



## Venezuela Economic Outlook

By CNI Asesores Financieros

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

- The White House on Aug. 5, 2019, issued an Executive Order that blocks (freezes) all assets of the Venezuelan government in the United States. It also banned U.S. companies from conducting business with the Venezuelan government and stated the possibility of restrictions to foreign companies that assist the Nicolás Maduro government. This action is unique, and places Venezuela on lists with countries such as Syria, Iran, North Korea and Cuba.
- Interim President Juan Guaidó on Aug. 28, 2019, appointed his Commissioner Cabinet (Ministers), and designated Leopoldo López as general coordinator. As for economic matters, the cabinet appointed Alejandro Plaz and Javier Troconis as commissioners for Economic Development in the Asset Management and Recovery department. Plaz was the founder of Súmate, and has post-graduate degrees at Stanford University. Troconis is a lawyer who is well versed in oil matters, and is a member in the Citgo board of directors.
- Carlos Jordá, a 70-year-old oil executive with more than three decades of experience in the oil industry was appointed by Guaidó as CEO of Citgo, a Houston-based company. Jordá stated that Citgo is a strategic asset for Venezuela and his job will be to prepare the company for their return to normalcy. Citgo operates three refineries in the U.S. – Texas, Louisiana and Illinois – and has a processing capacity of up to 750,000 barrels of crude oil per day.
- In order to counteract any dangers that may arise if Venezuelan creditors attempt to seize Venezuelan assets in the U.S., such as Citgo and others recently blocked by the U.S. government, the National Assembly, in representation of Guaidó, has stated that it will create a commission that will eventually renegotiate the Venezuelan debt that is still due (default).
- On Oct. 25, 2019, the dispensation to carry out maintenance operations for some Petróleos de Venezuela, S.A. (PDVSA) entities will expire, this instrument was renewed for 90 days to several U.S. oil companies. If this document is not renewed, it is forecasted that the already diminished Venezuelan oil production will suffer a severe impact.
- Oil production during the month of July averaged 742,000 barrels per day. Since 2015, oil production has fallen by 70 percent.
- The minimum wage in Venezuela reached levels of less than \$2 per month (minimum wage is 40,000 bolivars per month; exchange rate is 25,000 bolivars per one U.S. dollar), the lowest in Latin America.
- The exchange rate continues to rise. On Sept. 3, 2019, Venezuela reported 25,000 bolivars per one U.S. dollar vs. 13,000 bolivars per one U.S. dollar as reported on Aug. 3, 2019.



- The Venezuelan Central Bank reserves had a slight increase of \$700 million, mostly as a result of funds received in Chinese yuans, related to oil transactions. As of Aug. 29, 2019, said reserves were calculated at \$8.8 billion.
- The National Cryptocurrency Supervisor stated that the Patria Remesa platform is operating with Venezuelan Petro cryptocurrency. This statement was met with a high degree of skepticism by the financial community.

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Information contained in this alert 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. Moreover, the laws of each jurisdiction are different and are constantly changing. If you have specific questions regarding a particular fact situation, we urge you to consult competent legal counsel.

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