



THE INKERMAN GROUP



TRAVEL SAFE REPORT:
VENEZUELA

PREPARED FOR: XXXX

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EXECUTIVE SUMMARY

- Crime is the greatest problem confronting the visitor to Venezuela. Visitors to Venezuela are advised to avoid the economically deprived barrios, areas known for extremely high incidents of crime. Visitors in Caracas should limit their exposure on the street, particularly at night.
- The traveller is advised against all travel to within 80km of the Colombian border in the states of Zulia, Tachira and Apure. The traveller is advised against all but essential travel to the remainder of Tachira state. Drug traffickers and illegal armed groups such as FARC and the ELN are active in these states and there is a risk of kidnapping. In addition, travellers should take particular care if attempting to cross in to Colombia from any state as border crossings may attract criminal activity.
- There have been no significant terrorist attacks in Venezuela in recent years, but there have been a number of small explosions caused by improvised explosive devices, most recently in February 2008 with four small explosions at various locations in the city of Caracas. These incidents are believed to be related to internal and regional political situations.
- There is a high risk of kidnapping in Venezuela. "Express kidnappings," in which victims are seized in an attempt to get quick cash in exchange for their release, are on the rise in Caracas.
- Protests occur frequently in Venezuela. Travellers should avoid protests and strike actions, which have the potential to become violent.



POLITICAL SITUATION

DOMESTIC

President Hugo Chávez's Partido Socialista Unido de Venezuela (PSUV) is a broad based pro-Government unity party comprising his previous party, Movimiento Quinta República (MVR), and some representatives from Patria Para Todos (Fatherland For All - PPT), and other smaller parties. The main opposition parties are Un Nuevo Tiempo (A New Time – UNT), Primero Justicia (Justice First), Acción Democrática (AD), Christian Social Democrats (COPEI), Movimiento al Socialismo (Movement Towards Socialism -MAS) and Proyecto Venezuela. The opposition parties withdrew from the 2005 elections for the National Assembly due to fears that the process would be rigged, giving President Chavez the over two-thirds majority he currently enjoys. This has enabled him to pass virtually any Constitutional reform of his liking. Venezuelan Parliamentary elections are due to be held on 26 September 2010, and on this occasion, the country's opposition parties are intending to participate. The central issue for a reported 80% of the Venezuelan electorate is concern over the sky-rocketing levels of violent crime in the country, which have seen homicides rise to three times the level when Chávez was elected. Please note that there is the potential for violence surrounding the elections, with demonstrations, which have the potential to turn violent, deemed likely.

Arguably, Chávez's economic policies have been characterised by chronic short-termism, appealing to populist sentiment but failing to foster and secure the future prosperity of the nation. Though his policies may play well among his key support base - the country's poor - in the long run it is these people who will be hurt the most by the rampant inflation and a lack of provisions for future growth. Inflation continues to decrease the standard of living for the average worker, and this, combined with the strikingly high rates of violent crime, has the potential to significantly undermine Chávez's support base.

Violent demonstrations are a frequent occurrence, and police regularly respond with force. Demonstrations tend to occur at or near university campuses, business centres, public squares and plazas. Such protests often occur on busy thoroughfares with access and traffic seriously hampered. It is strongly recommended that the traveller avoid all such events due to the potential for violence.

The 2009 Transparency International Corruption Perceptions Index ranked Venezuela as the 14th most corrupt state in the world. Concerns continue to be raised about Cuba's expanding military role in Venezuela. Critics of the increasingly authoritarian President Hugo Chávez contend that the military is being retooled, with Cuba's help, into an institution that could potentially be used to quell any domestic challenges to the government. Chávez had reason to restructure the military; it was behind that 2002 coup which ousted him from power for all of forty-seven hours. For his part, whilst he has been quite open about the presence of Cuban military advisors, he has offered no information as to the number of individuals involved, nor to the areas in which they are currently employed. Independent estimates indicate that there are as many as 500 Cuban military advisers in Venezuela, including an elite group of about twenty officers operating from Fuerte Tiuna, the country's main garrison. Cuba appears to be offering intelligence and strategic planning, based on its own experience of maintaining an authoritarian government, and that close cooperation between the two is part of an effort by the Venezuelan President to hold onto power and stifle all criticism. Other indications of Chávez's attempts to increase his hold over the military came in April 2010, when the government increased pay for the armed forces by 40%.

