Changing times for Venezuela's gas stations

Complications have hit the new electronic payment system implemented at gas stations by Nicolas Maduro to tackle fuel smuggling while continuing to offer cheap prices to citizens.

Last week left images of long queues of cars awaiting to fuel up at service stations near Venezuelan borders. The new electronic payment system announced by Nicolas Maduro, President of Venezuela, is proving problematic due to the lack of on-site training and poor internet signal, according to clients and station operators.

The Venezuelan Government announced a new system for 315 gas stations in 85 municipalities located near the border to be trialled on September 4 – 19. The method works like a traditional electronic payment but it requires the buyer's fingerprint and the so called "fatherland card," a state-issued identification card that the government uses to provide bonuses and track use of social services.

Venezuela, the world's country with the cheapest petrol, will start selling fuel at a new "international price" between September and October. Maduro's Government will apply a subsidy system for those drivers in possession of a fatherland card, while non-holders and foreigners will pay higher prices. Details of pricing and subsidies have not been unveiled.

A quest against fuel smuggling

Tackling fuel smuggling into Colombia and the Caribbean is one of the clear goals of the new measures. Reason why the plan is being rolled out first in bordering towns, then in those bordering states with the highest consumption, and finally all over the country. The price marked at the pump will be higher than that of Colombia to avoid smuggling, said Petróleos de Venezuela, S.A. (Pdvsa), the state-owned oil company, on Twitter.

"The direct subsidy of fuel through the Fatherland Card is hitting the contraband that Colombian mafias used to smuggle our people's fuel for their own financial gain," explained Manuel Quevedo, Minister of Petroleum and President of Pdvsa, as reported by El Universal.

Due to hyperinflation, in today's Venezuela, for a price of a cup of coffee one can fill up the tank of a car almost 9,000 times, according to the BBC. In comparison to its neighbour, Colombia, their average price for a litre of petrol (around one dollar) is enough to fill up 700 medium-sized cars. Experts calculate that Venezuela loses $5 billion annually due to the subsidised fuel industry.

In addition to the technological issues, the measure poses a significant political risk for Maduro’s Government. The population is accustomed to fuel being virtually free. With the shortage of basic products at supermarkets and the current political tension, social unrest could grow.

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