



Venezuela Economic Outlook

By Arca Análisis Económico

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

- The recent report by the Venezuelan Finance Observatory (OVF) reveals a 2.7 percent contraction in Venezuela's economic activity during the first quarter of 2025, compared to the same period in the previous year. The main justification for this decline lies in a 5 percent decline in the non-oil sector, the negative impact of which could not be offset by the 7.4 percent growth observed in oil activity.
- However, President Nicolás Maduro has maintained the existence of a trajectory of economic growth for the last 15 consecutive quarters. Despite the absence of official gross domestic product (GDP) data from the Central Bank of Venezuela (BCV) since the second quarter of 2024, the president indicated an increase of more than 4.5 percent at the end of the first quarter of 2025, which, in his opinion, consolidates this expansionary trend. This statement was reiterated by Executive Vice President Delcy Rodríguez, who dismissed the International Monetary Fund (IMF) projections that anticipate a possible 4 percent contraction in the Venezuelan economy for the current year.
- In contrast, the most recent data from the Cedice Libertad Public Spending Observatory (OGP) show Venezuela's GDP growth of just 1.4 percent at the end of the first quarter of 2025, representing one of the lowest rates of expansion since the start of the economic recovery in 2021. The OGP's analysis of domestic aggregate demand reveals a moderate increase in private consumption of 1.2 percent and public sector spending of 1.1 percent during the first quarter of 2025.
- In the realm of economic policies, President Maduro announced on April 30, 2025, an adjustment to the minimum comprehensive income for workers, setting it at an indexed equivalent of US\$160 in bolivars. The head of state explained that this increase responds to the rise in the so-called "war bonus," which rose from \$90 to \$120 indexed, while maintaining the Cestaticket amount at \$40. Similarly, an increase in pensions to \$50 indexed and the creation of a "unified family protection bonus" through the Patria System were announced. Additionally, the activation of credit lines through employee payrolls (Credinómina) as a benefit for the working class was announced, delegating to Executive Vice President Rodríguez the provision of additional details on these economic measures.

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Venezuela Declares Economic Emergency Amid Escalating Crisis

By Holland & Knight

In April 2025, Venezuelan President Nicolás Maduro declared a state of economic emergency in an effort to address the ongoing financial crisis affecting the country. The declaration came amid the imposition of tariffs of up to 25 percent on imported goods from countries that purchase Venezuelan oil, placing additional pressure on the nation's primary economic sector – the oil industry.

Tensions surrounding immigration have remained high. On April 15, a U.S. federal judge blocked the revocation of Temporary Protected Status (TPS) for 532,000 immigrants, including many Venezuelans. The U.S. Court of Appeals for the Ninth Circuit ruled that the order to revoke the TPS holders was based on misinterpretation of immigration laws, as it sought to expel individuals who were legally authorized to remain in the country.

Additionally, the U.S. government issued an advisory in May recommending that American citizens avoid traveling to or staying in Venezuela due to the risk of arbitrary detention used as a form of political pressure. Officials justified the warning by citing previous cases in which American citizens detained in Venezuela were denied communication with family members and access to proper legal representation.

The U.S. Department of State has reported instances of unjust detentions and imprisonment in various countries. In response, Venezuelan authorities rejected the accusations, labeling them unfounded and countering that the United States is itself responsible for the unlawful detention of migrants.

Against this backdrop, Venezuela faces an escalating economic and diplomatic crisis driven by these recent developments. While President Maduro's state of economic emergency aims to stabilize the nation, its broader implications for commerce and international relations have sparked uncertainty, particularly among those with business ties to Venezuela. Adding to these challenges are the mounting immigration tensions and ongoing disputes between Venezuela and the United States, which have further deepened the climate of mutual distrust.

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Regulations on SAGRILAF Risk Management for Entities Supervised by SUNAVAL Are Published

By Tinoco Travieso Planchart & Nuñez

Administrative Provision No. 25, issued by the National Securities Superintendence (SUNAVAL), was published in the *Official Gazette* No. 43,096, on March 27, 2025, repealing No. 209, which established the rules related to the administration and supervision of risks related to the crimes of money laundering (ML), terrorist financing (TF), financing of the proliferation of weapons of mass destruction (FPADM) and other illicit acts applicable to the subjects obliged by the SUNAVAL.

