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Venezuela: Overview of U.S. Sanctions

For over 17 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) and in an effort to back the interim government led by Juan Guaidó (2019-2022). Despite sanctions, Maduro consolidated power and the Unity Platform of opposition parties dissolved the interim government led by Guaidó in late 2022.

While the Biden Administration has maintained sanctions on the Maduro government and its enablers, in November 2022, the Treasury Department issued a license to allow U.S. oil company Chevron to resume some operations in Venezuela after Maduro returned to negotiations with the opposition. The United States, Canada, the United Kingdom, and the European Union (EU) have tried to leverage sanctions relief to incentivize Maduro to negotiate a path toward free and fair elections in 2024. With negotiations stalled again, and leading opposition candidates barred from competing in 2024, some experts are calling for fewer licenses and possibly more sanctions.

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 2023. As a result, the United States has prohibited all U.S. commercial arms sales and retransfers to Venezuela since 2006. In 2008, pursuant to Executive Order (E.O.) 13224, Treasury designated two individuals and two travel agencies in Venezuela as Specially Designated Nationals (SDNs) subject to asset blocking sanctions for financially supporting Hezbollah, a U.S.-designated Foreign Terrorist Organization.

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 FY2023 in September 2022 but waived foreign aid restrictions.

Treasury has imposed 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.

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 August 7, 2023, Treasury had imposed SDN sanctions on more than 110 Venezuelans and at least eight entities pursuant to E.O. 13692. The targeted individuals include President Maduro; his wife, and son; Vice President Delcy Rodríguez; Defense Minister Vladimir Padrino López; supreme court judges; and several governors. In May 2019, Treasury lifted sanctions on the former head of Venezuela's intelligence service, General Manuel Christopher Figuera, who broke ranks with Maduro. In June 2022, Treasury lifted sanctions on Carlos Malpica Flores, a nephew of Cilia Flores, possibly to encourage Maduro to resume negotiations with the opposition.

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 state energy company Petróleos de Venezuela, S.A. (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 and any debt owed to Venezuela pledged as collateral. A July 2023

Foreign Policy article asserts that these sanctions prompted many Western holders of the \$60 billion in debt the Maduro government defaulted on in 2017 to sell bonds to buyers from non-market-based economies. Those new creditors could shape Venezuela's economic future.

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 24 individuals have been sanctioned pursuant to E.O. 13850, including people and entities 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 also sanctioned Venezuela's state-owned gold sector company, Minerven, for using illicit gold to support Maduro.

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 and then through February 2021. OFAC authorized PDVH, CITGO, and other U.S. companies to import petroleum from PdVSA through April 2019, but payments went to a blocked U.S. account. Since 2019, OFAC has continuously renewed, most recently through October 2023, a license blocking creditors from seizing CITGO assets. In May 2023, OFAC issued a license allowing creditors to negotiate with the 2015 National Assembly (since the interim government no longer exists).

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 "safety or the preservation of assets" through November 19, 2023. A license permitting certain exports of liquefied petroleum gas to Venezuela has been extended through July 2024.

In May 2022, the Treasury Department allowed Chevron, the last major U.S. oil company operating in Venezuela, to discuss future operations with PdVSA. In November 2022, Treasury issued a license allowing Chevron to resume production, import, and export of petroleum products at its existing joint ventures in Venezuela. Petroleum production must be sold to Chevron, and the United States can be the only export destination. Chevron has recouped some of the billions in debt PdVSA owes the company.

In January 2023, the Treasury Department gave Trinidad and Tobago a two-year license to engage with PdVSA on developing an offshore natural gas field. The Maduro government has opposed the license's terms, which permit Venezuela to receive humanitarian aid but not cash.

In 2020 and in January 2021, Treasury sanctioned individuals, as well as oil and shipping companies, for helping PdVSA violate sanctions. While the Biden Administration has not issued similar sanctions related to transactions with PdVSA, future Administrations could. Two major European oil and natural gas companies—ENI of Italy and Repsol of Spain—have been working in Venezuela since the 1990s to produce natural gas. They have sought a license similar to that granted to Chevron.

Sanctions on the Maduro Government

In August 2019, President Trump issued E.O. 13884, blocking 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 the Maduro government, including foreign energy companies working with PdVSA. 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 elections. In December 2019, Congress enacted P.L. 116-94, which included provisions from the Venezuela Emergency Relief, Democracy Assistance, and Development (VERDAD) Act (S. 1025). The law extended targeted sanctions regarding corruption and undemocratic actions through 2023. With those authorizations expiring in December, the chairman of the Senate Foreign Relations Committee announced in August 2023 that he would introduce a VERDAD Expansion Act. The act would authorize and/or codify various types of sanctions on the Maduro regime and its allies if progress is not made in negotiations within six months of the bill's enactment.

Some in Congress support continued sanctions on the Maduro government; others argue that broad sanctions have hurt the Venezuelan people. A February 2021 Government Accountability Office report found that U.S. sanctions had worsened Venezuela's economic decline and hindered some humanitarian aid delivery. Similarly, some in Congress have supported U.S. sanctions relief. Others have introduced legislation that would prohibit U.S. imports of Venezuelan oil and could seek to codify and/or expand current executive orders. See CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*; CRS In Focus IF12448, *Venezuela's Natural Gas: Questions Endure*.

See also "Venezuela-Related Sanctions," available at <https://ofac.treasury.gov/sanctions-programs-and-country-information/venezuela-related-sanctions>.

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