



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- The National Electoral Council (CNE) published the schedule for the presidential elections on July 28, 2024, which, in addition to the most notable dates already announced, such as the candidate nomination period (March 21-25) or the campaign period (March 4-July 25), details the days of reviews or modifications of candidatures, among others.
- For the month of February, the Venezuelan Finance Observatory (OVF) announced deflation in Venezuela when prices fell, on average, 0.5 percent. According to the detailed information on the OVF price index, the food and nonalcoholic beverages sector was the one that reported the largest price contraction in February, with a drop of 3.1 percent. Alcoholic beverages and tobacco, and miscellaneous goods and services share a deflation indicator of 2.2 percent. Transportation recorded a price drop of 0.6 percent. Healthcare reported a drop of 0.5 percent, in line with the general average, as did housing rentals. Telecommunications was the sector that reported the largest price increase, with an increase of 1.9 percent, followed by leisure with 1.7 percent, and restaurants and hotels with 1.5 percent.
- However, private industrial production suffered a contraction of 4.3 percent in 2023 compared to the previous year, given the adverse results of the first three quarters of 2023, when manufacturing production fell 4.7 percent, 12.3 percent and 2.1 percent, respectively. However, according to data from the Conindustria Statistical Information System (SIEC), obtained through the Industrial Situation Survey for the fourth quarter of 2023 (ECI-IV23), manufacturing production jumped 9 percent, but it was insufficient to close the year positively.
- On the other hand, the Latin American and Caribbean passenger traffic report, from the Latin American and Caribbean Air Transport Association (ALTA), stood out, through which it was announced that the volume of international passengers in Venezuela during 2023 had a growth of 51 percent compared to the previous year. Between January and December 2023, the region transported 248 million passengers on domestic flights, 9.1 percent more than the same period in 2022.
- Regarding the banking sector, the Superintendency of Institutions of the Banking Sector of Venezuela (Sudeban) issued a circular on the guidelines for opening digital accounts and the acceptance of electronic contracts in the country's banking entities, as part of the digitalization process of the Venezuelan economy. The organization highlighted that the purpose is to offer new opportunities and facilitate the population's access to goods and services under new technological trends, as long as banks provide adequate levels of security.
- Another notable situation during the month of February was the publication in the *Official Gazette* of the creation of a mandatory registry, managed by the Postal Telegraph Institute of Venezuela (Ipostel), in which companies were going to have to pay a cost of US\$300 to obtain a license that allows them to make home deliveries.



- Furthermore, with this ruling, the home delivery service was regulated and created a 1 percent amount on all orders that were placed through digital applications.
- Likewise, it established an annual payment of US\$240 for maintaining the permit and a system of sanctions, which included a fine of US\$6,000 for operators who repeatedly failed to comply with the guidelines.
- A few days after its dissemination, the government annulled the resolution, after a meeting with representatives of companies in this sector.

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