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Circular for P & I Clubs

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Update on the electrical crisis in Venezuela

In our Globalpandi Circular for P&I Clubs dated 5th April 2010 we reported on the electricity crisis, experienced by the country at that time which has only aggravated rapidly since then to generate a new electricity emergency, this time a more serious by far.

The origin of the electricity crisis in Venezuela dates back to the early 2000s, when investments in the sector ceased almost completely, in spite of the experts' warnings. Despite having massive oil reserves, over 65% of Venezuela's power comes from hydroelectric power. Over the last years a combination of rising sedimentation, forest fires and record low rainfalls have plagued the Guri Dam which provides about 2/3 of the total electricity output in Venezuela. In the last few weeks the dam has saw its water levels decrease to their lowest levels since 2003 to just 3.56 meters above the level which the turbines would be forced to shut down generating a real collapse of the national electric system, as it has been warned by experts. In the meantime, the government blames for the water shortage to the "El Niño" weather phenomena.

Several measures imposing shortages to private sector and the general population have been implemented by the government since the crisis outbreak in 2009 with little success as the current crisis demonstrates. The government has been also extending holidays to the public sector, to reduce consumption in the public administration. To face the current crisis the Venezuela's government has now announced that it will be shutting off the power for four hours a day, in an attempt to save energy. The cuts will last 40 days "or until water levels stabilize at the Guri Dam

that provides most of the South American country's electricity" according to The Associated Press. At least 10 out of 23 states will suffer the power cuts programme, effective from 25th April.

Despite the above as for the governmental activities in the maritime field like customs and public ports have set their savings plan focused on the administrative activities or office hours, and so it is not expected a major impact on the operational side for which cargo handling activities and cargo dispatch should continue without delays, as explained by the authorities. On the other hand, private companies (including ours) rendering services to shipping and ports have also implemented their contingency plans, to ensure due and prompt attention to clients.

Should you need any assistance or further information regarding the topic stated above, please feel free to contact:

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