

Institute for  
Financial Integrity

EXPERT INSIGHT

---

# Partial Sanctions Relief for Venezuela

United States Eases Venezuela Sanctions Following  
Agreement Between Maduro Regime and Opposition



# Table of Contents ---

**03** Introduction: Partial Sanctions Relief for Venezuela

**05** Overview of Recent Actions

**07** Major Sanctions Still Applicable

**08** Key Considerations

**11** Footnotes

# Partial Sanctions Relief for Venezuela

## United States Eases Venezuela Sanctions Following Agreement Between Maduro Regime and Opposition

On October 18, 2023, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) issued six general licenses authorizing categories of transactions that were previously prohibited under the U.S. sanctions program against Venezuela. The partial sanctions relief was the U.S. government’s response to an agreement between Venezuela’s Unitary Platform and representatives of President Nicolás Maduro that created a roadmap for democratic elections in the country.<sup>1</sup>

The new authorizations include (1) a temporary authorization for transactions involving the oil and gas sector in Venezuela; (2) an authorization to deal with Venezuelan state-owned gold mining company CVG Compania General de Minería de Venezuela CA (“Minerven”); (3) the removal of the secondary trading ban on certain Venezuelan sovereign bonds and Petroleos de Venezuela, S.A. (“PdVSA”) debt and equity; and (4) an authorization for certain transactions involving U.S.-designated Venezuelan state-owned airline, Consorcio Venezolano de Industrias Aeronáuticas y Servicios Aéreos, S.A. (“Conviasa”).

The latest general licenses are limited, and the U.S. sanctions program against Venezuela—established in 2015 by Executive Order 13692 in the wake of the Maduro regime’s crackdown on democratic processes and human rights—remains in place and continues to impose many restrictions. The U.S. government has also confirmed its readiness to reverse the new authorizations if the Maduro regime does not meet its obligations under the electoral roadmap.

This Policy Alert discusses: (1) the recent sanctions relief; (2) sanctions that remain in place; and (3) key considerations for various stakeholders.





# Overview of Recent Actions

---

OFAC, as the authority that administers U.S. sanctions, can issue general licenses to authorize categories of transactions that are otherwise prohibited. General licenses do not repeal sanctions and can be revoked at OFAC's discretion. On October 18, 2023, OFAC issued six general licenses authorizing certain transactions involving certain sanctioned entities and activities related to Venezuela.<sup>2</sup> The authorizations fall into four categories:

## 1. Category One: Venezuelan Oil and Gas



OFAC issued General License 44 in order to authorize all previously prohibited transactions involving PdVSA or its majority owned subsidiaries that are related to oil or gas sector operations in Venezuela through April 18, 2024.<sup>3</sup> OFAC clarified that General License 44 includes the following types of transactions:

- Production, lifting, sale, and exportation of oil or gas from Venezuela and provision of related goods and services;
- Payment of invoices for goods or services related to oil or gas sector operations in Venezuela;
- New investment in oil or gas sector operations in Venezuela; and
- Delivery of oil and gas from Venezuela to creditors of the government of Venezuela, including creditors of PdVSA Entities, for the purpose of debt repayment.

Concurrently, OFAC issued two FAQs (FAQs number two and number three) to further clarify the scope of General License 44.<sup>4</sup>

## 2. Category Two: Certain Gold-Related Activities



OFAC issued General License 43 in order to authorize all transactions involving Minerven, the Venezuelan state-run metals mining company, or its majority owned subsidiaries.<sup>5</sup> OFAC designated Minerven on March 19, 2019, under Executive Order 13850, for operating in the gold sector of the Venezuelan economy.<sup>6</sup>

OFAC concurrently published guidance indicating that non-U.S. persons no longer risk being sanctioned solely for operating in the gold sector of the Venezuelan economy.<sup>7</sup>

## 3. Category Three: Certain Venezuelan Sovereign Debt and PdVSA Securities



OFAC issued two general licenses that authorized certain activities with respect to certain debt and securities that were targeted under the U.S. Venezuela sanctions program.

