

October 18, 2023

Frequently Asked Questions Related to the Suspension of Certain U.S. Sanctions with Respect to Venezuela on October 18, 2023

On October 18, 2023, the United States welcomed the announcement of a political agreement between representatives of Maduro and the Unitary Platform, as part of the longstanding policy to support the peaceful restoration of democracy, competitive elections, and respect for the rights and freedoms of the Venezuelan people. In line with this policy, and in recognition of the concrete steps taken, the United States is authorizing certain transactions that would otherwise be prohibited pursuant to the Venezuela sanctions program. The U.S. government retains the authority to rescind authorizations should the representatives of Maduro fail to follow through on their commitments, and all other sanctions prohibitions imposed by the United States with respect to Venezuela, including on the Government of Venezuela, remain in place.

1. What transactions did the United States government authorize in response to the political agreement of October 17, 2023 between the Unitary Platform and representatives of Maduro?

On October 18, the U.S. government suspended certain sanctions measures on Venezuela's oil and gas sector operations; the gold sector of the Venezuelan economy; and U.S. person purchases in the secondary market of certain Venezuela sovereign bonds and equity. Specifically, OFAC issued:

- Venezuela General License (GL) 44, temporarily authorizing all transactions that are related to oil and gas sector operations in Venezuela, including authorizing ordinarily incident and necessary financial transactions with certain blocked Venezuelan banks related to the oil and gas sector;
- Venezuela GL 43, authorizing certain transactions involving CVG Compania General de Minería de Venezuela CA (Minerven), the Venezuelan state-owned mining company designated pursuant to Executive Order (E.O.) 13850, and guidance that the U.S. government does not intend to sanction any person solely for operating in the gold sector of the Venezuelan economy;
- Venezuela GL 3I and GL 9H, removing the secondary market trading bans on purchases of certain Venezuelan sovereign bonds and pre-2017 bonds or equity issued by Petróleos de Venezuela S.A. (PdVSA).

The U.S. government has suspended these sanctions measures in response to recent concrete steps toward a democratic solution in Venezuela. However, as with any general or specific license, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is prepared to revoke these authorizations, if appropriate, to support U.S. foreign policy and national security priorities. For more information, please see herein FAQs 2 through 6, and updated or new FAQs 661, 662, and 1136 on OFAC's website.

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2. What does General License (GL) 44, “Authorizing Transactions Related to Oil or Gas Sector Operations in Venezuela” do?

GL 44 temporarily authorizes all transactions prohibited by the Venezuela Sanctions Regulations, 31 CFR part 591 (the VSR), related to oil and gas sector operations in Venezuela, including transactions with PdVSA, subject to certain conditions. The authorization in GL 44 suspends Venezuela-related sanctions applicable to most oil and gas sector operations in Venezuela, including the sale of oil and gas from Venezuela to the United States and other jurisdictions, as well as the payment of taxes, royalties, costs, fees, dividends, and profits related to oil and gas sector operations or transactions involving PdVSA. To provide added clarity, GL 44 provides a non-exhaustive list of transactions covered by the authorization, including: (1) the production, lifting, sale, and exportation of oil or gas from Venezuela, and provision of related goods and services; (2) the payment of invoices for goods or services related to oil or gas sector operations in Venezuela; (3) new investment in oil or gas sector operations in Venezuela; and (4) the delivery of oil and gas from Venezuela to creditors of the Government of Venezuela, including creditors of PdVSA entities, for the purposes of debt repayment.

While GL 44 provides broad relief to oil and gas sector operations in Venezuela, several key prohibitions remain in place.

