



Venezuela Drafts New Organic Law of Mines

By Holland & Knight

For more than 15 years, mining activities in Venezuela were governed by the 1999 Mining Law, a decree with the status and force of law. Though this law organized the sector based on principles of public utility and state ownership of mineral deposits, it maintained a relatively open framework for private sector participation.

However, in 2015, with the adoption of the Decree with Rank, Value, and Force of Organic Law that Reserves to the State the Activities of Exploration and Exploitation of Gold and Other Strategic Minerals, the Venezuelan state was granted exclusive ownership over the entire value chain of these minerals, effectively closing direct access to both domestic and foreign private capital.

Accordingly, the draft Organic Law of Mines, which seeks to replace the 1999 Mining Law and repeal the 2015 Reserve Law, was approved in its first discussion on March 9, 2026, and is currently awaiting its second debate for final approval.

This draft law introduces two fundamental changes to the regulation of mining exploration and exploitation: 1) the structural opening of the sector to both domestic and foreign private investment through new forms of business participation and 2) the introduction of legal security and dispute resolution mechanisms designed to reduce the perceived risk for international investors.

With respect to the opening to investment, Article 5 of the draft law significantly broadens the range of entities authorized to carry out mining activities. It departs from the 2015 regime, which reserved the exploration and exploitation of gold and strategic minerals exclusively to the state. The new draft law allows such activities to be conducted directly by the state, state-owned enterprises, private companies and mixed enterprises with either minority or majority state participation, and also considers arrangements such as mining brigades and the formalization of artisanal mining.

Regarding legal security and dispute resolution, Article 6 of the draft law establishes as guiding principles the "promotion of domestic and foreign investment" and "legal security for investment," thereby elevating the protection of foreign capital to the status of law in a sector traditionally subject to state discretion. In addition, the explicit recognition of the "economic equilibrium of the contract" as a principle may provide investors with a normative basis to claim compensation in the event of unilateral modifications to agreed terms.

Furthermore, Article 9 of the draft law introduces a provision stating that disputes arising from contracts may be submitted to arbitration without the need for any opinion or authorization to be agreed upon. The inclusion of this provision in an organic law signals an openness to international standards of investment protection.



The draft Organic Law of Mines represents a significant reform for investment in the Venezuelan mining sector, providing a framework that formally welcomes private investment and guarantees legal security, although its effectiveness will ultimately depend on the state's approach to its implementation.

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