

# VENEZUELA

The market for U.S. Exporters

James Koloditch

Senior Commercial Officer

Counselor for Commercial Affairs

U.S. Embassy, Caracas

# VENEZUELA IN A NUTSHELL

---

- ✘ Twice the size of California
- ✘ 28 million inhabitants
- ✘ Middle income country
- ✘ Highly dependent on oil exports
- ✘ High dependence on imports
- ✘ U.S. is largest oil customer and largest supplier
- ✘ In 2008 U.S. sold to Venezuela \$12.6 billion (2009 \$9.5 bn 2009), Venezuelan sales to U.S. (nearly all oil) of \$51.4 bn (2009 est. \$26 bn.)

# STRENGTHS

---

- ✘ Familiarity with U.S. products
- ✘ Confidence in U.S. technology and quality
- ✘ Geographic proximity to U.S. lowers costs and shipping time
- ✘ Experience with USD and bank accounts in U.S.
- ✘ Large installed platform of U.S. products

# WEAKNESSES

---

- ✘ Low oil prices=reduced forex to pay for imports
- ✘ Exchange controls=uncertain payment times
- ✘ Three exchange rates=market uncertainty
- ✘ Major sectors now in gov't hands
- ✘ Lack of USG influence with Ven gov't
- ✘ Frequent, unpredictable legal and reg changes
- ✘ Weak IPR, aversion to patents & standards
- ✘ Long, costly, and non-transparent legal processes
- ✘ Tax and consumer law over-enforcement
- ✘ Port chaos and expense

# OPPORTUNITIES

- ✘ Venezuela imports 60% of everything it consumes/uses
- ✘ Growing dependence on imports due to declining local industry
- ✘ Infrastructure is decaying and requires substantial investment
- ✘ An eventual increase in oil prices will give those ready a potential bonanza

# OPPORTUNITIES (2)

- ✘ Best prospects for U.S. companies:
  - + Safety and Security Equipment
  - + Chemicals
  - + Oil and Gas Field Equipment
  - + Medical Equipment
  - + IT Equipment and Services
  - + Electrical Power Systems and Electrical Equipment
  - + Auto Parts and Service Equipment

# THREATS

---

- ✘ Nationalization without adequate compensation
- ✘ Electric power crisis
- ✘ Measures to reduce or terminate market economy and “socialize” the economy
- ✘ General threat to the existence of private property
- ✘ Devaluation and/or other changes to exchange rate system

# CONTACT

---

- ✘ James Koloditch, Senior Commercial Officer and Counselor for Commercial Affairs, Caracas
- ✘ Tel: 58-212-907-8315
- ✘ Fax: 58-212-975-9643
- ✘ Email: [James.Koloditch@mail.doc.gov](mailto:James.Koloditch@mail.doc.gov)