



Venezuela Economic Outlook

By CNI Asesores Financieros

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

- The dispensation to carry out maintenance operations for some Petróleos de Venezuela, S.A. (PDVSA) entities in Venezuela will expire on Oct. 25, 2019. This instrument was renewed for 90 days for several U.S. oil companies. If this dispensation is not renewed, it is forecasted that the already diminished Venezuelan oil production will suffer a severe impact.
- Oil exports (crude oil and refined products) during September averaged 845,000 barrels per day, a slight increase (9.7 percent) in relation to August. The export destinations were mainly to China (32 percent), Europe (19 percent) and Cuba (17 percent). Since 2015, oil production has dropped more than 70 percent.
- Venezuela has imported 161,000 barrels of refined products to support the lack of its refinery production.
- Luis Pacheco, president of the ad hoc administrative board of PDVSA appointed by Venezuela's Interim President Juan Guaidó, estimates that investments of more than \$120 billion are required to restore the Venezuelan oil industry.
- President Nicolás Maduro announced that he wants a reopening of negotiations with Venezuelan debt holders and has issued instructions to his vice presidents to establish a schedule of immediate solutions.
- A senior U.S. government official stated that the sanctions imposed on Venezuela by the Trump Administration will continue in full force for the duration of the Maduro regime. These sanctions include a ban on U.S. people and companies from acquiring Venezuelan debt papers.
- In a 16-1 vote, the Organization of American States (OAS) on Sept. 23, 2019, approved a resolution referred to as the Inter-American Treaty of Reciprocal Assistance (TIAR), which is to be applied to Venezuela. TIAR dates 72 years and has 19 members of the region. This approved resolution urges TIAR member countries to standardize sanctions in the region imposed on people involved in human rights violations, corruption and money laundering from Venezuela.



- In early September, the authorities of Venezuela, Curacao and Panama enforced measures that affect three banks of the BOD Financial Group: Banco Occidental de Descuento in Venezuela, Banco del Orinoco N.V. in Curacao and AllBank Corp. in Panama. Banco Occidental de Descuento is among the top five banks in the country.

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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.
