of the Justice Department in the development of an anti-corruption task force. The task force jointly investigated public corruption cases and was instrumental in bringing numerous cases to trial and recovering large amounts of money for the Government of Venezuela.

As part of the AOJ/Accountability program, a small grant was provided to USIS to facilitate orientation visits by Venezuelan officials to observe anti-corruption task forces in the U.S. and other countries in the hemisphere. ICITAP, a training unit of the U.S. Department of Justice, presented courses in investigative procedures.

For the December 1993 elections, USAID provided \$200,000 for assistance through the International Foundation for Election Systems (IFES) grant to Vecinos/Queremos Elegir (one of the few local community based Venezuelan nongovernmental organizations) to help with voter participation and education. IFES produced television and radio spots, held public forums on voting and distributed materials from the election tribunal to pollworkers.

Established in 1992 by reprogramming the Inter-American Development Bank's (IDB) loan reflows in Venezuela, the network of small business outreach centers has grown to 18 throughout the region. This is the IDB's "flagship" small and medium enterprise assistance activity for the Latin American region. A representative of USAID will be based in Miami, Florida to coordinate with the IDB on this effort.

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VENEZUELA: WOMEN'S ISSUES

Political and legal equality for women came late to Venezuela. Universal suffrage was only granted in 1947, and equality in issues such as divorce, child custody, property ownership, and role in the education of children was only achieved in 1982 through significant reform of the Family Law Code. These changes reflected considerable progress made by women in the workplace and in education. In 1996, women represented 33 percent of labor force participants, up from 18 percent in 1950. Today, 50 percent of university students are women, up from only 10 percent in 1950. In fact, women account for 50 percent of all law students and 50 percent of all judges.

Despite these advances, many women continue to face formidable barriers to economic and political participation. Although the percentage of women working in the formal economy has increased dramatically, the vast majority of women still work in the informal sector, where they earn subsistence wages at best. Even those women working in the formal sector are concentrated in services, where they earn only 26 percent of total income. As for political representation, only 6 percent of the Congress is female, there are only two women Cabinet members (Labor and Youth), and only 24 out of 330 mayors are female. There are no female governors.

Women face substantial institutional and societal prejudice with respect to rape and domestic violence. The law makes rape extremely difficult to prove, requiring at a minimum medical examinations within 48 hours of the violation. The overwhelming majority of victims do not report the incident or press charges due to societal pressure and their own feelings of guilt. Few police officers are trained to deal responsibly with rape victims.

Family care and women's health issues are treated sporadically by the legislature and government. In the 1970s, then-President Carlos Andres Perez started "Daily Care Homes" (child care centers) for working mothers. While still functioning today, demand far outstrips the resources of the program. Abortion is illegal and is the number one cause of maternal deaths according to some reports. Contraception is legal but not widely available, especially to poor women, as public clinics are short of contraceptive supplies. Finally, Venezuelan women have a high rate of uterine cancer and research is underway to determine the underlying causes.

Historically, feminism in Venezuela sought avenues for women in traditional roles to participate more in social and political life. This was both a tactic and a reflection of the conservative nature of Venezuelan society. In the 1970s, however, growing participation of Venezuelan women's groups in international conferences and new thinking began to challenge women's traditional roles, and introduced new ideas about

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marriage, family, and work. Advocates of women's rights now focus more broadly on the rights of all women.

Venezuela had a principal role in the drafting of the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women adopted by the 1994 OAS General Assembly in Belem, Brazil. It has been signed by President Caldera and Foreign Minister Burelli.

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VENEZUELA: THE FOURTH WORLD CONFERENCE ON WOMEN (BEIJING)

The Venezuelan delegation to the Fourth World Conference on Women was headed by Maria Bello de Guzman, President of the National Council of Women (CONAMU).

Venezuela adopted the Platform for Action with the reservation that references to family planning, sexual health, reproductive health, etc. do not include abortion or voluntary interruption of pregnancy, which is illegal under any circumstance in Venezuela.

Venezuela joined 90 other governments in announcing "commitments" to implement the Beijing Declaration and Platform for Action. Venezuela's commitments were to: plan and execute with public and private sector organizations programs that would address and eliminate causes of violence; and guarantee equality of opportunities for women through assigning necessary resources in the fields of science, technology and culture and through training women and girls in non-traditional areas.

