



Venezuela Economic Outlook

By Arca Análisis Económico

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

- Bank credit continues to grow in Venezuela, however, it falls short of meeting demand. The intermediation ratio (the ratio of loans to deposits) reached 22 percent at the end of August 2022, rising from 16 percent with which it opened the year. But this level is slightly less than the 50 percent that it exhibited at the start of the current stabilization program, which began implementation in September 2018.
- So far, the anti-inflationary policy imposes chronic limitations on banking credit intermediation. It is enough to see how the regulations restrict the use of funds raised.
- At the end of August, only 24 percent of deposits are free to be used for credit. The reserve requirement immobilizes 19 percent of the funds collected. Twenty-one percent corresponds to bolívar soberanos blocked by foreign currency that was allocated and not liquidated under the previous Exchange Agreement (CC20). Finally, 35 percent of total deposits are in foreign currency under Exchange Agreement 1 (CC1), and the funds can only be used for credit after conversion to bolívar soberanos at the request of the depositor.
- Financing granted by Venezuelan banks to the agricultural sector amounted to \$887.6 million bolívares soberanos, equivalent to US\$112.5 million according to the official exchange rate at the end of August.
- In the last reported month, bank financing for agriculture recorded an increase of 42.7 percent, while so far in 2022, it has accumulated an increase of 177.95 percent. In year-on-year terms, this portfolio has climbed 194 percent. This year's data show that the increase has been accelerated, although it is below the growth of the total portfolio, which increased 49.9 percent compared to July 2022, and 287.4 percent compared to August 2021.
- The agricultural portfolio represented 18.9 percent of the total loan portfolio of the system. It is the second most financed item by banks, after the commercial portfolio, which absorbed 72.36 percent of total loans.
- However, according to an interview with Edison Arciniega, president of the Center for Agrifood Studies (CEA), it was estimated that between US\$1.5 billion and US\$1.8 billion of financial leverage is needed per production cycle for agriculture alone. An additional US\$2 billion would be needed for the rest of the sector.
- If these requirements are added together, a minimum total portfolio of US\$3.8 billion would be required, so that the financing deficit for agriculture would reach 97 percent. The sector's unions point out the fact that banks cover only 2.96 percent of the necessary leverage is an extremely serious and unprecedented circumstance.



- Although the loan portfolio has grown significantly during the year, it is still insufficient to meet the demand for financing.

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.



Government Creates Contracting Commission of National Council for Persons with Disabilities

By Holland & Knight

Through the *Official Gazette* No. 42,471 of Sept. 27, 2022, Administrative Ruling No. 096-22 (hereinafter, the Ruling) was published that ordered the creation of the Contracting Commission of the National Council for Persons with Disabilities (hereinafter, the Commission). The Commission's function will be to advance the procedures for the selection of contractors for the execution of works, acquisition of goods, and provision of goods and services in accordance with the parameters established in the Decree with value and force of the Law on Public Contracting and its Regulations.

According to the Ruling, the Commission will include three principal members and three alternate members, who will have the right to voice and vote. Additionally, the Commission will have one secretary with his respective alternate, who will have the right to speak. It is important to mention that the members of the Commission are appointed through the Ruling.

The Commission may also, if it deems necessary, appoint experts and technicians who will have the right to vote and whose opinions must be presented in a written report to the members and must be expressly recorded in all acts of the Commission.

The Commission shall be validly constituted with the presence of the majority of its members or respective alternates, and its decisions shall be adopted with the favorable vote of the majority. In the event that one of the principal members is absent from the meetings or sessions, he/she shall be replaced by his/her respective alternate. If for any reason a member of the Commission dissents from a decision, he/she must state the reasons for their dissent in the respective minutes.

It should also be noted that according to the Ruling, the acts and documents signed by the Commission must include the date and number of the act, and must contain the number of the *Official Gazette* of the Bolivarian Republic of Venezuela in which it was published.

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.



SAREN Registration Steps Released for Notarization of Documents by Foreign Citizens

By Tinoco Travieso Planchart & Nuñez

In order to execute a document before a registry and/or notary public in the name of a foreign national, as of Aug. 24, 2022, the following steps must be completed:

1. Enter the Autonomous Service of Registries and Notaries Public (SAREN) [website](#).
2. Select the "Applications " section, followed by "Foreign Registrations." In this section, fill in the requested data and attach the required information in PDF format.
3. Wait for SAREN's response. The corresponding office must inform the user who acts as grantor or participant of any legal act or business, that he/she must proceed to make the corresponding registration.
4. Once the application has been approved, all the corresponding documents must be filed before the corresponding office, in order to continue with the application.

Likewise, it is important to consider that:

1. The registration must be made by each foreigner in particular, for each act he/she intends to carry out.
2. Those cases that have already been sent by email must be uploaded again by the user, in accordance with the above.

Authorizations for travel of children and adolescents do not require registration in the referred page. They must be sent by [email](#) to the notary's office for validation.

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.



SENIAT Repeals the Designation of VAT Collection Agents to the Subjects Described in the Ruling

By Tinoco Travieso Planchart & Nuñez

Administrative Ruling No. SNAT/2022/000055, dated Sept. 5, 2022, was published in *Official Gazette* No. 42,473, dated Sept. 29, 2022, which repeals Administrative Ruling No. SNAT/2015/0018 dated Feb. 24, 2015, whereby the National Integrated Customs and Tax Administration Service (SENIAT) designated manufacturers, artisan producers and importers of alcoholic beverages as Value Added Tax (VAT) collection agents.

By virtue of the above:

- Manufacturers, producers and importers of alcoholic beverages are required to pay the VAT collected prior to the repeal of Administrative Ruling SNAT/2015/0018, dated Feb. 24, 2015, within the term established for the declaration of the referred tax as applicable.
- The retailers that have inventory of alcoholic beverages with the VAT collected must not include in the invoicing the referred tax amount until said inventory is exhausted.
- Manufacturers, artisan producers and importers of alcoholic beverages, as from the repeal of Administrative Ruling SNAT/2015/0018, dated Feb. 24, 2015, must declare and pay the VAT, in accordance with the provisions of the regulations governing the matter.

This Ruling is effective as of the date of its publication in the *Official Gazette*.

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.
