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Venezuela: Overview of U.S. Sanctions

Since 2005, the United States has imposed sanctions on Venezuelan individuals and entities that have engaged in criminal, antidemocratic, and/or corrupt actions. The Trump Administration expanded the scope of U.S. sanctions, moving beyond individually targeted sanctions to include broader financial sanctions, sectoral sanctions, and sanctions on the government of Nicolás Maduro. Despite those sanctions, which were associated with an economic collapse that has led 7.7 million Venezuelans to flee the country, Maduro consolidated power. The failure of international pressure to dislodge Maduro has led Venezuela's Unity Platform of opposition parties to shift strategies and compete in presidential elections due by October 2024.

The Biden Administration has sought to leverage sanctions relief to incentivize Maduro to negotiate a path toward freer, fairer elections. After the October 17, 2023, signing of a partial electoral roadmap between Maduro and the Unity Platform, the Biden Administration issued licenses easing some sanctions on Venezuela through April 2024. U.S. officials warned, however, that if the Maduro government does not define an expedited process that allows all candidates to run for president and begin to release political prisoners and wrongfully detained U.S. citizens by late November 2023, the licenses can be revoked. Maria Corina Machado won the October 2022 opposition primary with 93% of the vote but is barred from running in the 2024 contest.

Congress has helped shape U.S. sanctions policy toward Venezuela. Some in Congress oppose any easing of sanctions, whereas others are supportive only if the Maduro government complies with the electoral agreement. U.S. sanctions on Venezuela are described below.

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. 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, the U.S. Treasury Department (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 control agreements. President Biden made the determination for FY2024 in September 2023 but waived foreign aid restrictions.

Treasury has imposed sanctions on at least 22 individuals and 27 companies with connections to Venezuela 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.). Designees include current and former 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.

President Obama issued E.O. 13692 to implement P.L. 113-278 in March 2015, 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 November 1, 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 his son; Vice President Delcy Rodríguez; Defense Minister Vladimir Padrino Lopez; supreme court judges; and governors.

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, President Trump 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 intended 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.

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 designated sectors of the Venezuelan economy or to engage in corrupt transactions with the Maduro government.

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. The E.O. freezes all property and interests in property of PdVSA subject to U.S. jurisdiction and prohibits U.S. persons (companies or individuals) from engaging in transactions with the company. Treasury also sanctioned Venezuela's Central Bank, National Development Bank, and state-owned gold company, Minerven. Through January 2021, Treasury sanctioned individuals, as well as oil and shipping companies, for helping PdVSA evade sanctions. The Biden Administration has not issued similar secondary sanctions.

The Treasury Department's Office of Foreign Assets Control (OFAC) has issued general licenses to allow certain transactions related to PdVSA and its U.S. subsidiaries, some of which have expired. OFAC authorized transactions with U.S.-based PdVSA subsidiaries PDV Holding Inc. (PDVH) and CITGO Holding Inc. 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. OFAC permitted U.S. companies (including Chevron) working in Venezuela with PdVSA to operate through July 2019. An amended license subsequently allowed only transactions necessary for the "safety or the preservation of assets." OFAC extended that license through mid-November 2023.

Since 2019, OFAC has continuously renewed, most recently through January 2024, a license blocking certain creditors from seizing CITGO assets. OFAC may change course on this policy in compliance with ongoing litigation.

Sanctions on the Maduro Government

In August 2019, President Trump issued E.O. 13884, freezing the assets 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 who assist the Maduro government. 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. A 2021 Government Accountability Office report found that, despite those licenses, overcompliance with U.S. sanctions had limited some humanitarian assistance to Venezuelans.

Biden Administration: Licenses

In May 2022, OFAC allowed Chevron to discuss future operations with PdVSA. In November 2022, OFAC issued a license allowing Chevron to resume production, import, and export of petroleum products at its existing joint ventures in Venezuela. Chevron has recouped some of the billions in debt PdVSA owes the company. In January 2023, OFAC gave Trinidad and Tobago a two-year license to engage with PdVSA on developing an offshore natural gas field. In October 2023, OFAC amended the license to allow cash payments for the gas.

On October 18, 2023, the Treasury Department

- issued a six-month general license temporarily authorizing transactions involving the oil and gas sector in Venezuela;
- issued another general license authorizing transactions with Minerven, in part to reduce illicit gold trading; and
- amended licenses to remove bans on the secondary trading of certain Venezuelan bonds and PdVSA debt and equity.

Should the Maduro government not comply with the terms of the election agreement, the State Department said that the United States will "reverse steps we have taken."

Resuming oil trade with Venezuela and allowing Venezuelan gas to be developed and exported to European allies could advance U.S. economic and security interests. Easing sanctions also may improve the Venezuelan economy and reduce emigration from the country, another U.S. policy goal. It remains to be seen whether U.S. concerns about hastening a return to democracy in Venezuela will outweigh these other concerns, particularly if the Maduro government does not allow Machado to run.

Policy Considerations

Congress has maintained broad 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 scheduled to expire in December, Congress could enact legislation to codify current executive orders or to create new sanctionable offenses (e.g., H.R. 5670, S. 995).

Some in Congress have supported sanctions relief, arguing that broad sanctions have not achieved their aims and have hurt the Venezuelan people. Others have opposed sanctions relief, introducing legislation that would prohibit U.S. imports of Venezuelan oil (S. 3053). Others have urged the Biden Administration to revoke the licenses granted in October 2023 since the Maduro-aligned supreme court has suspended the results of the opposition primary and barred Machado's candidacy. For more information, see OFAC's page on "Venezuela-Related Sanctions."

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