



## Venezuela Economic Outlook

By Arca Análisis Económico

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

- The Venezuelan economy is at a historic turning point in early 2026, transitioning from extreme volatility toward a stabilization that, while fragile, shows unprecedented signs of institutional viability. After gross domestic product (GDP) growth of 8.5 percent in 2025, according to figures from Interim President Delcy Rodríguez, the country seeks to transform this statistical rebound into a sustainable recovery through a renewed international financial architecture and pragmatic renegotiation with the U.S.
- The beginning of 2026 was turbulent: The parallel exchange rate climbed to 900 bolivars on January 7 due to a severe shortage of foreign currency and the uncertainty generated by the events of January 3. However, the tension has eased with the implementation of mechanisms for channeling funds – the most significant being the use of the Qatar National Bank (QNB) as custodian. This flow, which integrates crude oil revenues and the release of seized shipments, allows for the injection of electronic liquidity into the foreign exchange desks of national banks, prioritizing allocation to essential sectors with international standards.
- This recovery is based on a strategic shift by the U.S. administration. In this vein, U.S. Department of the Treasury Secretary Scott Bessent and U.S. Department of Energy Secretary Chris Wright have promoted the operational normalization of Chevron and other licensees. It is estimated that selling crude oil at prices close to those of the global market will generate an additional \$5.8 billion this year. With a projected production of 1.2 million barrels per day, exports could reach \$18.4 billion annually, plus \$2.4 billion from the liquidation of seized barrels, without considering scenarios for increased pumping.
- In the structural sphere, Venezuela is opening the door to profound reforms to attract foreign capital. Reengagement with multilateral organizations is the central pillar; The International Monetary Fund could release between \$4 billion and \$5 billion in special drawing rights (SDRs), subject to accountability, granting international reserves unprecedented liquidity in the last decade. This new climate of confidence has cleared the way for the restructuring of sovereign debt and Petroleos de Venezuela S.A. (PDVSA) debt, whose bonds appreciated by more than 30 percent in the week of January 5. The sovereign bond maturing in 2027 climbed from 32.92 cents to 43.62 cents, while the PDVSA 2026 bond rose from 23.41 cents to 32.56 cents during the same period.
- For the business sector, this scenario demands extreme financial agility. Although the parallel exchange rate retreated to around 488 bolivars, the exchange rate gap and inflationary pressure stemming from increased public spending remain latent risks. Implementing transparent foreign

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exchange auctions is vital for establishing realistic prices and reducing dependence on monetary financing.

- Key findings include the fact that access to foreign currency through international accounts is subject to strict compliance regulations, forcing companies to raise their transparency standards. Furthermore, persistent volatility necessitates monitoring the Central Bank of Venezuela's (BCV) supply capacity and adjusting treasury strategies in anticipation of a controlled depreciation of the official exchange rate.
- Finally, the reactivation of productive participation agreements and multilateral support open windows of opportunity for medium-term capital projects in strategic sectors.

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# Venezuela's Oil Future: Challenges and Opportunities for Global Investors

**By Holland & Knight**

The Venezuelan oil and gas industry is at a historic turning point following the change in government on January 3, 2026. The U.S. has signaled a new era of cooperation with Venezuela's leadership, prioritizing the resumption of oil trade and creating a pathway for U.S. companies to reenter one of the world's most resource-rich nations. This development opens the door for significant investment beyond the special license previously granted to Chevron, potentially heralding a new oil bonanza.

However, prospective investors must understand the sector's decline over the past quarter-century. Once an international leader in petroleum, Venezuela has seen its oil production collapse from approximately 3.1 million barrels per day (MMb/d) to just over 1.1 MMb/d by June 2025, according to the Organization of the Petroleum Exporting Countries (OPEC) figures. This occurred despite the nation holding an estimated 17 percent to 18 percent of the world's proven oil reserves, primarily concentrated in the Orinoco Petroleum Belt. This decline stems from a confluence of deep-seated political, economic and legal challenges that have stifled the industry's development.

Revitalizing the industry requires more than just capital – it demands a comprehensive recovery of the entire hydrocarbons value chain. A primary obstacle is the state of the infrastructure, which has been historically underfunded and has deteriorated from a lack of consistent maintenance. Investment strategies cannot solely focus on exploration and production activities to increase output. They must also encompass downstream activities – including refining, external and internal commercialization, and industrialization – to restore the sector's full operational capacity.