General License 3I:

- Authorizes U.S. persons to engage in all transactions related to, the provision of financing for, and other dealings involving several specific bonds issued by the government of Venezuela as listed in the Annex to the general license (“GL 3I Bonds”);

- Replaces and supersedes General License 3H, which did not authorize U.S. persons to purchase or invest in, or to facilitate the purchase of or investment in the bonds specified in the Annex to General License 3H, with certain exceptions;
- Authorizes U.S. persons to engage in all transactions that are ordinarily incident and necessary to facilitating, clearing, and settling trades of holdings in GL 3I Bonds, provided that these trades were placed prior to 4:00 p.m. eastern standard time on February 1, 2019;
- Licenses all transactions and activities that are ordinarily incident and necessary to the wind down of financial contracts or other agreements involving GL 3I bonds that were entered into prior to 4:00 p.m. eastern standard time on February 1, 2019; and
- Authorizes all transactions related to, the provision of financing for, and other dealings in bonds that were issued both (1) prior to August 25, 2017, and (2) by U.S. persons or entities owned or controlled, directly or indirectly, by the Government of Venezuela, other than PDV Holding, Inc., CITGO Holding, Inc., and any of their subsidiaries.<sup>8</sup>

OFAC issued FAQ 1136 and amended FAQ 662 to explain the changes made by General License 3I.<sup>9</sup>

General License 9H:

- Authorizes all transactions and activities that are ordinarily incident and necessary to facilitating, clearing, and settling trades of holdings in PdVSA Securities, provided such trades were placed prior to 4:00 p.m. eastern standard time on January 28, 2019;
- Replaces and supersedes General License 9G, which did not authorize U.S. persons to purchase or invest in, or to facilitate the purchase of or investment in PdVSA Securities, with certain exceptions. Under General License 9H, U.S. persons are no longer limited to divesting their holdings in PdVSA Securities to non-U.S. persons;
- Licenses all transactions and activities that are ordinarily incident and necessary to the wind down of financial contracts or other agreements that were entered into prior to 4:00 p.m. eastern standard time on January 28, 2019, involving, or linked to, PdVSA Securities; and
- Authorizes all transactions and activities that are ordinarily incident and necessary to dealings in any bonds that were issued prior to August 25, 2017, by PDV Holdings, Inc., CITGO Holdings, Inc., or any of their subsidiaries.<sup>10</sup>

OFAC issued FAQ 1136 and amended FAQ 661 to explain the changes made by this General License.<sup>11</sup>

#### **4. Category Four: Certain Activities Involving Conviasa, a Sanctioned Venezuelan Airline**



OFAC issued General License 45 in order to authorize all transactions ordinarily incident and necessary to the repatriation of Venezuelan nationals from non-U.S. jurisdictions in the Western Hemisphere to Venezuela that involved Conviasa or its majority owned subsidiaries.<sup>12</sup> On February 7, 2020, OFAC identified Conviasa, a state-owned entity in Venezuela, as a target of asset-freezing sanctions against the government of Venezuela under Executive Order 13884.<sup>13</sup> Concurrently, OFAC published FAQ 1137, which clarified the scope of “Western Hemisphere” by referring to the U.S. Department of State’s definition of the phrase.<sup>14</sup>

OFAC has listed important conditions under some of these licenses that need to be met when using each license.

## **Major Sanctions Still Applicable**

---



It is important to bear in mind that several sanctions restrictions remain in place under the U.S. sanctions program against Venezuela, especially asset-freezing sanctions against the government of Venezuela. In addition, all transactions in any digital currency, digital coin, or digital token, issued by, for, or on behalf of the government of Venezuela on or after January 9, 2018, remain prohibited for U.S. persons. Moreover, any person operating in the financial, defense, or security sectors of the Venezuelan economy could become subject to asset-freezing sanctions of the United States.



