

Venezuelan President Says Petrocaribe Will Continue



Caracas, January 16 (RHC-Caribbeannews) -- Venezuelan President Nicolas Maduro said that the PetroCaribe agreement will continue its path toward the consolidation and transformation of a great economic zone between the regional countries that are involved.

“There are 20 states that participate in PetroCaribe and what we are going to do is transform it into a large economic zone, meaning that PetroCaribe ‘stings and extends’, as it is said in Venezuelan sports slang. PetroCaribe goes into a consolidation and transformation of a great economic zone,” Maduro said.

When PetroCaribe was created ten years ago, Venezuela’s socialist leader Hugo Chávez was still alive, oil prices were high, and Caracas, which sits on the largest energy reserves in the world, could afford to send 200,000 barrels per day of subsidised oil to 13 countries in the region, including Cuba, in return for their political support and sometimes repayment with goods in kind.

The arrangement has cost Venezuela an estimated \$44 billion in forgone income since 2005. Today, however, with oil prices having halved in six months, Venezuela’s economy is in a tailspin and the country may be on the verge of complete collapse, raising doubts as to even the immediate viability of PetroCaribe, Maduro’s most recent assurances notwithstanding.

So far, however, Venezuela has not apparently scaled back PetroCaribe; the latest figures show 206,000

bpd delivered until last September.

According to the Financial Times, one reason for continued shipments could be that the PetroCaribe subsidy shrinks dramatically at lower oil prices. At \$100 a barrel, for example, 60 percent of the price is repaid at low interest rates, after two years' grace. At \$50 a barrel, however, the subsidy is only 40 percent.

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