

PETROCARIBE: an overview

PetroCaribe is an agreement between Venezuela and 16 Caribbean countries to purchase oil on preferential financing terms. The agreement, which began in 2005, allows beneficiary nations to buy oil at market value (per OPEC regulations) but only pay a percentage of the cost up front. The balance is payable to Venezuela over a 25 year period at fixed, low rates.



As net energy importers, the majority of Caribbean nations signed onto the agreement. Trinidad & Tobago (the sole regional energy exporter) and Barbados are the lone holdouts.

On average, Petrocaribe imports account for 33% of total petroleum consumption.



Members pay between 25 and 50% of costs up front (depending on market oil prices) and then finance the remainder over 25 years at a fixed interest rate of 1%.

Effectively, members receive a cash subsidy that, on average, accounts for 2.5% of GDP



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|-----------------|---------------------|--------------------------------|
| - Dom. Republic | - El Salvador | - St. Vincent & the Grenadines |
| - Nicaragua | - Belize | - Honduras |
| - Jamaica | - Grenada | - Saint Lucia |
| - Haiti | - Antigua & Barbuda | - Suriname |
| - Guyana | - St. Kitts & Nevis | - Dominica |
| | - Guatemala | |

Venezuela and Mexico 's San Jose Accord, a Caribbean focused oil aid agreement established in 1980, wanes in relevance as Mexico refocuses exports and economy on NAFTA

Petrocaribe established at meeting of energy ministers in Puerto La Cruz, Venezuela

Venezuelan total oil production hits lowest level since 1990: 2.4M barrels/day

\$100.57/barrel



Mexico's oil exports reach peak high of 1.8M barrels/day before decreasing throughout the decade

\$19.69/barrel (WTI)

Oil prices surge to \$133/barrel as major economies enter a recession. This tremendously increases the value and impact of the Petrocaribe subsidy.

Venezuelan President Hugo Chavez dies 3/5/13. Nicolas Maduro inaugurated as President on 4/19/13

Currency devaluation leads to shortages of staple goods. Public demonstrations against Maduro leads to sporadic violence