



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- OPEC reported stability in Venezuelan crude oil production in May. With the increases registered in March and April, Venezuela is exceeding the level of 700,000 barrels per day (bpd). Average production so far this year is 764,000 bpd (7 percent more than the 2022 average).
- According to reports, Chevron has a lot to do with this increase, although the production of the rest of the oil companies operating in the country has also increased. The information indicates that Chevron has already reached 130,000 barrels in June, so it is highly feasible that it will reach the goal of 150,000 barrels by December. It could even reach 175,000 barrels if infrastructure failures decrease and the dredging of Lake Maracaibo in Bajo Grande is achieved. In the first five months of 2023, the estimate is that Chevron's production has increased by 55,000 barrels and that the rest of the industry increased by 85,000 barrels.
- In other news, Petróleos de Venezuela S.A. (PDVSA) has decided to increase the price of diesel. Starting July 6, 2023, the price of diesel will cost US\$0.32 per liter. This increase was set after the national government delivered it for free for 3 years. This subsidy will continue exclusively for the country's health institutions, as reported by the Bloomberg agency.
- The president of the National Association of Supermarkets and Self-Services (ANSA) reported that the food basket corresponding to June 2023 was US\$240. He also highlighted that, in January 2023, the ANSA basket was US\$301 and in May, it stood at US\$252. He maintained that the drop in price is due to promotions in supermarkets.
- The executive director of the Venezuelan Chamber of Shopping Centers (Cavececo) reported that during the first quarter of this year the sector was affected by a decrease in consumption. However, in the second quarter of the year there was "movement" within the shopping centers, which is why the sector maintains positive expectations for the start of the school recess. It is mentioned that there has been a 40 percent recovery in sales during this first half of the year, compared to the first half of 2022.
- According to a Cavececo representative, at the end of 2022, the level of vacancy in shopping centers was 15 percent. Currently, it is 12 percent on the national average.

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## New OFAC License for Activities Related to the Prevention, Diagnosis and Treatment of COVID-19

By Holland & Knight

The U.S. Office of Foreign Assets Control (OFAC) on June 14, 2023, issued [General License No. 39B](#), authorizing certain transactions related to the prevention, diagnosis and treatment of the COVID-19 virus in Venezuela. This includes transactions with the Venezuelan government as well as with certain Venezuelan financial institutions and their subsidiaries. This license replaces the contents of General License No. 39A, issued on June 10, 2022.

Thus, the authorizations contained in General License No. 39B are effective through June 14, 2024, noting also that its scope not only covers aspects related to the prevention, diagnosis and treatment of the COVID-19 pandemic in Venezuela, but also the performance of clinical studies related to the virus.

Finally, it is relevant to clarify that General License No. 39B does not authorize any of the following activities:

1. the export of goods, technology and or services to military, intelligence or any law enforcement personnel
2. any transaction or activity involving sanctioned companies and financial entities listed in paragraph C2 of General License No. 39B
3. the unblocking of any property previously blocked by the Code of Federal Regulations, and
4. carrying out any other activity prohibited by the Code of Federal Regulations or involving any person blocked by OFAC, in addition to those related to the Venezuelan government that have this condition

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## Decree Provides Exemptions Affecting Import Taxes and VAT on Imports

By Tinoco Travieso Planchart & Nuñez

The *Official Gazette* No. 6,750 of 2023, on July 1, 2023, published Decree No. 4,821 by the Presidency of the Republic, which establishes exemptions from import taxes and value-added tax (VAT) on imports of goods which are indicated below.

- It exonerates 90 percent of the import tax and VAT on definitive imports of tangible personal property, new or used, as applicable, executed by the National Public Administration, as well as those carried out with own resources, by natural or legal persons, classified in the tariff codes indicated in Appendix I. These include electrical materials, metals, chemicals and textiles, among other items.
- The import tax and VAT are exonerated on definitive imports of tangible personal property, carried out by the National Public Administration, as well as those carried out with their own resources, by natural or legal persons, classified in the indicated tariff codes in Appendix II. These include products corresponding to the pharmaceutical sector. This exemption is subject to the Certificate of No National Production or Insufficient National Production.
- The import tax and VAT are exonerated for final imports of tangible personal property, carried out exclusively by the Venezuelan Corporation of Guayana or its affiliated companies, classified in the tariff codes indicated in Appendix III. These items include chemicals, metals and rubber, among others.
- The import tax and VAT are exempted from definitive imports of tangible personal property, carried out exclusively by the Ministry of Popular Power for Water Attention or its affiliated bodies and entities, classified in the tariff codes indicated in the Appendix IV. These items include machinery and spare parts, chemicals, and measurement and precision instruments, among others.
- The import tax and VAT are exempted for final imports of tangible personal property, carried out exclusively by the Socialist Cement Corporation and its affiliated companies, classified in the tariff codes as natural plaster, rubber straps, ceramic products and iron or steel manufactures.

The exemption benefits established in this Decree will apply from its entry into force until Dec. 31, 2023.

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