



Venezuela Economic Outlook

By Arca Análisis Económico

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

- The Organic Law for the Coordination and Harmonization of the Tax Powers of the States and Municipalities (LOCAPTEM) was published in the *Official Gazette* No. 6,755 of Aug. 10, 2023. There are now 90 days until its entry into force on Nov. 8, 2023. States and municipalities have 90 days from the entry into force of the law to adapt their regulations. However, the entry into force of the law repeals all state laws and municipal ordinances that establish tax rates other than those provided for in said law. (For more details on the law, please see related article in this month's Update.)
- On the other hand, the company Petróleos de Venezuela S.A. (PDVSA) received a shipment with 260,000 barrels of naphtha sent by the European companies Eni and Repsol. As reported by *Bloomberg Online*, the gasoline will be mixed with less refined gasoline found in the Paraguaná Refining Center in Falcón state, with the intention of alleviating the fuel supply problem in Venezuela.
- Both European companies and the Venezuelan state-owned company are in talks to establish a fuel supply schedule, despite the fact that the terms of trade are not clear. It should be noted that Eni asserted that the activities it carries out in Venezuela comply with all the regulations related to the sanctions imposed by the United States.
- In the banking sector, the National Superintendency of Banking Institutions (Sudeban) authorized the operation of a new bank within the microfinance segment that was born under the 100 percent digital concept, according to the text published in the *Official Gazette*.
- Obviously, the fact that the management business model is more of a neobank concept points to a lighter cost structure and greater operational flexibility, always based on the technological platform being as robust as necessary.
- Up to now, only three entities compete in the microfinance segment: Bancrecer, Mi Banco and Bangente. Between the three, at the end of July, they consolidated a loan portfolio of \$353.2 million bolivars, which represents 1.10 percent of the total bank loans in the last reported month.
- Likewise, these three entities added a volume of total deposits of \$577.8 million bolivars, at the end of July, which is equivalent to 0.59 percent of the system's total deposits from the public.

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