Venezuela participated as an observer at the 1997 session of the Commission on the Status of Women.

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VENEZUELA: POPULATION AND FAMILY PLANNING

During decades of oil export-led wealth, the Venezuelan Government was not concerned about population growth as a policy issue. However, even without Government attention, Venezuela's rate of population increase has dropped by more than half from the 4.1 percent recorded in the 1950s, probably due in part to the country's relative prosperity. A 1977 fertility study (the only such survey to date) indicated that 60 percent of Venezuelan couples were using some form of family planning, with 45 percent using modern contraception. The country's population of 22 million is currently growing at 1.8 percent per year -- still a fairly high rate.

Economic difficulties in more recent years have spilled over into the social sectors, causing a deterioration in health conditions and increasing social problems. While infant mortality remains fairly low, maternal mortality has worsened markedly since the late 1980s and is now above the target level set by the 1994 International Conference on Population and Development (ICPD) held in Cairo. Public sector family planning services reportedly reach only 14 percent of women of fertile age and public clinics are short of contraceptive supplies. Recent information on contraceptive prevalence is sketchy, but suggests that use of modern methods has fallen. This may reflect problems with the availability of contraceptive supplies from public sources or their affordability from private sources.

Teenage pregnancy is a major Government concern. Consequently, the Government has established a permanent Commission for the Prevention of Adolescent Pregnancy. Increases in induced (illegal) abortions and child abandonment also indicate the need for improved access to a variety of dependable family planning and reproductive health services.

As one of the wealthier countries in Latin America and the Caribbean, Venezuela received little assistance from international donors in the past, particularly in the field of population. There is no USAID mission. However, the UN Population Fund considers Venezuela a medium priority country, since it does not meet several of the targets set out in the ICPD Program of Action, and has a small program there (\$504,000 in 1996).

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VENEZUELA: WOMEN'S POLITICAL RIGHTS AND PARTICIPATION

Women participate fully in government and politics but remain underrepresented in senior leadership positions. Women hold 12 seats as Deputies in the 203-member lower house of Congress, 3 seats in the 53-person Senate, and 2 of 27 Cabinet positions (Youth and Labor). The evolution of the political role of women has taken place primarily within party structures.

Women's participation within political parties initially was at the "housekeeping level," and consisted of arranging conferences, handling party headquarters chores, and mobilizing voters for elections. Given the sectoral nature of the two largest parties, Democratic Action (AD) and the Social Christian Party (COPEI), the growing influence of women was eventually recognized through the creation of "Women's Bureaus." Although these bureaus created paths for advancement for women within the parties, they also isolated women's issues from the mainstream political activity.

Women were able to use their influence within the two major parties to win informal "quotas" on the party lists which were used during elections to determine who would be elected to city councils, and state and national legislatures. By 1989, women made up nearly 22 percent of city council members and 10 percent of the Congress. However, the introduction of uninominal voting for some council and legislative positions in 1989 had a negative electoral impact on women. Over-reliance on internal party structures, and the lack of independent, popular bases of support, meant that women fared poorly in head-to-head elections. Women's elections to council positions fell to 16 percent, and elections to congressional seats dropped to six percent.

The 1974 formation of the Women's Advisory Commission to the Presidency (COFEAPRE) created an administrative base within the government to address women's issues. Acting as a clearinghouse and funding source, COFEAPRE played a key role in promoting non-party linked political organizing and education efforts by women. In 1974 "Popular Women's Circles" were formed in poor "barrios" as a grassroots organizing mechanism. These groups today are the largest politically independent women's organization in Venezuela. The 1975 COFEAPRE-sponsored First Venezuelan Congress of Women put women's issues on the national political agenda. The Second Venezuelan Women's Conference in 1992 made issues such as domestic violence and abortion, previously taboo, issues of national debate. Although there have been little legislative action on domestic violence, there have been numerous "anti-domestic violence" workshops around the country. Venezuela pledged to emphasize the issues of domestic violence for follow-up at the conclusion of the IV World Conference for Beijing. In early September, Venezuela hosted the "First Subregional Conference on Violence Against Women and the Family."

