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Venezuela Economic Outlook

By Arca Análisis Económico

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

- The Central Bank of Venezuela (BCV) reported that gross domestic product (GDP) grew 9.32 percent in the first quarter of 2025, exceeding the 9.13 percent recorded in the same period of 2024. This data reaffirms the economic recovery the country has experienced over the last 16 quarters, closing 2024 with an annual growth of 8.54 percent.

- Particularly notable in this growth is the oil sector, which expanded 18.23 percent, along with the mining sector, with an increase of 13.46 percent. According to the BCV, these results demonstrate the resilience of the Venezuelan economy in the face of "external aggression" and the "trade war" that, according to the government, threatens a global recession.

- Despite these advances, the BCV press release did not offer details on the monthly GDP performance or the behavior of the non-oil economy during the period analyzed. However, official data suggests an average monthly GDP growth of around 3 percent in the first quarter.

- In contrast to GDP growth, the bolívar depreciated 52.2 percent against the U.S. dollar in the official market during the first half of 2025. The exchange rate of the U.S. dollar fell from 52 bolívars to 108.9 bolívars per dollar, according to BCV figures.

- For its part, Petróleos de Venezuela S.A. (PDVSA) reported hydrocarbon export revenues of $17.5 billion in 2024. This period was marked by the validity of U.S. licenses that allowed foreign companies to operate in the country, according to an earnings report by *Reuters*.

- In 2024, Venezuela's oil company exported an average of 805,500 barrels of oil per day (bpd), a significant increase from the 700,000 bpd sold in 2023. Venezuela's average production also grew, reaching 952,000 bpd last year, up from 783,000 bpd in 2023, according to direct sources in the Organization of the Petroleum Exporting Countries report.

- Despite the subsequent cancellation of oil licenses, the national government has maintained that oil production exceeds 1 million barrels per day and that exports are proceeding normally. In 2024, crude oil sales destinations included Asia, the U.S. and Europe. However, following the suspension of licenses by the U.S., June exports – reaching 844,000 barrels per day – were primarily redirected to China.

- PDVSA contributed $10.4 billion to the national treasury in 2024, a figure similar to the national budget. Additionally, revenue from domestic sales of gasoline and other fuels totaled $2.2 billion, according to a document detailed by *Reuters*.

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Informal Labor on the Rise

- A report by the Institute of Higher Studies in Administration (IESA) reveals that more than 50 percent of Venezuela's working population is in the informal labor market. While these activities generate income, they are characterized by low added value and, therefore, do not contribute significantly to the country's development.

- The IESA study, which incorporates data from the Andrés Bello Catholic University's National Survey of Living Conditions (Encovi), highlights that self-employment and informal commerce outnumber formal businesses and shops. Rosa Emilia González, professor at IESA's Center for Public Policy and Executive Education, explained that the report shows a rise in informal employment since 2014, driven by the contraction of key economic sectors such as manufacturing and finance.

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Emerging Economic Prospects and Migration Policy Shifts Between the U.S. and Venezuela

By Holland & Knight

In recent weeks, several developments have emerged in the relationship between the U.S. and Venezuela, with implications for migration policy, international economics and regional diplomacy.

On July 4, 2025, an event titled "A Trillion-Dollar Opportunity: The Global Benefit of a Democratic Venezuela" was held in New York City, organized by the Council of the Americas. The presentation was led by Venezuelan opposition leader María Corina Machado, who participated via video conference from Caracas. Machado reaffirmed her confidence in a future democratic transition in Venezuela and emphasized the country's economic potential under such a scenario. According to estimates from her economic team, led by economist Sary Levy-Carciente, a democratic Venezuela could achieve annual growth of 10 percent and generate up to $1.7 trillion in global wealth over the next 15 years.

This proposal was framed within a projected scenario for Venezuela following the end of the authoritarian regime led by President Nicolás Maduro. Machado's economic team outlined a recovery model based on institutional reform, commercial openness and foreign investment, aimed at creating favorable conditions for sustained economic growth. The plan identified 12 strategic sectors – including energy, healthcare, agriculture and tourism – as key drivers of economic value in the proposed development model.

