



Venezuela Economic Outlook

By Arca Análisis Económico

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

- The macroeconomic and geopolitical landscape of Venezuela in the first quarter of 2026 is undergoing a significant transformation, driven by an accelerated cooperation agenda with the U.S. This new diplomatic dynamic, recently highlighted by Acting President Delcy Rodríguez, has materialized in strategic visits such as the one made with U.S. Department of Energy Secretary Chris Wright to the facilities of the Petroindependencia joint venture. In this regard, the new Organic Hydrocarbons Law and General License 46 play a fundamental role by reducing Petróleos de Venezuela S.A. (PDVSA) mandatory participation, enabling the entry of private operators and formalizing international arbitration mechanisms, thus providing the necessary legal certainty to attract and retain foreign capital in the energy sector.
- Over the last several weeks, the U.S. administration began to ease sanctions on Venezuela's energy sector through a series of authorizations (called general licenses or GLs) issued by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the agency responsible for administering and enforcing U.S. sanctions. To date, OFAC has authorized the export and sale of Venezuelan-origin oil by established U.S. companies (GL 46A), the exports of U.S.-origin diluents to Venezuela (GL 47), the supply of certain items and services for the exploration, development or production of oil and gas in Venezuela (GL 48), and the negotiation and execution of contingent contracts for new investments, although their effective implementation remains subject to additional specific authorizations. (GL 49). Finally, GL 50 (updated to 50A) provides a direct operational pathway for a select group of major energy companies to manage their operations and assets in the country under strict U.S. law, reporting and compliance requirements.
- As a direct result of this reactivation and bilateral agreements, the national foreign exchange market has begun to show signs of stabilization after previous episodes of high volatility. The influx of foreign currency, partly from the trust fund in Qatar and partly from the \$500 million corresponding to the seized floating oil, has allowed the Central Bank of Venezuela to vigorously resume foreign exchange auctions. By having substantial amounts available – such as the \$280 million offered in recent weeks – the exchange rate risk premium has been reduced, and the gap with parallel market rates has narrowed. Though a significant increase in public spending is projected, injecting a large number of bolivars into the economy for bonus and payroll payments, the regularity and transparency of these foreign exchange allocations will be crucial to contain inflationary pressures and meet private sector demand.
- In parallel with exchange rate stabilization, the country's international reserves remain around \$14 billion, driven primarily by the evolution of gold prices in global markets. This importance of the gold sector strategically aligns with the U.S.' expectations of establishing new alliances for the exploitation of critical minerals in Venezuela, including not only gold, but also bauxite, nickel and rare earth elements. Diversifying these potential revenue sources strengthens the state's fiscal position, which is further bolstered by the resumption of technical and financial cooperation with multilateral organizations, as evidenced in recent meetings between national authorities and the Development Bank of Latin America and Caribbean board.



- Finally, although the outlook remains uncertain and is not fully free of risks, the convergence of these macroeconomic and geopolitical factors suggests the potential for a multiplier effect across other productive and service sectors of the country. A clear illustration of this positive spillover is the gradual return of several international airlines, the full economic impact of which is expected to materialize in the second half of the year, thereby supporting trade, tourism and national connectivity.

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New Hydrocarbons Law in Venezuela

By Holland & Knight

The partial reform of the Organic Hydrocarbons Law approved by the National Assembly on January 29, 2026, constitutes an effort to revitalize Venezuela's energy sector through regulatory adjustments that substantially modify private participation mechanisms without altering state ownership of hydrocarbon deposits, expressly reaffirming the sovereignty of the Venezuelan state and the public domain status of petroleum resources.

One of the most significant changes lies in the redefinition of the operatorship regime. The new model establishes a three-tier scheme whereby exploration, extraction, collection, transportation and storage activities may be carried out: 1) directly by the state, 2) by mixed companies with majority state participation or 3) by Venezuelan private companies acting as operators under contracts entered into with state entities. This structure allows the private operator to assume comprehensive project management, including operational risks and costs, always under state supervision and subject to ministerial approval, without implying privatization of the resources.