FOREIGN RELATIONS

Venezuela has a fraught relationship with a number of countries. Vitaly, its relationship with Colombia remains precarious, and earlier in 2010 Venezuela broke off diplomatic relations with Colombia in response to the latter presenting evidence to the Organisation of American States (OAS) which it alleges proves that the government of Hugo Chávez is sheltering rebels from the Revolutionary Armed Forces of Colombia (FARC) and the ELN. Chávez called the allegations a “hoax” and a pretext for a US-backed invasion and sent additional troops to the shared border. Tensions have remained high between the two countries since March 2008, following a cross-border raid by Colombian forces into Ecuadorean territory in an assault on a FARC camp. In response to this, Ecuador and Venezuela broke off diplomatic relations with Colombia, and moved troops to the border. However, the most significant continuing cause of tension between Colombia and Ecuador (and also Bolivia and Venezuela) is an agreement reached in August 2009 which would allow American troops to use military bases in Colombia's territory. It is notable however that “flare-ups” between Caracas and Bogota tend to be conveniently timed to divert public attention away from domestic problems, and to capitalise upon an increase in nationalist sentiment. In this latest instance, the quarrel between the countries came at a time of dwindling (although still high) public support in the face of forthcoming legislative elections in September 2010. It was assessed at the time that Chávez was attempting to inflame the crisis in order both to ignite nationalistic fervour amongst his supporters, whilst simultaneously distracting from myriad domestic issues, including rapidly increasing crime rates and exceptionally high inflation which has already reached some 30% for 2010.

THE RISKS TO THE TRAVELLER

CRIME

According to a survey conducted by the Venezuelan National Statistics Institute, approximately 19,113 people were murdered in Venezuela in 2009 – almost 15,000 more deaths than Iraq, which is both an active war zone and has a similar sized population. An estimated 118,541 have been murdered since President Hugo Chávez took office according to the Venezuelan Violence Observatory, a group that compiles figures based on police files. Whilst the Venezuelan government has stopped publicly releasing its own detailed homicide statistics, it has not disputed the group's numbers, and news reports citing unreleased government figures suggest human rights groups may actually be undercounting murders. Caracas itself is almost unrivalled among large cities in the Americas for its homicide rate, which currently stands at around 200 per 100,000 inhabitants. Crime rates are higher in slum areas (known as 'barrios' or 'ranchitos') and all travel to these areas should be avoided.

Reasons for the surge in crime are complex and varied: lack of economic growth, rampant inflation, public sector corruption, weak government institutions, and other economic factors. High levels of inequality, which buck the trend across the rest of the region, continue to grow, thereby fuelling resentment. This is coupled with an abundance of weapons which fill the cities. Police salaries remain low, and with inflation remaining stubbornly high at 30%, officers are increasingly being tempted to “supplement” their income through corruption or direct participation in crime. On 07 September 2010, two police officers were arrested in connection with the murder of an Italian tourist off the coast of Isla Margarita. Further exacerbating the issue of crime, the judicial system has grown increasingly politicised, losing independent judges and aligning itself more closely with Chávez's political movement. Many experienced state employees have had to leave public service, or even the country. More than 90% of murders now go unsolved, and notably, cases against critics of the government, including judges, dissident generals and media executives, are increasingly common. In perhaps the most notable indictment of the Chávez

administration there are accusations that the government has worsened the homicide problem by cutting money for state and city governments led by political opponents and then removing thousands of guns from their police forces after losing regional elections. Efforts are now being made to address the problem, with the creation of a security force, the Bolivarian National Police, and a new Experimental Security University where police recruits get training from advisers from Cuba and Nicaragua, two allies that have historically maintained murder rates among Latin America's lowest. However, given the almost unprecedented scale of the violence, and the myriad and complex causes, it is unlikely that the situation will improve in any demonstrable way in the short to medium term.

Street robbery is a regular occurrence. Where possible, the traveller should avoid carrying valuables. Please be aware that there have also been a number of reports of leaflets and pamphlets being permeated with drugs intended to disorient a victim on contact with the skin and thereby facilitate a robbery, and that therefore the traveller should not take anything they are offered in the street or in shopping malls.

Travellers using taxis in Caracas regularly find themselves victims of crime, and thus it is advisable to use only hire cars arranged by reputable hotels. While the incidents of reported carjackings and car robberies decreased slightly in 2009, they remain a common occurrence in Caracas, with 4x4 in particular targeted by thieves. Some of the most dangerous areas for carjacking are: the triangle San Pedro, Santa Monica, Bello Monte; the area between Los Naranjos, El Cafetal and Chuao; the roadways La Florida and Las Palmas; Avenida Libertador; and the triangle Montalban, El Paraiso, La Vega. Criminals favour these areas because the proximity of highways and poor lighting at night facilitates getaways after the crime has been committed.