# Key Considerations

---

The relaxation of certain U.S. sanctions against Venezuela may lead to new business and financial activities with the country. The partial sanctions relief was intended not only to entice the Maduro regime to implement democratic reforms to Venezuela's elections, but also to facilitate the expansion of Venezuela's oil output and return some foreign companies to the country's energy sector. Significant risks still exist, however, when transacting with the country. Anyone who uses one of the recently or previously issued general licenses must pay close attention to the specific conditions of each license to ensure full compliance with U.S. sanctions.

Because the U.S. government has stated that the sanctions relief would be revoked should the Maduro regime fail to abide by the terms of the electoral roadmap, those who intend to use these licenses must ensure they have proper controls in place in case snapback occurs. K2 Integrity recommends individuals and entities who intend to engage in activities under these licenses consider employing the following measures:

- Insert strong contractual clauses in agreements that would release users in the event that licenses are revoked;
- Undertake short-term engagements to ensure that transactions can be wound down quickly in the event of snapback;
- Engage external counsel or advisors to help avoid possible complications and determine authorized activities; and
- Implement enhanced recordkeeping procedures to monitor regulatory changes and engagements with Venezuelan entities that these changes may impact.

Those who engage in newly authorized transactions must still consider the risk of dealing with other sanctioned persons. Because hundreds of individuals and entities remain on OFAC's Specially Designated Nationals list under the Venezuela sanctions program, U.S. firms and financial institutions must execute careful screening to ensure that newly authorized transactions do not involve still-sanctioned entities and individuals.



Heightened risks tied to sanctions and financial and commercial integrity persist. High-level corruption is a major issue in Venezuela, with the country ranking 177<sup>th</sup> out of 180 countries on Transparency International's Corruption Perceptions Index.<sup>15</sup> The U.S. Government Accountability Office this year reported that corruption is among the factors that has allowed transnational criminal organizations to operate with impunity in the country.<sup>16</sup> Accordingly, those who intend to engage in activities in Venezuela must implement strong anti-bribery and corruption controls.

Furthermore, those who intend to engage in Venezuela-related activities must ensure that their transactions do not involve transnational criminal organizations, illicitly mined gold—a significant source of revenue for criminal gangs—or groups designated by the U.S. as terrorist organizations, including Hizballah and dissidents of the Revolutionary Armed Forces of Colombia ("FARC"). Also of note is that Maduro has allowed drug trafficking organizations to operate in the country, making Venezuela a preferred trafficking route for moving drugs to the global market, and the U.S. Justice Department in 2020 charged him—along with several others—with narco-terrorism, corruption, and drug trafficking. This, in turn, increases the risk of involvement of individuals and entities sanctioned under the Kingpin Act in transactions.<sup>17</sup>

Finally, Maduro's engagement with other sanctioned countries such as Russia, Iran, and Cuba may present the risk of inadvertent transactions with sanctioned Russian, Iranian, and Cuban entities. Russia and Venezuela have been deepening their ties with one another, and media reporting indicates that Maduro planned to visit Moscow by the end of the year, but spoke with Putin by phone in late December about Russian companies seeking to increase investments in Venezuela.<sup>18</sup> Tehran has also been engaging with Caracas, which was the first stop on Iranian President Ebrahim Raisi's Latin America tour this past summer.<sup>19</sup> The two countries signed more than a dozen agreements, including promises to expand ties in the oil and petrochemical sectors. Cuban entities have helped Venezuela to evade the U.S. sanctions. As indicated in the press release that accompanied the designation of Cuban companies that help Venezuela evade U.S. sanctions, Cuba has played a direct role in preventing the return of democracy to Venezuela by helping the Maduro regime evade the U.S. sanctions.<sup>20</sup> Given Russia's, Iran's, and Cuba's increased presence and economic engagement with Venezuela, those engaging in Venezuela-related transactions must closely examine potential counterparties in Venezuela to ensure that their transactions are not linked to other sanctioned countries.

