



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- The Venezuelan economy maintained 27 consecutive quarters of decline, starting in the fourth quarter of 2014 and ending in the third quarter of 2021. Thus, as of the second quarter of 2022, the size of the Venezuelan economy was only 21 percent of what it was in the second quarter of 2012. However, since the end of 2021, Venezuela has registered a slight economic recovery and the outlook of different agencies forecasts growth between 9 percent and 12 percent by 2022. Bank of America<sup>1</sup> joins this group, estimating that growth would be above 10 percent in 2022, projecting a more moderate growth in 2023 and the following years, always subject to the strategic management of the state's policy.
- According to the Venezuelan Finance Observatory (OVF) measurement, using the Monthly Economic Activity Indicator (IMAE), during the first semester of 2022, the economic activity registered an annualized increase of 12 percent.
- In the second quarter of 2022, the increase was 16.6 percent, mainly explained by the upswing in oil production, higher government spending and the end of hyperinflation. This is modest growth when considering the large declines in the production of goods and services that occurred in 2019 and 2020. Regarding the second quarter of 2022, the increase in oil production – by 36.3 percent – is worth mentioning as the barrels produced stabilized around 700,000 barrels per day.
- Another sector that has grown significantly has been remittances. According to the private consulting firm Anova Policy and Consulting, 28 percent of the remittances entering the country come from the U.S. via Western Union. On the other hand, the president of Casa de Cambio Zoom, pointed out that between US\$4 billion to US\$5 billion per year is entering Venezuela via remittances. Indicating that through this exchange house, the average amount of tickets received in the country is US\$157. Most of the money is received from the U.S., Spain, Ecuador, Peru and Chile; while from Venezuela, the majority (50 percent) goes to Colombia, followed by Peru, Chile and Spain.
- On the other hand, the Central Bank of Venezuela (BCV) doses its foreign exchange intervention to save reserves for weeks of greater monetary pressure, as will be the case this month. This is conclusion after an analysis of the performance of the intervention policy recently. The BCV considerably reduced its intervention from US\$100 million to US\$60 million and also split it in two parts.
- The National Assembly approved the Law of Special Economic Zones (ZEE), which had been defined as one of the key regulatory instruments within the investment promotion strategy that the National Executive has been announcing. The Law is a general instrument that establishes a general principle that these will be areas in which the government will create, according to the economic potential of the zone, incentives of various types to promote the arrival of international capital and also the investment of Venezuelans. For the time being, the creation of the ZEE Paraguaná in Falcón; ZEE Puerto Cabello Morón in Carabobo; ZEE of La Guaira; ZEE of



Margarita, Nueva Esparta State and the ZEE of the development project of La Tortuga Island have been authorized.

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

---

<sup>1</sup> Interview conducted in *Bloomberg Online* with the Director of Latam Economy & FI Strategy of Bank of America, Sebastian Rondeau.

---

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.

---