CRIME - AIRPORT

Please note that there have been reports of those travelling to or from Caracas from Maiquetía Simon Bolivar Airport being targeted by criminals and either robbed or kidnapped. Where possible, it is advised that this route be avoided during the hours of darkness. Corruption at the airport itself is rampant, with a number of reports of incidents of travellers being mugged both in the Departure and Arrivals section of the airport. It is particularly worth noting that there have been a number of reports of incidents in which individuals attired in what appeared to be official uniforms were implicated in perpetrating or facilitating such crimes.

There have been several instances of travellers being overcharged when paying airport tax for both international flights and domestic flights within Venezuela. You are advised always to check the amount printed on the receipt issued for the tax (normally a sticker affixed to the back of your ticket) before handing over any money. Currently the domestic airport tax, including journeys from Caracas to Margarita Island, is BsF 32.50. International passengers must pay two taxes to exit the country. The international departure tax increased in August 2010 to BsF 195 (from BsF 162.50) but it is usually, although not always, included in the cost of the airfare ticket. If you purchased your flight tickets before August 2010, you may be asked to pay the difference by the airline when you check in, which should be BsF 32.50. There is also an airport tax of BsF 162.50 that must be paid in cash (Bolivares) after check in at the airport (at one of the tax payment booths). The traveller is advised to check with their airline before agreeing to pay additional charges.

CRIME – MONEY

There are limitations on foreign exchange transactions throughout Venezuela and money exchange facilities may be difficult to locate on weekends. There are high levels of credit card fraud, whereby hand-held scanners are used to copy the card's electronic coding onto a false card. Please be advised that it is often the case that travellers' cheques are not accepted, and that ATM's are notoriously temperamental. It is advised that the traveller rely on a combination of cash and a number of credit cards whilst in country.

KIDNAPPING

Kidnapping is a serious and increasing concern in Venezuela. In 2006, the Venezuelan National Counter Kidnapping Commission was created. Since then, official statistics have shown alarming increases in reported kidnappings throughout the country. According to reports, kidnappings in 2009 increased anywhere from 40% - 60% from 2008. It is worthy of note however that it is widely considered that the vast majority of such crimes are not reported to police, in part because of the fear of police collusion with the perpetrators, in part because of the assumption that even if police did know about the crimes, they would not be able to do anything to apprehend those responsible, and in part because of fears of reprisals. According to some estimates, for the year 2009 there was an alarming 9.2 incidents of kidnapping per 100,000 inhabitants in Venezuela.

The operation of both the FARC and ELN along the 1000km Colombian-Venezuelan significantly increases the risk of kidnap in the area. Whilst some victims have been released following the payment of a ransom, a number of other less fortunate individuals have been murdered.

A number of "express kidnappings" have been perpetrated against travellers at the airport, in which an individual is briefly held, often at gun point, and forced to withdraw money from an ATM before being released a short time later. Given the willingness of criminals in Venezuela to resort to violence, travellers are advised not to resist their captors or else risk serious injury or death.

TERRORISM

Whilst Venezuela is considered to be a relatively low risk destination for terrorism there are a number of groups operating in or on the borders of the country which significantly increase the threat level.

In late August 2010, there were further reports that, in the face of the Colombian crackdown on the Revolutionary Armed Forces of Colombia (FARC), militants are moving their operations almost entirely into neighbouring Venezuela, with some suggestion that the group may be preparing for a "rebirth" of sorts. It is anticipated that the newly inaugurated President Juan Manuel Santos will almost certainly pursue his predecessors popular offensive against the radical left wing guerrilla group, and, in the face of this, the group appears to be solidifying its operations beyond Colombia's borders; in Brazil, Ecuador, Peru, but particularly Venezuela. In July 2010, Bogota and Caracas were engaged in a diplomatic furore over the former's claims that it had evidence that the FARC were being allowed to operate in Venezuela with impunity. Whilst the leaders of the two countries have subsequently reconciled, the underlying issue of FARC's presence in Venezuela is yet to be satisfactorily addressed. Some analysts are now referring to FARC-V (FARC in Venezuela). Whilst FARC is believed to operate a small number of camps in Ecuador, Peru, Panama and Brazil, the camps in Venezuela are notable in particular because they appear to be both far larger and more permanent. According to the Colombian authorities, FARC is operating eighty-seven camps in Venezuela with over 1,500 FARC combatants, indicating that this is a far greater issue than just an occasional cross border excursion intended to allow militants to avoid the Colombian authorities. It is now believed that approximately one sixth of the FARC numbers operate in Venezuela. The presence of FARC increases the likelihood of kidnap and violent attacks along the Colombian-Venezuelan border.

