



## 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. These have included sanctions related to terrorism, drug trafficking, trafficking in persons, antidemocratic actions, human rights violations, and corruption. Overall, the Treasury Department has imposed financial sanctions on 111 individuals, and the State Department has revoked the visas of hundreds of individuals. On January 28, 2019, the Trump Administration announced sanctions on Venezuela's state-oil company, *Petróleos de Venezuela, S.A.*, or *PdVSA*. Several days before the imposition of the *PdVSA* sanctions, the United States recognized Juan Guaidó, the head of Venezuela's National Assembly, as the country's interim president and ceased to recognize Nicolás Maduro as the president of Venezuela.

### Terrorism-Related Sanctions

Since 2006, U.S. officials have expressed concerns about Venezuela's lack of cooperation on antiterrorism 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 the lack of Venezuelan cooperation on counternarcotics efforts date back to 2005. Since then, 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, but also waived foreign aid restrictions for programs to support democracy promotion.

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.).

Designated individuals 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 Amilcar 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.

### 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 protests in February 2014 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 2016, Congress extended the 2014 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.

To date, the Treasury Department has imposed financial sanctions on 81 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 involved in repressing antigovernment protesters. Under the Trump Administration, as the political situation in Venezuela has deteriorated, the Treasury Department sanctioned an additional 74 Venezuelan government and military officials from May 2017 to April 2019. These officials include President Nicolás Maduro and his wife, Cecilia Flores; Executive Vice President Delcy Rodríguez; *PSUV* First

Vice President Diosdado Cabello; eight Supreme Court members; the leaders of Venezuela's army, national guard, and national police; four state governors; and the director of the Central Bank of Venezuela.

### 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, six individuals are sanctioned pursuant to E.O. 13850: five were sanctioned in January 2019 for involvement in a corruption scheme involving Venezuela's currency exchange practices that generated more than \$2.4 billion in corrupt proceeds; the president of Venezuela's state gold mining company was sanctioned in March 2019.

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 generally are prohibited from engaging in transactions with the company.

At the same time, OFAC issued general licenses to allow certain transactions and activities related to PdVSA and its subsidiaries, some within specified time frames or wind-down periods. Transactions with two U.S.-based PdVSA subsidiaries, PDV Holding, Inc. (PDVH) and CITGO Holding, Inc., originally were authorized through July 27, 2019, but in March 2019, the Treasury Department extended a general license for 18 months. PDVH, CITGO, and other U.S. companies are authorized to import petroleum from PdVSA through April 28, 2019; payments for these transactions benefiting PdVSA must be made into a blocked account in the United States. Several U.S. companies with operations in Venezuela involving PdVSA are authorized to continue their operations through July 27, 2019.

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

In April 2019, the Treasury Department sanctioned 44 vessels (along with 6 shipping companies) involved in transporting Venezuelan oil, including 5 companies that have transported Venezuelan oil to Cuba. On April 17,

Treasury sanctioned Venezuela's Central Bank in order to cut off its access to U.S. currency and limit its ability to conduct international financial transactions.

### Additional Financial Sanctions

In addition to targeted sanctions against individuals and companies, President Trump has imposed financial sanctions on Venezuela through three additional E.O.s because of the government's serious human rights abuses, antidemocratic actions, and responsibility for the deepening humanitarian crisis. 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. economic interests. The sanctions restrict the Venezuelan government's access to U.S. debt and equity markets.

In March 2018, President Trump issued E.O. 13827 to prohibit transactions involving the Venezuelan government's issuance of digital currency, coin, or token. The Maduro government launched a cryptocurrency known as the *petro* in 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.

### Policy Considerations

Although Venezuelan oil exports to the United States already had been declining, sanctions on that trade are requiring U.S. refineries that process Venezuelan crude oil to find alternative sources. Some analysts are concerned that the stronger sanctions on PdVSA are further exacerbating Venezuela's difficult humanitarian crisis, already marked by shortages of food and medicines and mass migration, by limiting the country's key source of revenue. This is a particular concern in the event that Maduro remains in power over an extended period of time. Some observers also maintain that economic sanctions ultimately may need to be accompanied by efforts to foster a negotiated solution leading to free and fair elections.

For guidance on the Venezuela sanctions, 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/e/eb/tfs/spi/venezuela/>.

For more from CRS, see CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*; CRS Report R44841, *Venezuela: Background and U.S. Relations*; CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*; and CRS Insight IN11037, *Venezuela Oil Sector Sanctions: Market and Trade Impacts*.

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