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## Venezuela: Overview of U.S. Sanctions

For over 15 years, the United States has imposed sanctions in response to activities of the Venezuelan government and Venezuelan individuals. The earliest sanctions imposed related to Venezuela's lack of cooperation on antidrug and counterterrorism efforts. The Obama Administration imposed targeted sanctions against individuals for human rights abuses, corruption, and antidemocratic actions. The Trump Administration expanded economic sanctions in response to the increasing authoritarianism of President Nicolás Maduro (in power since 2013).

After recognizing Juan Guaidó, president of the democratically elected, opposition-led National Assembly, as interim president, the Trump Administration further tightened sanctions on Venezuela's state oil company (Petróleos de Venezuela, S.A., or PdVSA), central bank, and government to pressure Maduro to leave power.

As of May 23, 2022, the Treasury Department had imposed sanctions on roughly 166 Venezuelan or Venezuelan-connected individuals and the State Department had revoked the visas of more than 1,000 individuals and their families. Despite these actions, Maduro remains firmly in power. While Venezuela is benefitting from high oil prices due to the Ukraine conflict, sanctions on Russian banks have hurt its ability to access assets stored in those entities.

The Biden Administration and the Venezuelan opposition are considering how potential U.S. sanctions relief could incentivize Maduro to negotiate a path toward free and fair elections. Rising U.S. oil prices also have put pressure on U.S. officials to find alternate sources to replace Russian oil. In 2021, Guaidó and other opposition leaders formed a Unity Platform and began negotiations with Maduro officials; Maduro suspended these talks in October. After a March 2022 meeting with U.S. officials, Maduro released two detained Americans and pledged to restart negotiations with the opposition. In mid-May 2022, the Treasury Department reportedly slightly loosened restrictions on Chevron, the last major U.S. oil company operating in Venezuela, to discuss future operations with PdVSA. U.S. officials reportedly are considering other measures to encourage negotiations. Chevron reportedly has requested for its current Treasury license, which expires on June 1, 2022, to be expanded, so Chevron could increase oil production at its joint venture projects with PdVSA. It is reportedly unlikely that Treasury will do so.

### Terrorism-Related Sanctions

Since 2006, the Secretary of State has made an annual determination that Venezuela is not "cooperating fully with United States anti-terrorism efforts" pursuant to Section 40A of the Arms Export Control Act (22 U.S.C. 2781). The most recent determination was made in May 2022. As a

result, the United States has prohibited all U.S. commercial arms sales and retransfers to Venezuela since 2006.

In 2008, Treasury imposed financial sanctions on two individuals and two travel agencies in Venezuela for financially supporting the radical Lebanon-based Islamic Shiite group Hezbollah. Pursuant to Executive Order (E.O.) 13224, those sanctions relate to terrorist funding.

### Drug Trafficking-Related Sanctions

Since 2005, pursuant to procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228, §706; 22 U.S.C. 2291j), the President has made an annual determination that Venezuela has failed demonstrably to adhere to its obligations under international narcotics agreements. President Biden made the determination for FY2022 in September 2021 but waived foreign aid restrictions for programs that support the interim government.

Treasury has imposed economic sanctions on at least 22 individuals with connections to Venezuela and 27 companies by designating them as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (P.L. 106-120, Title VIII; 21 U.S.C. 1901 et seq.). Designated individuals include current and former Venezuelan officials, such as Oil Minister Tareck al Aissami. Should Al Aissami remain in that position, it could complicate efforts to lift oil sanctions.

### Targeted Sanctions Related to Antidemocratic Actions, Human Rights Violations, and Corruption

In response to increasing repression in Venezuela, Congress enacted the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278; 50 U.S.C. 1701 note). Among its provisions, the law required the President to impose sanctions against those whom the President identified as responsible for significant acts of violence, serious human rights abuses, or antidemocratic actions. Congress extended this act through 2023 in P.L. 116-94.

In March 2015, President Obama issued E.O. 13692 to implement P.L. 113-278, and Treasury issued regulations in July 2015 (31 C.F.R. Part 591). The E.O. targets (for asset blocking and visa restrictions) those involved in actions or policies undermining democratic processes or institutions; serious human rights abuses; prohibiting, limiting, or penalizing freedom of expression or peaceful assembly; and public corruption. It includes any person who is a current or former leader of any entity engaged in any of those activities, as well as current or former government officials.

As of January 19, 2021, Treasury had imposed financial sanctions on 113 Venezuelans and at least eight entities pursuant to E.O. 13692. The targeted individuals have included President Maduro; his wife, Cilia Flores, and son,

Nicolás Maduro Guerra; Executive Vice President Delcy Rodríguez; Diosdado Cabello (Socialist party president); eight supreme court judges; the leaders of Venezuela's army, national guard, and national police; governors; the director of the central bank; and the foreign minister. In May 2019, Treasury lifted sanctions against the former head of Venezuela's intelligence service, General Manuel Cristópher Figuera, who broke ranks with Maduro.