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Historically, one of the biggest challenges facing the women's movement was class division among women, and the lack of political communication between grassroots movements in the barrios and the political party activity of middle and upper class women. The relative decline of political parties, and the growth of urban populism, has opened new political space for women. Currently, two of Caracas areas' four mayors are women. One of these mayors, Irene Saez, a former Miss Universe (1981), is currently the most popular contender for the presidency in 1998.

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VENEZUELA: PROTOCOL/ETIQUETTE

Venezuelans greatly esteem Simon Bolivar, also known as the Liberator. For Venezuelans, Bolivar is George Washington, Abraham Lincoln and a host of other national heroes combined in one person. One of Bolivar's principal ideals in liberating Venezuela and other South American countries from Spanish rule was to secure political equality of all citizens. Venezuelan attachment to Bolivarian ideals is manifested in their often informal form of speech and their commitment to democratic ideals.

However, Venezuelans often see government as an obstacle to be surmounted or circumvented. In folk stories, there are two classic characters: the "vivo," a clever fellow, and the "bobo," a dunce. The "vivo" often flaunts authority, gets away with breaking the rules, and generally profits from the dullness of the "bobos," who are often those in power.

Venezuelans have striven for racial and gender equality. They are proud of their mixed racial heritage, and most do not consider racism to be part of their culture. They often describe themselves as "criollos," which means of mixed blood. Venezuelan women have made important strides in securing equal participation in their country's decision-making process. This year marks the 50th anniversary of granting universal suffrage.

Although Venezuela is a Caribbean nation with a bias toward informality in forms of address, Venezuelans generally dress formally for business and many social gatherings. Venezuelan women are known for their stylish sense of fashion. Even professional women dress fashionably.

On meeting in a social gathering, women who know each other usually kiss on the right cheek, and if a man and woman are friends, they often kiss as well. Generally on first meeting a stranger, men and women shake hands formally. On greeting a friend, men often shake hands with the right hand, patting the other man on his left side three or four times in a modified "abrazo" (hug). Alternately, Venezuelans sometimes grasp the forearm in lieu of a handshake. There is more physical contact between Venezuelans holding a conversation than in the United States. People tend to stand closer to one another and will often touch a shoulder or hold on to their interlocutor's arm while making a point.

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VENEZUELA: HEALTH ISSUES

Public health in Venezuela has deteriorated for more than a decade. With the reduction of oil revenues, public spending on health fell from 15.5 percent of national budget in 1978 to 5.2 percent in 1995. Private spending has not increased sufficiently to make up the difference.

The epidemiological profile of Venezuela is complex, with the coexistence of pathologies characteristic of poor countries -- diarrhea and acute respiratory infections, and illnesses typical of industrialized countries -- cardiovascular disease and cancer. The incidence of infectious diseases, caused in part by poor sanitation and chronic malnutrition, has increased slightly over the last decade, and such preventable diseases are the leading cause of infant mortality (23.5/1,000 in 1997). From 1982 to September 1996 a total of 6,299 persons were reported to be HIV positive. In 1995 there were 850 deaths from AIDS of which 90 percent were of men. Indigenous people, who represent 1.5 percent of the population, live for the most part in rural areas and lack access to basic health and educational facilities. High rates of cholera, hepatitis-B, malaria, and other diseases plague their communities.

The public health sector, which accounts for about three quarters of physicians and hospital beds, suffers from poor quality and low efficiency. Basic medicines are often unavailable, equipment out of order, and operating rooms backed up. Because of bottlenecks in diagnostic and therapeutic services, average length of stay in public hospitals is high. There is an excess of public sector health workers (although a sharp deficit in nurses), and salaries, productivity, and morale are low. The smaller private sector provides much higher quality care than does the public sector, and is preferred by those able to pay. Most private clinics and hospitals are organized on a for-profit basis. Health insurance, which has grown rapidly (albeit from a small base) in the last 15 years, is a significant source of growth in the private health sector, a trend that is likely to continue into the long term.

The Government continues to maintain price controls for domestically produced medicines, which has caused the prices of these products to lag behind inflation. There are no price controls on pharmaceutical imports. As a result, many foreign pharmaceutical companies stopped making their more expensive products in Venezuela or pulled out of manufacturing in country. The Government is pushing for pharmaceutical companies to increase their range of generic medicines, but the companies are demanding a more flexible pricing policy in return.

