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NEWSLETTER

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FOREIGN FLAG VESSELS IN VENEZUELA WILL HAVE TO PAY FOR SERVICES IN PETROS

The Government of Venezuela has recently announced the creation of a digital currency, more specifically, a cryptocurrency called *Petro*, with the purpose to battle the financial blockade, raise foreign currency, and generate a new method for the payment of goods and services. Of the 1,500 cryptocurrencies that exist worldwide, the *Petro* is the first cryptoasset issued by a State, and in this case, Venezuela is backing it up with their oil assets.

The *Petro* is currently in service and its first sale, in the financial market, began on March 23, 2018. All legal and natural persons can make the direct purchase of the *Petro* through a government website. It is expected that the *Petro* will have a value equivalent to the price of the oil barrel, therefore, in its initial stages, its approximate

value could be in the order of US \$60 per *Petro*. Direct purchase of a *Petro* can only be done through the use of Euros, Yuans, Rubles, Turkish Liras, or by the certified digital coins: Bitcoin, Ethereum y Zen.

This past Friday, March 23, the Government issued a bulletin to the Venezuelan shipping agencies, informing them that as of this date, the National Institute of Aquatic Spaces (INEA), acting as the Venezuelan maritime authority, will begin collecting through *Petros*, the payment for their services rendered to foreign flag vessels. It was reported that this measure, to collect in *Petros*, as instructed by the National Executive, is to be followed by all the national institutions that generate foreign currency. Also, there was the mentioning of a *Petro Wallet* for the INEA to use for all corresponding

transactions. A general meeting will be held next week with all shipping agents to broaden the information about the use of the *Petro* in the maritime field.

Just a few days before, on March 19, 2018, President Donald Trump issued an Executive Order taking additional steps to address the state of emergency in Venezuela, by prohibiting any United States citizen, permanent resident alien, entity organized under the laws of the United States, or any jurisdiction within the United States, all transactions related to any digital currency issued by Government of Venezuela.

Any issues in regards to the *Petro* are considered a new subject matter in Venezuela, therefore, its evolution and further outcome are yet to be seen.

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