



## Venezuela: Overview of U.S. Sanctions

For more than a decade, the United States has imposed sanctions in response to activities of the Venezuelan government and Venezuelan individuals. In response to the authoritarian leadership of Nicolás Maduro, the Trump Administration has significantly expanded sanctions. As of June 1, 2020, the Treasury Department has imposed sanctions on at least 144 Venezuelan or Venezuelan-connected individuals, and the State Department has revoked the visas of hundreds of individuals and their families. The Trump Administration also has imposed sanctions on Venezuela's state oil company (Petróleos de Venezuela, S.A., or PdVSA), government, and central bank.

Sanctions have increased economic pressure on the Maduro government, accelerating a decline in oil production. Nevertheless, Maduro remains in power a year and a half since the United States ceased to recognize his presidency. The Trump Administration has promised continued support to National Assembly President Juan Guaidó, whom the United States and 57 governments recognize as interim president of Venezuela. In 2020, Treasury has sanctioned Rosneft Trading S.A. and TNK Trading International S.A., subsidiaries of the Russian state-controlled Rosneft Oil Company, for facilitating Venezuelan oil exports.

### 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 such determination was made in May 2020. 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 related 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 Trump made the most recent determination for FY2020 in August 2019 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 then-Vice President Tareck el Aissami (2017) and Pedro Luis Martin (a former senior intelligence official) and two associates (2018). Others include drug trafficker Walid Makled, three dual Lebanese-Venezuelan citizens allegedly involved in a drug money-laundering network, and several Colombian drug traffickers with activity in Venezuela.

### 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) in 2014. Among its provisions, the law requires the President to impose sanctions (asset blocking and visa restrictions) against those whom the President identifies as responsible for significant acts of violence or serious human rights abuses or anyone who has ordered the arrest or prosecution of a person because of the person's legitimate exercise of freedom of expression or assembly. Congress extended this act through 2019 in P.L. 114-194. In December 2019, 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 June 1, 2020, Treasury has financial sanctions on 98 Venezuelans pursuant to E.O. 13692. Under the Obama Administration, Treasury froze the assets of seven Venezuelans—six members of Venezuela's security forces and a prosecutor who repressed protesters. Under the Trump Administration, Treasury currently has sanctions on an additional 91 Venezuelan officials, including President Maduro; his wife, Cecilia 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; four state governors; the director of the central bank; and the foreign minister. On May 7, 2019, Treasury lifted sanctions against the former head of Venezuela's intelligence service, General Manuel Cristopher Figuera, who broke ranks with Maduro.

### Additional Financial Sanctions

President Trump has imposed financial sanctions on Venezuela through E.O.s because of the government's human rights abuses and antidemocratic actions. In August 2017, he issued E.O. 13808, which prohibits 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 prohibits 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 19 individuals are sanctioned pursuant to E.O. 13850. They include 5 people and 23 entities for involvement in a \$2.4 billion currency exchange corruption scheme; the president of the state gold mining company; and at least 13 individuals and 19 entities for siphoning millions of dollars from Venezuela's emergency food distribution system.

On January 28, 2019, pursuant to E.O. 13850, Treasury designated PdVSA as operating in the oil sector of the Venezuelan economy, and Secretary of the Treasury Steven Mnuchin determined that 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.

At the same time, Treasury's Office of Foreign Assets Control (OFAC) issued general licenses to allow certain transactions and activities related to PdVSA and its subsidiaries, some for specified wind-down periods. OFAC first authorized transactions with U.S.-based PdVSA subsidiaries, PDV Holding, Inc. (PDVH) and CITGO Holding, Inc. through July 27, 2019. In March 2019, the general license for those entities was extended for 18 months. OFAC authorized PDVH, CITGO, and other U.S. companies to import petroleum from PdVSA through April 28, 2019, but payments had to be made to a blocked U.S. account. OFAC initially authorized several U.S. companies with operations in Venezuela involving PdVSA (including Chevron) to continue operating through July 27, 2019. An amended April 2020 license only allows transactions necessary for the maintenance of "essential operations" or the "wind down of operations" by December 1, 2020.

In March 2019, Treasury sanctioned the Moscow-based Evrofinance Mosnarbank (owned by Russia and Venezuela) 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. It also sanctioned the state-affiliated Venezuelan Economic and Social Development Bank and

subsidiaries that the Maduro government uses to move money abroad. In April, Treasury sanctioned Venezuela's central bank; in July, it sanctioned Venezuela's military counterintelligence agency.

In April and in September 2019, Treasury sanctioned companies and vessels involved in transporting Venezuelan oil to Cuba. Companies that have stopped those shipments have been delisted. On July 3, Treasury designated Cuba's state oil import and export company.

### Sanctions on the Maduro Government and Transactions with That Government

On August 5, 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 prohibits 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, which could lead to U.S. sanctions on foreign energy companies working with PdVSA. To allow humanitarian 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. In April 2020, OFAC issued guidance encouraging organizations delivering humanitarian aid to Venezuela to report any sanctions-related barriers they may face so that they can be resolved.

On February 18, 2020, Treasury imposed sanctions on Rosneft Trading S.A., a subsidiary of Russia's Rosneft oil company, and its owner for helping Maduro skirt U.S. oil sanctions. On March 12, Treasury sanctioned TNK Trading International S.A., another Rosneft subsidiary. Following the arrival of Iranian ships carrying gasoline to Venezuela, U.S. officials have warned companies that they could face sanctions for shipping Iranian oil products to Venezuela.

### Policy Considerations

There has been bipartisan support in Congress for targeted sanctions against Maduro officials, but opinions on broader sanctions vary. Some support U.S. economic sanctions as a way to pressure the Maduro government. Others have been concerned about the humanitarian effects of those sanctions and called for a suspension of sanctions during the Coronavirus (COVID-19) pandemic.

In December 2019, Congress enacted P.L. 116-94, an act that includes provisions from the VERDAD Act (S. 1025) that, among other measures, extend sanctions regarding corruption and undemocratic actions in Venezuela enacted in P.L. 113-278 through 2023.

See U.S. Department of the Treasury, "Venezuela-Related Sanctions," at <https://www.treasury.gov/resource-center/sanctions/programs/pages/venezuela.aspx>; and U.S. Department of State, "Venezuela-Related Sanctions," at <https://www.state.gov/venezuela-related-sanctions/>. Also see CRS In Focus IF10230, *Venezuela: Political Crisis and*

*U.S. Policy; and CRS Report R44841, Venezuela: Background and U.S. Relations.*

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