The strategy was built on five core factors: 1) public support for a market-based system, 2) the return of the Venezuelan diaspora, 3) direct adoption of modern technologies, 4) removal of institutional barriers, and 5) the country's geographic advantage in the context of nearshoring and regional supply chains. The model is described as rational, reliable and democratic, designed to facilitate a rapid and sustainable economic transformation.

In the migration sphere, the U.S. Department of Homeland Security announced in June 2025 the termination of the Citizens from Cuba, Haiti, Nicaragua and Venezuela (CHNV) humanitarian parole program, which had allowed more than 530,000 people from CHNV to enter the U.S. legally between 2022 and 2024. This measure entails the immediate revocation of residency and work permits, as well as notification to beneficiaries to voluntarily depart the country.

Additionally, the U.S. has requested that third countries, such as Nigeria, accept Venezuelan migrants as part of safe third-country agreements. The Nigerian government publicly rejected this request, prompting diplomatic tensions that include visa restrictions and trade measures.

These developments reflect a complex interaction between domestic policy, international migration and bilateral relations. For legal firms and institutional stakeholders, it is important to monitor the impact of these decisions on asylum procedures, residency applications, immigration compliance and international cooperation. Learn more about our Venezuela Focus Team.

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Decree Published, Suspending the Application of the Exemptions Established by VAT

By Tinoco Travieso Planchart & Nuñez

Decree No. 5,145, issued by the presidency of the republic, was published on June 30, 2025, in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 6,918 Extraordinary.

The purpose of the decree is to suspend the application of the exemptions established in paragraph 1 of Article 17 of the Constituent Decree of Partial Reform of the Decree with Rank, Value and Force of Law establishing the value added tax (VAT). In this regard, the suspension will apply to the VAT exemptions applicable to imports of movable goods described in Article 18 of the VAT law.

The suspension measure does not affect the VAT exemptions currently in force for domestic sales of these products within the national territory. The exemptions are only revoked for import transactions involving these products.

Notwithstanding this suspension, the VAT is exempted, under the terms and conditions outlined in this decree, on definitive imports of tangible movable goods carried out by the bodies and entities of the National Public Administration, as well as those carried out with their own resources by natural or legal persons, classified under the tariff codes indicated in Appendix I, which forms an integral part of this decree, relating to animal embryos for sowing, crude oils, seeds for sowing, oxalic acid and its salts, among others.

To apply for the exemption, the taxpayer must submit: 1) a descriptive list of the tangible personal property to be imported, 2) a commercial invoice issued in the name of the beneficiary in charge of acquiring the tangible personal property and 3) an exemption certificate issued by the Presidential Commission, also known as the Foreign Trade Committee (COMEX).

The exemption benefit will apply from the date of registration of the customs declaration for the import.

Failure to comply with the conditions for the exemption may result in the loss of the exemption benefit. Likewise, those who fail to comply with the following will lose the exemption benefit: 1) the periodic evaluation of compliance with the expected results, 2) the obligations established in the Organic Tax Code and other tax regulations, as well as in the Organic Customs Law, and 3) any of the situations indicated in Article 177 of the Organic Customs Law, will lose the exemption benefit.

The competent authorities for issuing permits, licenses and certificates for the application of the exemption referred to in Article 177 of the Organic Customs Law will be responsible for the issuance of permits, licenses and certificates and the application of the exemption referred to in said article. The decree must guarantee the principles of simplification, speed, transparency, use of information technologies, effectiveness and efficiency, which allow for streamlining procedures.

The exemption benefits of the decree will apply for one year from the date the decree enters into force.

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This decree was issued by the Presidency of the Republic of Venezuela based on the powers granted by the decree declaring an economic emergency throughout the national territory, published in the *Official Gazette* of the Bolivarian Republic of Venezuela No. 6,896 Extraordinary, dated April 9, 2025.

Validity: The decree entered into force on July 5, 2025.

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