- **Object and Basis (Article 1):** This ruling establishes a comprehensive and continuously applicable regulatory framework for individuals and legal entities operating in the Venezuelan securities market. Its main objective is to unify the policies, mechanisms, instruments, measures and procedures necessary to effectively identify, assess, prevent and manage risks. SUNAVAL will carry out inspection, control, prior surveillance, supervision, oversight, sanctions and verification of transactions carried out through the stock market to prevent ML/TF, FPADM and other illicit activities.
- **Scope of Application (Article 2):** This regulation is mandatory for all individuals and legal entities under the supervision of the SUNAVAL, as well as for any other entity that participates directly or indirectly in the Venezuelan securities market.
- **Key Definition (Article 4, Section 40):** Integral risk management system (RMS) related to ML/TF, FPADM and other illicit acts is defined as the structured set of policies, programs, manuals, standards, procedures, structures, plans, strategies and RMS that obliged subjects must adopt, develop and execute in proportion to their level of risk. Its purpose is to mitigate the possibility that their products, services, investors and distribution channels are used to launder illicit capital, finance terrorism, FPADM or other crimes contemplated in the legal system that governs the matter.
- **Obligated Subjects (Article 5):** The regulations exhaustively list the obligated subjects, including 1) persons whose securities are subject to public offering, 2) collective investment entities, their management companies and persons directly or indirectly involved in the offering of securities issued by these entities, 3) public securities brokers, securities brokerage firms and brokerage firms, 4) investment advisors, 5) stock exchanges, 6) agricultural products and input brokers, 7) agricultural products and input brokerage firms, 8) agricultural products and input exchanges, 9) securities depositories, 10) transfer agents, 11) securitization companies, 12) clearing houses for options, futures and other derivative products, 13) risk rating agencies, 14) public accounting firms authorized to issue opinions on the financial statements of subjects subject to SUNAVAL's control, 15) other persons who directly or indirectly participate in the securities market or whose special laws subject them to SUNAVAL's control, and 16) legal entities that SUNAVAL classifies as related to any of the obligated entities.

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- **Scope of the RMS (Article 8):** The RMS on ML/FT, FPADM and other illicit acts must implement measures based on a risk-based approach to manage the likelihood that obliged entities' operations will be used for illicit purposes. Obligated entities must take into account national and international best practices, recommendations and standards used in this area to strengthen the RMS.
- **Risk Levels and Assessment (Article 15):** Obligated entities must conduct an initial assessment of their risk level and profile (high, moderate or low) and make it available to SUNAVAL. This assessment is essential for the design, updating and implementation of the SIAR policy and procedure manuals. The assessment must be updated periodically when the factors influencing their risk level have changed, also considering situations involving portfolio transfers, mergers or spin-offs between various obliged entities, opening of branches or agencies, launching of new products, implementation of new technologies and sales strategies. In any case, the evaluation must be carried out at least once a year.
- **Formation of the RMS (Article 16):** The RMS, ML/FT, FPADM and other illicit acts will be composed of the 1) board of directors or its equivalent, 2) president or his equivalent of the obliged subject, 3) compliance officer, 4) risk management unit (RMU), ML/FT and FPADM, 5) those responsible for compliance in risk-sensitive areas and 6) those responsible for the first line of contact.
- **Annual Operational Plan (AOP) (Article 32):** Obligated entities must design and execute an AOP for ML/FT, FPADM, RM and other illicit activities in accordance with their manuals and in response to changes in the risk factors associated with their operations. This plan must be prepared and approved in the last quarter of the previous year and submitted to the regulatory body within the first 15 business days of the year of its execution.
- **Code of Ethics (Article 41):** Obligated entities are required to design and adopt a general code of ethics or conduct that includes aspects related to AR, ML/TF, FPADM and other illicit activities. This code must be mandatory for all personnel, approved by the obliged entity's board of directors and available for review by SUNAVAL during inspections.
- **Risk Management (RM) (Article 47):** RM related to ML/TF, FPADM and other illicit activities in securities market business relationships must be applied in a differentiated manner according to the sensitivity and risk level of each investor as identified by the reporting entity and in accordance with the procedures, factors and circumstances considered in the National Risk Assessment (NRA). Reporting entities must apply enhanced due diligence measures for high-risk jurisdictions according to the Financial Action Task Force. Measures proportional to the level of risk are required (enhanced for high risk, enhanced for moderate risk and simplified for low risk). Simplified measures are prohibited when risk is suspected.

Final Provisions:

- A period of 60 continuous days is granted from the publication in the *Official Gazette* for adjustment to this regulation.
- In the event of any unforeseen events, current regulations on risks related to ML/TF, FPADM and other illicit activities will apply as a supplement.

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Validity: The provision will enter into force upon its publication in the *Official Gazette* on March 27, 2025.

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