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Venezuela: Overview of U.S. Sanctions Policy

Since 2005, the United States has imposed targeted sanctions on Venezuelan individuals and entities that have engaged in criminal, antidemocratic, or corrupt actions. In response to increasing human rights abuses and corruption by the government of Nicolás Maduro, in power since 2013, the Trump Administration expanded U.S. sanctions to include financial sanctions, sectoral sanctions, and sanctions on the government. Those sanctions and other international pressure failed to dislodge Maduro and exacerbated an ongoing economic and humanitarian crisis caused by government mismanagement and corruption that has prompted 7.7 million Venezuelans to flee.

The Biden Administration has sought to leverage sanctions relief to incentivize Maduro to allow presidential elections in 2024 to be as free and fair as possible. Maduro officials have thus far continued to bar opposition primary winner Maria Corina Machado from running and have increasingly cracked down on dissent.

Recent Developments

On October 18, 2023, the Biden Administration issued licenses easing energy sanctions on Venezuela through April 2024 after Maduro and the opposition signed the Barbados Accord, which included a roadmap toward holding competitive elections. U.S. officials warned that the licenses could be revoked if the Maduro government did not create a process to allow all barred candidates to run and release wrongfully detained Americans and Venezuelan political prisoners.

In late November 2023, the Maduro government announced that candidates barred from office could appeal to the supreme court. Machado appealed; the court's decision is pending. In December, the Maduro government released 20 political prisoners, 10 imprisoned Americans, and Leonard Francis, an American fugitive indicted in a naval bribery scandal. In addition to sanctions relief, the United States released Alex Saab, a U.S.-sanctioned ally of Maduro indicted on U.S. money laundering charges.

The 118th Congress is closely monitoring the degree to which the Maduro government complies with the Barbados Accord linked to U.S. sanctions relief and could seek to modify U.S. sanctions policy. Unless otherwise noted, information in this product is drawn from the Treasury Department's Office of Foreign Assets Control (OFAC). The product does not discuss foreign aid restrictions.

Visa Restrictions

Since FY2018, the State Department has imposed visa restrictions related to corruption or human rights abuses pursuant to Section 7031(c) of annual Department of State, Foreign Operations, and Related Programs appropriations acts on 15 Venezuelans. The State Department also has

privately revoked the visas of Venezuelans, including those of current Venezuelan officials and their families.

Terrorism-Related Sanctions

Since 2006, the Secretary of State has made an annual determination (most recently in May 2023) 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 United States has prohibited all U.S. commercial arms sales and retransfers to Venezuela. U.S. Department of Commerce export controls related to Venezuela affect dual-use technology, including expanded restrictions since mid-2020 on sales to military end users. In 2008, pursuant to Executive Order (E.O.) 13224, the U.S. Treasury Department 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

Treasury has imposed asset blocking sanctions on 11 individuals and 25 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, as amended; 21 U.S.C. 1901 et seq.).

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 on those the President identified as responsible for significant acts of violence, serious human rights abuses, or antidemocratic actions. Congress extended these sanctions authorizations 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. Even though the sanctions authorities in P.L. 116-94 expired in December 2023, the President still has the authority to impose them under E.O. 13692.

Treasury has imposed SDN sanctions on more than 110 Venezuelans and at least eight entities pursuant to E.O.

13692. Those individuals include President Maduro, his wife, and his son; Vice President Delcy Rodríguez; Defense Minister Vladimir Padrino Lopez; supreme court judges; and governors. The Biden Administration has not designated any new individuals or entities to date.

Additional Financial Sanctions

President Trump imposed additional financial sanctions on Venezuela in response to 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. froze all property and interests in property of PdVSA subject to U.S. jurisdiction and prohibited 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*. Treasury has imposed sanctions pursuant to E.O. 13850 on 22 individuals, 91 entities, and 47 vessels, none of which were designated under the Biden Administration.

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. There are five individuals and one entity designated under this executive order, none of which were designated by the Biden Administration.

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

Since 2019, OFAC has issued and amended licenses to allow certain transactions. The Biden Administration has issued licenses to encourage the Maduro government to negotiate a path to free and fair elections. In May 2022, OFAC allowed Chevron, the only major U.S. energy company still in Venezuela, to discuss future operations with PdVSA. In November 2022, after negotiations restarted, OFAC issued a license allowing Chevron to resume production, import, and export of petroleum products at its existing joint ventures in Venezuela. On October 18, 2023, Treasury

- 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
- removed bans on the secondary trading of certain Venezuelan bonds and PdVSA debt and equity.

Resuming oil trade with Venezuela and allowing Venezuelan gas to be developed and exported to European allies could advance U.S. energy and security interests. These licenses also may bolster Venezuela's economy and reduce emigration, another U.S. policy goal. It remains to be seen whether the Biden Administration will extend these licenses beyond April 2024, however, as few observers predict that Maduro officials will allow even a minimally competitive election to occur.

Congressional Considerations

Congress has maintained broad support for a negotiated solution to the crisis in Venezuela leading to free and fair elections. In 2019, Congress enacted P.L. 116-94, which included the Venezuela Emergency Relief, Democracy Assistance, and Development (VERDAD) Act (S. 1025). The law extended targeted sanctions regarding corruption and undemocratic actions through 2023. Legislation to reauthorize sanctions authorities in the VERDAD Act has been introduced but not considered (H.R. 6831/S. 3363). Other introduced legislation would create new sanctionable offenses (H.R. 5670), impose visa restrictions on individuals who support Venezuela (S. 1129), and codify selected executive orders and create U.S. foreign aid restrictions on countries that militarily support Venezuela (S. 995).

Some in Congress have supported sanctions relief, arguing that broad sanctions have not achieved their aims and have hurt the Venezuelan people. In contrast, other Members of Congress have opposed sanctions relief and have introduced legislation that would prohibit U.S. imports of Venezuelan oil (S. 3053). They have urged the Biden Administration to revoke the licenses granted in October 2023, arguing the Maduro-aligned supreme court is unlikely to allow Machado's candidacy. See CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*.

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