# Footnotes

---

<sup>1</sup>Signing of Electoral Roadmap Between the Unitary Platform and Representatives of Maduro, Press Statement, The U.S. Department of State, October 18, 2023, <https://www.state.gov/signing-of-electoral-roadmap-between-the-unitary-platform-and-representatives-of-maduro/>

<sup>2</sup>Note that this Client Alert does not discuss General License 5M under Venezuela Sanctions Regulations since it was a renewal of an existing licenses with not change.

<sup>3</sup>General License No. 44 Under Venezuela Sanctions Regulations, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932231/download?inline>

<sup>4</sup>Frequently Asked Questions Related to the Suspension of Certain U.S. Sanctions with Respect to Venezuela on October 18, 2023, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932241/download?inline>

<sup>5</sup>General License No. 43 Under Venezuela Sanctions Regulations, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932226/download?inline>

<sup>6</sup>Treasury Sanctions Venezuela's State Gold Mining Company and its President for Propping Up Illegitimate Maduro Regime, OFAC, March 19, 2019, <https://home.treasury.gov/news/press-releases/sm631>

<sup>7</sup>Frequently Asked Questions Related to the Suspension of Certain U.S. Sanctions with Respect to Venezuela on October 18, 2023, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932241/download?inline>

<sup>8</sup>General License 3I Under Venezuela Sanctions Regulations, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932211/download?inline>

<sup>9</sup>Issuance of Venezuela-related General Licenses and Associated Frequently Asked Questions, October 18, 2023, OFAC, [https://ofac.treasury.gov/recent-actions/20231018\\_44](https://ofac.treasury.gov/recent-actions/20231018_44)

<sup>10</sup>General License 9H Under Venezuela Sanctions Regulations, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932221/download?inline>

<sup>11</sup>Issuance of Venezuela-related General Licenses and Associated Frequently Asked Questions, October 18, 2023, OFAC, [https://ofac.treasury.gov/recent-actions/20231018\\_44](https://ofac.treasury.gov/recent-actions/20231018_44)

<sup>12</sup>General License No. 45 Under Venezuela Sanctions Regulations, OFAC, October 18, 2023, <https://ofac.treasury.gov/media/932236/download?inline>

<sup>13</sup>Treasury Pressures Illegitimate Maduro Regime by Identifying Blocked National Airline, OFAC, February 7, 2020, <https://home.treasury.gov/news/press-releases/sm903>

<sup>14</sup>Frequently Asked Questions No. 1137, OFAC, October 18, 2023, <https://ofac.treasury.gov/faqs/1137>

<sup>15</sup>2022 Corruption Perceptions Index, Transparency International, <https://www.transparency.org/en/cpi/2022>

<sup>16</sup>Venezuela's Political Unrest Has Made Drug Trafficking, Money Laundering, and Other Crimes Easier; July 20, 2023; <https://www.gao.gov/blog/venezuelas-political-unrest-has-made-drug-trafficking-money-laundering-and-other-crimes-easier>

<sup>17</sup>Maduro and Other High Ranking Venezuelan Officials Allegedly Partnered With the FARC to Use Cocaine as a Weapon to "Flood" the United States; March 26, 2020; <https://www.justice.gov/opa/pr/nicol-s-maduro-moros-and-14-current-and-former-venezuelan-officials-charged-narco-terrorism>

<sup>18</sup>Russia expects Venezuela's Maduro to visit as relations deepen – Novak, Reuters, October 16, 2023, <https://www.reuters.com/world/venezuelas-maduro-expected-visit-russia-putins-oil-point-man-says-2023-10-16/>

<sup>19</sup>Iran's president begins Latin America tour with stop in Venezuela, Associated Press, June 12, 2023, <https://apnews.com/article/venezuela-iran-visit-us-economic-sanctions-61cc0a99a7e9b7c9ea44e162f381cb60>

<sup>20</sup>Treasury Takes Further Action Regarding Designated Cubametales for Attempting to Circumvent Sanctions, OFAC, November 26, 2019, <https://home.treasury.gov/news/press-releases/sm837>

