



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 or Venezuelan individuals. These have included sanctions, including targeted sanctions against almost 90 individuals, related to terrorism, drug trafficking, trafficking in persons, antidemocratic actions, human rights violations, and corruption.

Terrorism-Related Sanctions

Since 2006, U.S. officials have expressed concerns about Venezuela's lack of cooperation on anti-terrorism efforts. Since then, 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 2018. 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 sanctions (asset freezing and prohibitions on transactions) on two individuals and two travel agencies in Venezuela for providing financial support to the radical Lebanon-based Islamic Shiite group Hezbollah. The action was taken pursuant to Executive Order (E.O.) 13224, aimed at impeding terrorist funding.

Drug Trafficking-Related Sanctions

U.S. concerns about lack of Venezuelan cooperation on counternarcotics efforts date back to 2005, when Venezuela suspended cooperation with the U.S. Drug Enforcement Administration. Since 2005, the President has made an annual determination, pursuant to procedures set forth in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228, §706; 22 U.S.C. 2291j), that Venezuela has failed demonstrably to adhere to its obligations under international narcotics agreements. President Trump made the most recent determination for FY2019 in September 2018, when he also waived foreign assistance restrictions for programs to support the promotion of democracy in Venezuela.

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 (Kingpin Act; P.L. 106-120, Title VIII; 21 U.S.C. 1901 et seq.).

These include several current or former Venezuelan officials: in 2008, General Hugo Carvajal (former military intelligence head), General Henry Rangel Silva (former defense minister and governor of Trujillo State), and Ramón Rodríguez Chacín (former interior minister and former governor of Guárico); in 2011, Freddy Alirio Bernal

Rosales and Amilicar Jesus Figueroa Salazar (United Socialist Party of Venezuela, or PSUV, politicians), Major General Cliver Antonio Alcalá Cordones, and Ramon Isidro Madriz Moreno (a Venezuelan intelligence officer); in 2017, then-Vice President Tareck el Aissami; and in May 2018, Pedro Luis Martin (a former senior intelligence official) and two of his associates. 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.

Trafficking in Persons Sanctions

Since 2014, Venezuela has been on the State Department's Tier 3 list in its annual *Trafficking in Persons Report*. Tier 3 countries are those whose governments do not fully comply with the minimum standards of the Trafficking Victims Protection Act (P.L. 106-386, Division A, 22 U.S.C. 7101 et seq.) and are not making significant efforts to do so. Tier 3 countries are subject to a variety of U.S. aid restrictions, although the President may waive prohibitions for national interest reasons. In September 2017, President Trump waived sanctions for health and democracy-related assistance to 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 December 2014. Among its provisions, the law requires the President to impose sanctions (asset blocking and visa restrictions) against those whom the President determines are responsible for significant acts of violence or serious human rights abuses associated with February 2014 protests or, more broadly, against anyone who has directed or ordered the arrest or prosecution of a person primarily because of the person's legitimate exercise of freedom of expression or assembly. In July 2016, Congress extended (P.L. 114-194) the 2014 act through 2019.

In March 2015, President Obama issued E.O. 13692 to implement P.L. 113-278, and Treasury Department regulations were issued 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.

To date, the Treasury Department has imposed sanctions on 65 Venezuelans pursuant to E.O. 13692. In March 2015, under the Obama Administration, the Treasury Department froze the assets of seven Venezuelans—six members of Venezuela’s security forces and a prosecutor involved in repressing antigovernment protesters.