In March 2010, the government of Hugo Chávez was accused by a Spanish judge of involvement with the Basque separatist group ETA. Judge Eloy Velasco reported that Chávez's government has acted as an intermediary between ETA and the FARC, who are long known to have collaborated, in a plot against leaders living in or travelling to Spain that began in late 2003. It was alleged that Arturo Cubillas, an alleged ETA member who works in Venezuela's ministry of agriculture, is the link man with FARC. Chávez's government has been linked to FARC on

numerous occasions, with the Venezuelan government even held responsible, directly or indirectly, for arming the group.

In April 2010, the US Pentagon claimed that an elite unit from Iran's Revolutionary Guards is building up a presence in Latin America, especially Venezuela. A report delivered to Congress said the group, known formally as the Islamic Revolutionary Guards Corps-Qods Force (IRGC-QF), was expanding operational capabilities well beyond Iran. According to the report, the IRGC-QF is "well established in the Middle East and north Africa and recent years have witnessed an increased presence in Latin America, particularly Venezuela." Venezuela's President Hugo Chávez rejected the Pentagon report as a "disgrace" and said it was a pretext to topple his socialist government. Whilst the presence of this group is a cause for concern, it nevertheless poses more of a concern for the US that for those in Venezuela.

In addition to the operations of these groups, in February 2008, there were four small explosions at various locations in the Caracas. Whilst these incidents are believed to be related to the internal and regional political situation, and are not assessed to pose a significant risk, the traveller is advised to be wary of suspicious packages.

INFRASTRUCTURE

Much of Venezuela's infrastructure is poorly maintained and shows significant signs of neglect. This was illustrated to greatest effect by the severe energy crisis which was witnessed earlier in 2010. Whilst the authorities blamed a drought which seriously depleted the reserves in the country's hydroelectric dams, critics argued that a problem became a crisis due to the government failure to invest in the electrical sector amid rising demand over the past decade. Both water and electricity were rationed at the beginning of 2010.

Driving in Venezuela can be dangerous due to poorly maintained roads and vehicles and local driving habits, including driving while intoxicated and ignoring red lights at night. Rural roads are often unmarked with little or no street lighting.

EARTHQUAKES

Venezuela is an earthquake-prone country and is occasionally subject to torrential rains, which have caused landslides. On 13 September 2009 an earthquake with an epicentre 65 miles from Caracas registered a 6.3 on Richter Scale, injured fourteen people, and damaged many buildings. Please note that due to the highly inadequate and dilapidated nature of much of the country's infrastructure, it is considered that any significant quake would overwhelm the authorities' ability to respond.

LANDSLIDES

The rainy season runs from May to December. In late 2008 – early 2009 torrential rains resulted in multiple mudslides and road closures as Caracas saw some of the worst flooding in years. Highways were closed and major roads and highways were submerged underwater. Weather conditions should be monitored whilst the traveller is in country as severe rainfall can lead to severe delays on the road between Caracas and Maiquetía Simon Bolívar Airport.

HEALTH

- The altitude, climate and prevalent tropical pollens year round in Caracas have aggravated asthma and hay fever conditions. Sinus conditions may also be aggravated.

- Dengue Fever is endemic to Latin America and the Caribbean and can occur throughout the year. There was a marked increase in the number of reported cases of Dengue across the region. According to the most recent available figures, from 01 January 2010 to 05 June 2010, there were 41,573 reported cases of Dengue nationwide, more than double compared to the whole of 2009. A dengue epidemic has been declared in all the Venezuelan states. Travellers are advised to take precautions against being bitten and use insect repellent.
- Malaria occurs year-round in some areas of Venezuela, with the highest risk in rural areas of the States of Apure, Amazonas, Barinas, Bolivar (including the Angel Falls), Delta, Amacuro, Monagas, Sucre and Tachira. Chloroquine and sulfoxidine-resistant strains of malaria have been reported.
- If the traveller has any have specific conditions (e.g. diabetes), they should bring a sufficient quantity of medical supplies and medicines for the duration of the trip as replacements may not be available.
- The traveller should seek medical advice before travelling to Venezuela and ensure that all appropriate vaccinations are up to date.

HEALTH – YELLOW FEVER CERTIFICATE

A Yellow Fever vaccination certificate is not a requirement to enter Venezuela, however, there have been cases where officials have illegitimately fined travellers who have been unable to produce such a certificate. Please note however that some airlines travelling to Venezuela mandate that the traveller has a Yellow Fever vaccination before boarding the plane. It is therefore advisable that the traveller check with their airline.

