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Partial Suspension of US Venezuela Sanctions



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On 18 October 2023 OFAC issued four general licences representing a significant shift in the US government’s attitude toward its Venezuelan sanctions programme. Reed Smith and Freehill Hogan & Mahar have published detailed examinations of this sanction relaxation by the US government which can be viewed [“here”](#) and [“here”](#). Of particular note, sanctions placed against Petroleos de Venezuela, S.A. (PdVSA) in the Venezuelan oil, gas and mining sectors seem to have been largely relaxed.

Of the aforesaid four general licences, subject to certain conditions General License (GL) 44 now temporarily authorises all transactions prohibited by Venezuelan Sanctions Regs 31 CFR Part 591 related to oil and gas operations in Venezuela including:

- Production, lifting, sale and exportation of oil and gas from Venezuela and related services.
- Payment of invoices for goods and services related to oil and gas sector operations in Venezuela.
- New investment in oil/gas sectors in Venezuela.
- Delivery of oil and gas from Venezuela to creditors of the Venezuelan Government (including creditors of PdVSA entities) for the purpose of debt repayment.

However, while GL 44 provides broad relief, certain prohibitions remain in place, including:

1. No transactions with any financial institution blocked by EO 13850 other than Banco Central de Venezuela or Banco de Venezuela SA Banco Universal.
2. No transactions or new investments allowed with any entity located in Venezuela owned or controlled (or joint ventured with) any entity or individual located in the Russian Federation.
3. Restrictions on various financial activities, i.e. new debt transactions such as provision of loans to PdVSA not for payment of invoices of repayment of debt through delivery of oil and gas are not authorised.
4. Continued prohibition of transactions under EO 13827 (related to certain virtual assets issued by/for Venezuelan Government) and EO 13835 (related to certain debt owed to the Venezuelan Government and certain transactions involving equity interests in a Venezuelan Government entity).
5. No authorisation to unblock property relating to the Venezuelan Sanctions Regs (VSR).
6. No authorisation to unblock persons subject to sanctions as per VSR.

GL 44 authorises transactions for a 6 month period, up to 12:01 am on 18 April 2024. Its renewal is subject to Venezuela meeting certain commitments.

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Members with questions about this or any other sanctions matter are asked to contact the Mangers's Sanctions Compliance Team, contact details can be found here.

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