Under the Trump Administration, as the political situation in Venezuela has deteriorated, the Treasury Department has imposed sanctions against an additional 58 Venezuelans:

- in May 2017, 8 Supreme Court members;
- in July 2017, President Nicolás Maduro and 13 current and former officials, including National Electoral Council (CNE) President Tibisay Lucena; Human Rights Ombudsman Tarek Saab; Minister of Interior, Justice, and Peace Nestor Reverol; and the leaders of Venezuela’s army, national guard, and national police;
- in August 2017, 8 officials, with several from the CNE;
- in November 2017, 10 government officials, including several CNE and National Constituent Assembly members;
- in January 2018, 4 high-ranking government and military officials;
- in March 2018, 4 current or former officials;
- in May 2018, 4 current or former officials, including PSUV First Vice President Diosdado Cabello and his brother, wife, and main front man; and
- in September 2018, 4 members of President Maduro’s inner political circle, including his wife Celia Flores and Executive Vice President Delcy Rodríguez, and 2 others affiliated with a front network for Diosdado Cabello.

Other countries also have imposed targeted sanctions on Venezuelans deemed to be responsible for the deteriorating political and human rights situation. These include Canada, the European Union, Switzerland, and Panama.

Broader Economic Sanctions

In addition to targeted sanctions against individuals, President Trump has imposed broader economic sanctions on Venezuela because of the government’s serious human rights abuses, antidemocratic actions, and responsibility for the deepening humanitarian crisis.

In August 2017, President Trump issued E.O. 13808, which prohibits access to the U.S. financial markets by the Venezuelan government, including Venezuela’s state oil company, *Petróleos de Venezuela, S.A.*, or PdVSA, with certain exceptions to minimize the impact on the Venezuelan people and U.S. economic interests. The sanctions seek to restrict the Venezuelan government’s access to U.S. debt and equity markets. Among the exceptions are transactions for new debt by CITGO, owned by PdVSA; transactions by U.S. owners of Venezuelan/PdVSA bonds on secondary markets; financing for agricultural and medical exports; and short-term financing to facilitate trade.

In March 2018, President Trump issued E.O. 13827, which prohibits transactions involving the Venezuelan government’s issuance and use of digital currency, digital coin, or digital token. The Maduro government launched a cryptocurrency known as the *petro* in February 2018 in an effort to circumvent sanctions.

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. U.S. officials assert the action was intended to deny corrupt Venezuelan officials the ability to improperly value and sell off public assets in return for kickbacks.

Potential Additional Sanctions

At times, the Trump Administration has indicated that it was considering the imposition of additional economic sanctions on Venezuela because of the Maduro government’s increasing authoritarian actions. This could include additional targeted sanctions against government officials or broader sanctions, such as an embargo on certain U.S. exports to and/or imports from Venezuela or a prohibition on all financial transactions with PdVSA. In February 2018, then-Secretary of State Rex Tillerson said that the Administration was considering imposing sanctions on Venezuela’s oil industry but was taking into consideration the potential effects on the Venezuelan people and U.S. business interests. The current deteriorated state of Venezuela’s oil sector, which has been affected in part by existing U.S. financial sanctions, could render additional oil-sector sanctions unnecessary or make them appear excessive.

Although stronger economic sanctions potentially could cause divisions within the Venezuelan government and hasten the end of its repressive policies, they also could have negative effects and unintended consequences. Analysts are concerned that such sanctions could exacerbate Venezuela’s difficult humanitarian situation, which has been marked by shortages of food and medicines, increased poverty, and mass migration. Many Venezuelan civil society groups oppose sanctions that could further worsen humanitarian conditions. Another concern is the potential effect that stronger sanctions could have on the U.S. economy, including potential increased costs for U.S. consumers and oil refiners that import Venezuelan oil. A complicating factor in implementing sanctions is that PdVSA owns CITGO, which operates three crude oil refineries, three pipelines, and numerous petroleum product terminals in the United States.

Also see CRS In Focus IF10230, *Venezuela: Political and Economic Crisis and U.S. Policy*; CRS Report R44841, *Venezuela: Background and U.S. Relations*; CRS Report R45072, *Venezuela’s Economic Crisis: Issues for Congress*; CRS Insight IN10766, *New Financial Sanctions on Venezuela: Key Issues*; and CRS In Focus IF10857, *Venezuela’s Petroleum Sector and U.S. Sanctions*.

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