Customs officials from a number of countries, including Brazil and Australia, require that anyone who has visited Venezuela within a specified number of days present a valid Yellow Fever Vaccination Certificate before being allowed entry.

MEDIA

On 19 August 2010, a month-long ban on national newspapers printing what a court ruling has called "violent, bloody or grotesque" images began in Venezuela. The decision came after a furor over a front-page photograph in two publications of bullet-ridden bodies at a morgue. The government says the move is to protect the country's children from exposure to such images. However, the newspapers say the move is an attack on the freedom of the press ahead of September 2010 legislative elections, and to quell criticism of Caracas' spiralling violent crime rates. There have been frequent crackdowns on the freedom of the press under Chávez, notably in January 2010 when the government took the decision to take six cable television channels off the air for allegedly breaking a law on transmitting government material, adding credence to growing concerns about the dictatorial nature of Chávez's presidency. Opposition groups accused Chávez of trying to control the media and prevent coverage of political discontent, and on 25 January 2010, during a protest against the measure, at least one student was killed as police attempted to quell demonstration in Caracas and elsewhere in the country.

ADDITIONAL INFORMATION

Please note: It is illegal to photograph military installations and establishments or sites of strategic importance such as the Presidential Palace and airports.

BUSINESS CLIMATE

The World Bank has ranked Venezuela 177th out of 183rd for ease of doing business. The lack of sensible government investment, the continuing inequality and a series of anti-foreign company populist policies are of significant concern for any individual considering investment in Venezuela. Most notable is the round of expropriations which have made the country one of least desirable places to invest, despite the country's abundant oil riches. Chávez argues that the practice of expropriation is consistent with the philosophy of seizing important sectors of the economy as a means to direct more of the country's wealth to the poor. Other industries which have been nationalised include electricity, steelmaking, cement and telephone enterprises, in a supposed effort to "strengthen the revolutionary drive towards building a socialist nation". In reality it may be argued that the true motivation for this policy is ensuring that Chávez has sufficient funds to preserve his position of power, by effectively bribing the poor, whilst simultaneously dismantling any group which may have the power to oppose him.

Although there have been numerous instances of expropriations during Chávez's tenure, perhaps the one in recent memory which is the greatest cause for concern in this instance was the May 2009 government seizure of sixty oil field service companies, among them four foreign companies, and put them under the remit of the Venezuelan state oil company, Petróleos de Venezuela (PDVSA). What was most interesting about this round of expropriation was the speed with which it was done. The new law extending Chávez's expropriation rights to the oil field service sector was published in the state newspaper *Gazeta Oficial* on the day that the seizures took place, however, by the President's own claim 84% of the industry had been nationalised by 0600hrs in the morning, at a time when the newspaper was unlikely to be on sale. Thus the first the vast majority of companies knew of the legislation was when the expropriations began. The legislation itself had been rushed through the National Assembly at a velocity that was surprising even by Venezuelan standards. Chávez signed and then promulgated the law within hours, before swiftly embarking on the takeover. The speed with which these companies were expropriated serves as a further warning to prospective investors: there was no long and steady build up, this was a short, sharp, expensive shock. There was little or no time to mitigate the damage, a factor which greatly increases the risk of investing in the country.

Further details of the business environment in Venezuela can be provided upon request.

COUNTRY BACKGROUND AND BASIC FACTS

COMMUNICATIONS

Dialling Code: +58

Outgoing International Code: 00

Internet Country Domain: VE

LOCAL CUSTOMS

Making an O.K. sign is considered an extremely rude gesture.

When meeting groups travellers should introduce themselves to the eldest person first.

When leaving, say good-bye to each person individually.

Venezuela has a relatively formal culture, and as such the traveller should address people by their academic or professional title and their surname until invited to move to a first- name basis.

BUSINESS PROTOCOL

Business meetings are typically formal, with suit and tie expected of visitors.

English is becoming more widely spoken in business circles, particularly at executive level. Nevertheless, Spanish is essential for most business discussions.

IMPORTANT NUMBERS/CONTACTS TO BEAR IN MIND

The Inkerman Group 24 Hour Telephone Line

+44 (0) 1233 646 940

Emergency Number (fire, ambulance and police): 171

LEGAL INFORMATION

WARNING: This report is based on information and facts obtained. Whilst no responsibility can be claimed for the accuracy of their content there is nothing in this report that gives cause to query its accuracy. Where comments are made they are indicated thus and should be taken as comments and not facts. No information given in this report should be used without the permission of the originator.

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