



## Venezuela Economic Outlook

By Arca Análisis Económico

Here is our monthly summary of recent economic developments in Venezuela:

- In a special broadcast on Aug. 29, 2024, from the Miraflores Palace, a set of measures that could benefit economic activities were announced. Not all of them are linked to one another, the details are not known and the processes leading to their implementation pose challenges that must be addressed for their greater effectiveness. It will take time for the formalization of the regulations that will govern them and to specify the relevant operating mechanisms.
- The exchange market received special attention, stating that there will be no return to previous exchange schemes such as the National Center for Foreign Commerce (CADIVI) or the Office of Differential Exchange Regime (RECADI). It was also said that the currency "was overvalued. ... we are going to an exchange system that places the bolivar at the value that it should have according to its economic production capacity, which does not overvalue ... the currency that this country should have in the future, based on its productive capacity, on its capacity to generate wealth."
- As for the stock market, the return of the issuance of securities by the Republic of Venezuela starting this month was announced. Five years ago, the issuance of domestic public debt securities was suspended. The disappearance of the public bond market wiped off the map this investment option in bolivars for the country's economic actors (people, companies, banks and insurance companies), and accentuated the dependence on inflationary financing through the purchase of Petróleos de Venezuela S.A. (PDVSA) promissory notes by the Central Bank of Venezuela (BCV). The issuance strategy, the processes for placing the securities, and their articulation with fiscal policy are still to be known.
- For the financial system, the implementation of a system of "digital means of payment to receive internal taxes and similar" was announced. No details were released, and it is unknown whether it is about new payment platforms or the possibility of using crypto assets for these purposes.
- Additionally, an automated system will be implemented for operations in an interbank currency market. Currently, banks are authorized to carry out foreign currency transactions with other banks through exchange desks. It remains to be seen whether this will be a step toward the operation of an interbank clearinghouse in foreign currency. Likewise, bank rates and commissions will be updated to encourage the use of the bolivar and an automated credit risk system was announced, coinciding with the exhortation to create 300,000 loans to entrepreneurs at 6 percent per year.
- For the insurance sector, the regulation of the Insurance Activity Law of Nov. 29, 2023, the commercialization of low-cost insurance through banks and incentives for national insurance over international insurance were announced. In addition, insurers will be able to register public debt securities as part of their reserves in line with the restart of domestic public debt issues.

Learn more about our [Venezuela Focus Team](#).



---

Information contained in this newsletter is for the general education and knowledge of our readers. It is not designed to be, and should not be used as, the sole source of information when analyzing and resolving a legal problem, and it should not be substituted for legal advice, which relies on a specific factual analysis. Moreover, the laws of each jurisdiction are different and are constantly changing. This information is not intended to create, and receipt of it does not constitute, an attorney-client relationship. If you have specific questions regarding a particular fact situation, we urge you to consult the authors of this publication, your Holland & Knight representative or other competent legal counsel.

---