- ***Designated financial institutions.*** Paragraph (b)(1) provides that GL 44 does not authorize any transactions involving any financial institution blocked pursuant to E.O. 13850 other than Banco Central de Venezuela or Banco de Venezuela SA Banco Universal.
- ***Russia-related operations.*** Paragraph (b)(2) provides that GL 44 does not authorize the provision of goods or services to, or new investment in, an entity located in Venezuela that is owned or controlled by, or a joint venture with, an entity located in the Russian Federation. Paragraph (b)(3) provides that GL 44 does not authorize any transactions related to new investment in oil or gas sector operations in Venezuela by a person located in the Russian Federation or any entity owned or controlled by a person located in the Russian Federation. See FAQ 1058 for more information.
- ***Certain financial restrictions in E.O. 13808.*** Paragraph (b)(4) prohibits any transactions prohibited by subsections 1(a)(i) – (iii) or 1(b) of E.O. 13808, other than the transactions described in GL 44 paragraphs (a)(2) (payment of invoices for goods or services related to oil or gas sector operations in Venezuela) and (a)(4) (delivery of oil and gas for the purpose of debt repayment to creditors). Accordingly, new debt transactions, such as the provision of loans to PdVSA, that are not for the payment of invoices or repayment of debt through delivery of oil or gas, are not authorized by GL 44. See FAQ 533 for a definition of “new debt” under E.O. 13808 and FAQ 511 for examples of debt and equity.
- ***Transactions prohibited by E.O. 13827 and E.O. 13835.*** Paragraph (b)(5) provides that GL 44 does not authorize any transactions prohibited by E.O. 13827 (relating to certain virtual assets issued by, for, or on behalf of the Government of Venezuela) or E.O. 13835

(relating to debt that is owed to the Government of Venezuela, as well as certain transactions involving any equity interest in any entity in which the Government of Venezuela has a 50 percent or greater ownership interest). See FAQs 564, 565, and 566 for more information on E.O. 13827 and FAQs 511, 595, and 596 for more information on E.O. 13835.

- **Blocked property.** Paragraph (b)(6) provides that GL 44 does not authorize the unblocking of any property blocked pursuant to the VSR. Accordingly, all property blocked pursuant to the VSR in the United States, or in the possession or control of a U.S. person, as of October 18, 2023, will remain blocked unless separately authorized.
- **Blocked persons.** Transactions involving any person blocked pursuant to a sanctions authority other than the VSR are not authorized pursuant to GL 44.

As with any general or specific license, OFAC is prepared to revoke this authorization if appropriate to support U.S. foreign policy and national security priorities.

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3. When does General License (GL) 44 expire? Does the U.S. government intend to renew this GL?

GL 44 authorizes transactions through 12:01 a.m. eastern daylight time, April 18, 2024. The U.S. government intends to renew GL 44 only if the representatives of Maduro follow through with their commitments and take continued concrete steps toward a democratic election by the end of 2024.

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4. Do the Venezuela-related sanctions suspended on October 18, 2023 affect the U.S. government’s posture on litigation brought by creditors seeking to attach assets of the Government of Venezuela in the United States?

No. Please see FAQs 808, 1123, and 1124.

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5. Executive Order (E.O.) 13850 of November 1, 2018, “Blocking Property of Additional Persons Contributing to the Situation in Venezuela,” authorizes the imposition of sanctions on persons operating in Venezuela’s gold sector. For purposes of this E.O. and in light of the announcements on October 18, 2023, how will OFAC target those who “operate in the gold sector of the Venezuelan economy or in any other sector of the Venezuelan economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State”?

Given recent positive steps taken towards competitive elections in Venezuela, OFAC does not intend to target any person solely for operating in the gold sector of the Venezuelan economy. This policy is contingent on continued concrete steps toward a democratic solution in Venezuela.

OFAC also issued General License (GL) 43 on October 18, 2023, which authorizes all transactions involving CVG Compania General de Minería de Venezuela CA (Minerven)—the only entity designated by OFAC for operating in the gold sector of the Venezuelan economy—that are prohibited by the Venezuela Sanctions Regulations, 31 CFR part 591, subject to the limitations described in GL 43. As with any general or specific license, OFAC is prepared to revoke this authorization if appropriate to support U.S. foreign policy and national security priorities, including if the representatives of Maduro fail to follow through with their commitments. This FAQ supersedes FAQ 629.

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