Furthermore, Venezuela must work to shed its recent history of using oil as a geopolitical tool and instead re-engage international forums with clear strategies that support the nation's sustainable development and welfare. For large-scale investment to return, establishing legal certainty and stability is very important.

This extends beyond enacting new laws; it requires a demonstrable commitment to transparent, credible and timely decision-making from all entities responsible for the hydrocarbons industry. Respecting and fulfilling these decisions is critical to building investor confidence. Another key component of this new framework will be Venezuela's willingness to permit greater private participation in downstream activities.

A crucial advantage in the current landscape is the nature of the U.S. sanctions regime. Because the current sanctions have been imposed through executive action rather than by congressional legislation, they can be licensed, suspended or revoked by the U.S. president at any time. This flexibility provides a

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critical opening for the sanctions to be lifted, enabling American oil companies to return – a development that aligns with the stated interests of the U.S. government. As adjustments unfold in the months ahead, the market will gain clarity on whether the present framework is sufficient to support competitive, large-scale investment.

In conclusion, the revitalization of Venezuela's energy sector is a long-term endeavor that hinges on the new government's commitment to fundamental and gradual change. The opportunity is immense, and navigating the complex regulatory, contractual and political environment requires skilled and experienced guidance. Holland & Knight's Venezuela Strategic Advisory Team is ready to advise on a comprehensive range of energy and natural resource matters in Venezuela, including transactional, regulatory, legislative and litigation issues.

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## Legal and Institutional Developments in Venezuela

**By Tinoco Travieso Planchart & Nuñez**

Several significant legal and institutional developments occurred in Venezuela in January 2026 that stemmed from regulatory acts, judicial decisions and official announcements, with potential implications for local and international actors.

On January 3, 2026, Decree No. 5,200 was published in Extraordinary *Official Gazette* No. 6,954, by which the National Executive declared a state of external disturbance throughout the national territory. The decree granted broad powers to the executive, including the mobilization of the Bolivarian National Armed Forces, militarization of strategic infrastructure (including the oil industry and public services), strengthening of border control and adoption of special public security measures. It also authorized restrictions on free movement, public gatherings and demonstrations, as well as the requisition of property and imposition of cooperation obligations on individuals and legal entities. The decree is initially valid for 90 days and can be extended.

In this context, the Constitutional Chamber of the Supreme Court of Justice issued a ruling in which, interpreting Articles 234 and 239 of the Constitution, it declared the temporary absence of the president of the Republic and ordered the executive vice president to assume, in an acting capacity, all the powers inherent to the presidential office. The decision was adopted *ex officio*, with the stated objective of guaranteeing the continuity of the state and functioning of the government.

In the energy sector, on January 7, 2026, Petróleos de Venezuela S.A. (PDVSA) reported that it is in negotiations with the U.S. for the sale of crude oil. According to the official statement, these negotiations are being conducted under commercial frameworks similar to those in place with other international companies and are governed by principles of legality, transparency and mutual benefit. Although specific details regarding volumes, contractual terms or regulatory authorizations have not been disclosed, the announcement is of particular interest in the context of the sanctions regime applicable to the Venezuelan energy sector.

Subsequently, on January 8, 2026, following the installation of the 2026-2031 legislative session, the National Assembly announced its legislative agenda, highlighting a shift in focus toward the comprehensive codification of the legal system. The proposal envisions the drafting of eight major codes that would consolidate existing regulations into key areas, including political-electoral, economic-commercial, civil, criminal, social and environmental matters.

Finally, on January 15, 2026, Venezuela's acting president announced the submission to the National Assembly of a bill for the partial reform of the Organic Hydrocarbons Law. The initiative aims to

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expressly incorporate the productive participation contract model into legislation under which various energy agreements currently operate. According to official statements, the reform seeks to facilitate investment flows into new oil fields where there is no existing infrastructure or history of prior investment.

These developments, considered together, create a highly complex regulatory and institutional framework that requires close monitoring by companies, investors and international stakeholders with interests in Venezuela.

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