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VENEZUELA: EDUCATION

Once the pride of Venezuelan democracy, the educational system is currently in a state of crisis. Constructed on the premise of ever increasing oil revenues, the primary (elementary and middle school), secondary, and university level education have been hit hard since the 1980s by declining oil revenues and economic recession. Over-extended, under-funded, and facing a constantly growing school age population, the current system cannot meet the demands made of it by the more than 4 million primary students, 400,000 secondary students, and 800,000 university students.

Education is a "social right" in Venezuela, public education is "free," and each child is required to attend at least nine years of primary school. Since 1958, when democratic forces overthrew the dictatorial regime of General Perez Jimenez and launched a program of mass education, Venezuela has made tremendous progress in educating its children. Adult illiteracy has dropped from 40 percent in 1958 to 8 percent today. Primary school enrollment has increased 600 percent during the same period. Venezuela's three public and two private universities in 1958 have grown to 17 public and 15 private universities.

This progress has been undermined during the last ten years by declining quality of education and flight from public schools by the middle class. Nearly 33 percent of young Venezuelans leave school by the time they reach 15 years of age. Of the 4 million Venezuelans between the ages of 15 and 24, 2.4 million are either dropouts or have never attended school. In 1995, 11 percent of primary school children repeated the year. This evidence of decline in public education has forced most middle class Venezuelans to abandon public schools. Currently, 17 percent of Venezuelan students are in private schools, and this number is growing every year. Middle class Venezuelans are prepared to make considerable economic sacrifices to send their children to private schools, with many spending 30-40 percent of their income on education.

Despite the crisis facing primary and secondary education, Venezuela spends 35 percent of its educational budget on university education. This distortion has not prevented the universities from falling on hard times, with university professor salaries declining in dollar terms over the last 20 years from \$36,000 to \$15,000 with a resultant rise in labor action and decline in productivity. Venezuelan universities still focus on liberal arts education and do not produce enough scientists, engineers, and technicians to meet its industrial requirements.

In an effort to address Venezuela's education problems, the current Minister of Education has decentralized education, reduced core curriculum subjects, emphasized values education, focused on administration, increased the school year from 180 to 200 days, and shifted resources from higher education to primary and secondary education.

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VENEZUELA: CHILDREN'S ISSUES

Venezuela's child welfare indicators are low given the country's per-capita income. An important part of the reason is that in the last 15-year period, during which 40 percent of the country's population was born, the Government scaled back its expenditures on health, education, and social services.

While the infant mortality rate has fallen over the last four decades, improvement slowed with the economic crisis in the early 1980's and stopped by 1989. The rate (23.5/1,000 in 1997) is still low by Latin American standards and about a third that of Brazil. Many of the principal causes of death of Venezuelan infants, such as diarrhea-related and respiratory illnesses, are preventable or can be treated at relatively low cost.

In 1989, as part of a poverty alleviation plan, the Government instituted the Maternal-Child Food Program (PAMI), whose goal was to link the distribution of food (primarily powdered milk) to the provision of basic health services like prenatal care, breast-feeding promotion, immunization, and well-baby care. Because of the inadequacy of local health centers, however, the service delivery component of the program lagged behind food distribution and had a negligible impact on the overall health status of Venezuelan children.

The law provides for universal free education, but primary and secondary education is chronically underfunded in a highly centralized system under the Ministry of Education. Basic education fell from 20 percent of the Ministry of Education budget in 1989 to 7.5 percent in 1994. Fully a third of the budget during that period was dedicated to post-secondary education.

The percentage of school-age youth in school in Venezuela (71 in 1995) is equal to the figures for Chile and Ecuador, slightly above Brazil (70), but well below Argentina, Peru, and Uruguay. Nearly 20 percent of 12- to 14-year-olds in Venezuela are not in school.

A survey by the National Institute of Minors (INAM) found that some 206,000 children were involved in illicit activities, principally begging but also petty theft, prostitution, and drug trafficking. The authorities in Caracas and other jurisdictions around the country have tried to cope with the phenomenon of street children (often, but wrongly, blamed for the rise in crime) by imposing curfews for unsupervised minors. Children's rights advocates claim the curfews permit the police to act arbitrarily in detaining persons who have committed no crime.

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