### Additional Financial Sanctions

President Trump imposed additional financial sanctions on Venezuela because of the government's human rights abuses and antidemocratic actions. In August 2017, he issued E.O. 13808, which prohibited access to U.S. financial markets by the Venezuelan government, including PdVSA, with certain exceptions to minimize the impact on the Venezuelan people and U.S. interests. In March 2018, President Trump issued E.O. 13827 to prohibit transactions involving the Venezuelan government's issuance of digital currency, coin, or token. In May 2018, President Trump issued E.O. 13835, which prohibited transactions related to purchasing Venezuelan debt, including accounts receivable, and any debt owed to Venezuela pledged as collateral.

### Broader Sectoral Sanctions

On November 1, 2018, President Trump issued E.O. 13850. This E.O. set forth a framework to block the assets of, and prohibit certain transactions with, any person determined by the Secretary of the Treasury to operate in sectors of the economy or to engage in corrupt transactions with the Maduro government. Some 26 individuals have been sanctioned pursuant to E.O. 13850, including people and entities involved in a currency manipulation scheme; those who siphoned hundreds of millions of dollars from an emergency food aid system; and those who have helped Maduro and PdVSA evade oil sanctions.

On January 28, 2019, pursuant to E.O. 13850, Treasury designated PdVSA as operating in the oil sector of the Venezuelan economy and the Secretary of the Treasury determined the company was subject to U.S. sanctions. As a result, all property and interests in property of PdVSA subject to U.S. jurisdiction are blocked, and U.S. persons (companies or individuals) generally are prohibited from engaging in transactions with the company.

Treasury's Office of Foreign Assets Control (OFAC) has issued general licenses to allow certain transactions and activities related to PdVSA and its U.S. subsidiaries. OFAC first authorized transactions with U.S.-based PdVSA subsidiaries, PDV Holding, Inc. (PDVH) and CITGO Holding, Inc., through July 2019. OFAC extended that authorization through February 2021. OFAC authorized PDVH, CITGO, and other U.S. companies to import petroleum from PdVSA through April 2019, but payments had to be made to a blocked U.S. account. OFAC initially authorized U.S. companies working in Venezuela with PdVSA (including Chevron) to operate through July 2019. An amended license allows only transactions necessary for the maintenance of "essential operations" through June 1, 2022. It is reportedly unlikely that Treasury will expand the license as much as Chevron has reportedly requested.

In 2019, Treasury sanctioned a Moscow-based bank for helping PdVSA funnel revenue from oil sales. Treasury then sanctioned Venezuela's state-owned gold sector company, Minerven, for using illicit gold operations to support Maduro. In 2019, Treasury also sanctioned Venezuela's central bank and several shipping companies and vessels that transported oil to Cuba and Cuba's state-run oil import/export company.

In 2020, Treasury began to sanction individuals, companies, and shipping companies for transporting Venezuelan oil in violation of sanctions. Treasury imposed sanctions on two subsidiaries of Russia's state-controlled oil and gas company, Rosneft, and sanctioned four foreign shipping companies for transporting Venezuelan oil. In June 2020 and January 2021, Treasury sanctioned individuals, companies, and vessels for sanctions evasion.

### Sanctions on the Maduro Government

In August 2019, President Trump issued E.O. 13884, blocking (freezing) the property and interests of the Maduro government in the United States and within the control of U.S. persons. The order prohibited U.S. persons from engaging in transactions with the Maduro government unless authorized by OFAC. E.O. 13884 also authorized financial sanctions and visa restrictions on non-U.S. persons that assist or support the Maduro government, including foreign energy companies working with PdVSA. Five individuals and several vessels and aircraft have been sanctioned under E.O. 13884. To allow assistance to the Venezuelan people, OFAC issued licenses authorizing transactions involving the delivery of food, agricultural commodities, and medicine; remittances; international organizations; and communications services.

### Policy Considerations

Congress has maintained bipartisan support for a negotiated solution to the crisis in Venezuela that would pave the way for free and fair presidential and legislative elections. In December 2019, Congress enacted P.L. 116-94, which included provisions from the VERDAD Act (S. 1025). The law extended sanctions regarding corruption and undemocratic actions through 2023 and stated that U.S. policy supports "diplomatic engagement in order to advance a negotiated and peaceful solution" to the crisis in Venezuela.

Although some in Congress support continued pressure on the Maduro government, others favor a more targeted approach, arguing that broad sanctions have hurt the Venezuelan people. A February 2021 Government Accountability Office report found U.S. sanctions had worsened Venezuela's economic decline and hindered some humanitarian aid delivery. Similarly, some in Congress support U.S. talks with Maduro as rising gas prices have created pressure for sanctions relief. Others have introduced legislation that would prohibit U.S. imports of Venezuelan oil (H.R. 6942; H.R. 7012; H.R. 7023; H.R. 7207; S. 3798). Also see U.S. Department of the Treasury, "Venezuela-Related Sanctions," at <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/venezuela-related-sanctions>.

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