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## Venezuela: Overview of U.S. Sanctions

For more than a decade, the United States has employed sanctions as a policy tool in response to activities of the Venezuelan government and Venezuelan individuals. As Venezuela's political and economic crisis under the leadership of Nicolás Maduro has deepened, the Trump Administration has significantly expanded sanctions. The Treasury Department has sanctions on roughly 200 Venezuelan or Venezuelan-connected individuals and the State Department has revoked the visas of hundreds of such persons. 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 pressure on the Maduro government, including accelerating the decline in Venezuela's oil production. However, sanctions have not yet led to a political transition. Maduro remains in power, even though it has been eight months since the United States recognized Juan Guaidó, the head of Venezuela's National Assembly, as the country's interim president and ceased to recognize Maduro as the president of Venezuela.

### 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 2019. As a result, the United States has prohibited all U.S. commercial arms sales and retransfers to Venezuela since 2006.

In 2008, the Treasury Department imposed financial sanctions on two individuals and two travel agencies in Venezuela for providing financial support to the radical Lebanon-based Islamic Shiite group Hezbollah. Pursuant to E.O. 13224, the action aimed to impede 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.

The Treasury Department 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 several current or former Venezuelan officials. Some of the more recent sanctions include then-Vice President Tareck el Aissami in 2017 and Pedro Luis Martin (a former senior intelligence official) and two associates in May 2018. Others designated 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. In 2016, Congress extended this act through 2019 in P.L. 114-194.

In March 2015, President Obama issued E.O. 13692 to implement P.L. 113-278, and the Treasury Department 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; those involved in acts of violence or conduct constituting a serious human rights abuse; those taking actions that prohibit, limit, or penalize the exercise of freedom of expression or peaceful assembly; public corruption by senior Venezuelan officials; and any person determined to be a current or former leader of any entity engaged in any activity described above or a current or former official of the government of Venezuela.

Currently, the Treasury Department has financial sanctions on 89 Venezuelans pursuant to E.O. 13692. Under the Obama Administration, the Treasury Department froze the assets of seven Venezuelans—six members of Venezuela's security forces and a prosecutor who repressed protesters. Under the Trump Administration, the Treasury Department currently has sanctions on an additional 82 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 of Venezuela; and the foreign minister. On May 7, 2019, the Treasury Department lifted sanctions against the former head of Venezuela's intelligence service, General Manuel

Cristopher Figuera, who broke ranks with Maduro and is now in the United States.

### Broader Sanctions on the Oil and Gold Sectors

On November 1, 2018, President Trump issued E.O. 13850, setting forth a framework to block the assets of, and prohibit certain transactions with, any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to operate in the gold sector (or any other sector of the economy as determined in the future by the Secretary of the Treasury) or to be responsible for or complicit in transactions involving deceptive practices or corruption and the Venezuelan government. Currently, 16 individuals are sanctioned pursuant to E.O. 13850. They include five people sanctioned for involvement in a \$2.4 billion currency exchange corruption scheme; the president of the state gold mining company; and 10 individuals (5 Colombians) who siphoned millions of dollars from Venezuela's emergency food distribution system.

On January 28, 2019, pursuant to E.O. 13850, the Treasury Department 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, the Treasury Department'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; that authorization now extends through October 25, 2019.

In March 2019, the Treasury Department expanded sanctions pursuant to EO 13850. On March 11, it sanctioned the Moscow-based Evrofinance Mosnarbank, (owned by Russia and Venezuela) for helping PdVSA funnel revenue from oil sales. On March 19, it sanctioned Venezuela's state-owned gold sector company, Minerven, for using illicit gold operations to support Maduro. On March 22, it sanctioned the state-affiliated Venezuelan Economic and Social Development Bank and subsidiaries that the Maduro government uses to move money abroad.

In April 2019, Treasury sanctioned six shipping companies involved in transporting Venezuelan oil, five of which transported oil to Cuba. On April 17, Treasury sanctioned Venezuela's central bank to cut off its access to U.S. currency and limit its ability to conduct international financial transactions. On July 3, Treasury designated

Cuba's state oil import and export company, due to Cuba's continued support for the Maduro government.

### Additional Financial Sanctions

President Trump has imposed financial sanctions on Venezuela through three additional executive orders because of the government's serious human rights abuses and antidemocratic actions. In August 2017, he issued E.O. 13808, which prohibits access to the 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 the purchase of Venezuelan debt, including accounts receivable, and to any debt owed to Venezuela pledged as collateral.

### August 2019 Sanctions

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 also 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 whose joint ventures with PdVSA have kept Venezuela's oil industry afloat. To allow continued humanitarian assistance to the Venezuelan people, OFAC issued licenses authorizing transactions involving the delivery of food, agricultural commodities, and medicine; personal remittances; the work of international organizations; and communications services.

### Policy Considerations

There has been bipartisan support in Congress and the international community for targeted sanctions against Maduro officials, but opinions on broader economic sanctions vary. Some strongly support U.S. sanctions as a way to increase economic pressure on the Maduro government, but others are concerned about the humanitarian effects of those sanctions. It is as yet unclear whether the most recent sanctions will hinder ongoing efforts led by Norway to foster a negotiated solution to the political crisis leading to free and fair elections. S. 1025 would codify many of the sanctions discussed this product.

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

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