From a contractual and dispute resolution perspective, the law introduces elements aimed at reinforcing legal predictability by expressly authorizing the inclusion of mediation and arbitration clauses in sector contracts and eliminating the need for additional prior authorizations. Furthermore, it incorporates the principle of economic and financial equilibrium, which binds the state to restore contractual conditions when regulatory changes adversely affect the profitability of the project.

From a fiscal standpoint, the reform introduces a scheme designed to enhance the competitiveness of projects through a combination of flexibility and tax relief. While a royalty of up to 30 percent is maintained and a new Integrated Hydrocarbons Tax with a rate of up to 15 percent on monthly gross revenues is introduced, both are subject to case-by-case determination by the executive. This discretionary framework allows fiscal adjustments to preserve the economic balance of each project.

In addition, the reform excludes structural issues related to *Petróleos de Venezuela S.A. (PDVSA)*, such as historical liabilities, unpaid obligations or environmental contingencies, thereby placing such risks outside the renewed legal framework. As a result, although the law improves the regulatory environment for future projects and sends positive signals regarding fiscal flexibility and dispute resolution mechanisms, the perception of legal certainty for investors will remain closely tied to the institutional and political context beyond the law itself.

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Current Legal and Institutional Developments in Venezuela

By Tinoco Travieso Planchart & Nuñez

In recent weeks, Venezuela has seen significant regulatory developments in the energy sector as well as the general regulatory framework for economic activity. Some of these initiatives have already been enacted while others are under parliamentary debate, with potential implications for companies and investors with interests in the country.

On January 29, 2026, the law reforming the Organic Hydrocarbons Law was published. This reform introduces significant changes to the private participation regime and the contractual and tax structure of the sector. Among its most relevant aspects, the law stipulates that primary activities – exploration, extraction and associated phases – can be carried out not only by state-owned enterprises and joint ventures (with minority private participation) but also by private companies domiciled in Venezuela through contracts signed with state-owned enterprises. This formalizes contracts for the development of primary activities, expanding the possible schemes for private participation in Venezuela's hydrocarbons sector.

The law enshrines the principle of maintaining the economic and financial equilibrium originally agreed upon in the contracts, providing for adjustments when legal, fiscal or contractual changes negatively affect the project's economics. Restitution may be implemented through adjustments to royalties, taxes, deadlines or other contractual mechanisms.

In operational and commercial matters, the law contemplates the possibility of authorizing the minority shareholder of a joint venture to directly market production and exercise technical and operational management of the activity. For their part, in contracts signed by state-owned enterprises with private companies for carrying out so-called primary activities, the compensation may consist of a share of hydrocarbon volumes or other forms of profit sharing as determined by the National Executive.

From a fiscal perspective, an integrated tax of up to 15 percent on gross income and a maximum royalty of up to 30 percent are established, both adjustable according to the project. Possible reductions in income tax are also anticipated, and exemptions are established for state and municipal taxes and certain special contributions. The tax on extraordinary prices – the so-called "shadow tax" – is eliminated, and alternative dispute resolution mechanisms, including international arbitration, are permitted.

On the other hand, in the general regulatory sphere, the Organic Law for the Protection of Socioeconomic Rights was approved in its first reading. This law would repeal the Organic Law of Fair Prices and eliminate the current maximum profit margin of 30 percent on the cost structure, which would imply a substantial change in the price-setting regime.



Likewise, the Organic Law for the Acceleration and Optimization of Administrative Procedures was approved in its first reading. This law would empower Venezuela's president to suspend or reduce permits and administrative requirements in order to facilitate economic activity.

Finally, on February 5, 2026, the National Assembly approved, in its first reading, the Amnesty Bill for Democratic Coexistence, currently open for public comment. Its purpose is to extinguish criminal proceedings and sanctions related to certain political acts, with the stated goal of reconciling Venezuelan society.

Together, these developments reflect a process of regulatory adjustment in strategic sectors and within the general regulatory framework, which requires close monitoring by local and international actors.

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