

OFAC Issues General Licenses Easing Sanctions on Venezuela After Maduro Government and Opposition Reach Agreement on 2024 Elections

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On October 17, 2023, the Government of Nicolás Maduro and opposition parties in Venezuela entered into an agreement on an “electoral roadmap”, including international monitoring, for elections that are expected to be held in Venezuela in the second half of 2024. The following day, the Office of Foreign Assets Control (“OFAC”) of the U.S. Department of the Treasury issued six Venezuela-related General Licenses (the “General Licenses”). Each of the General Licenses operates to authorize certain transactions or activities involving Venezuela that would otherwise be prohibited under the prevailing U.S.-Venezuela sanctions program. Specifically, the General Licenses focus on dealings and activities involving Venezuela’s oil and gas sector and gold sector, debt and equity of Petróleos de Venezuela, S.A. (“PdVSA”), and any entity in which it owns, directly or indirectly, a 50% or greater interest (collectively, together with PdVSA, the “PdVSA Entities”), and certain Venezuelan sovereign debt.

The issuance of the General Licenses serves not only to recognize the concessions made by the Maduro government toward allowing democratic elections in Venezuela but also to incentivize the Maduro government to take additional steps toward further democratization, including the reinstatement of candidates who are currently barred from running for public office and the release of political prisoners and wrongfully detained Americans. Toward this end, the General License for resumption of oil and gas sector operations in Venezuela is scheduled to expire, unless renewed, after six months and OFAC has emphasized that any of the General Licenses may be revoked at any time if the Maduro government does not comply with its relevant commitments to the Venezuelan opposition. A summary of the scope of terms of each General License is set forth below.

General Licenses

- **General License 3I** (*Authorizing Transactions Related to, Provision of Financing for, and Other Dealings in Certain Bonds*) authorizes: (i) transactions related to the provision of financing for, and other dealings in, certain Venezuelan government bonds, including divestment or transfer of, or facilitation of divestment or transfer of, any holdings in such bonds to a U.S. person; (ii)

transactions ordinarily incident and necessary to facilitating, clearing and settling trades of holdings in certain Venezuelan government bonds, provided such trades were placed prior to 4:00 p.m. eastern standard time on February 1, 2019; (iii) transactions 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 February 1, 2019, involving, or linked to, certain Venezuelan government bonds; and (iv) transactions related to the provision of financing for, and other dealings in, certain Venezuela government bonds issued prior to August 25, 2017 by U.S. entities that the Government of Venezuela owns or controls, directly or indirectly, other than PDV Holding, Inc., CITGO Holding, Inc. and any of their subsidiaries.

- **General License 5M** (*Authorizing Certain Transactions Related to the Petróleos de Venezuela, S.A. 2020 8.5 Percent Bond on or After January 18, 2024*) authorizes all transactions on or after January 18, 2024, related to the provision of financing for, and other dealings in, the PdVSA 2020 8.5 Percent Bond.
- **General License 9H** (*Authorizing Transactions Related to Dealings in Certain Securities*) authorizes: (i) transactions and activities ordinarily incident and necessary to dealings in any debt of, or any equity in, the PdVSA Entities, issued prior to August 25, 2017, including divestment or transfer of, or facilitation of divestment or transfer of, any holdings in such securities of the PdVSA Entities to a U.S. person; (ii) transactions ordinarily incident and necessary to facilitating, clearing and settling trades of holdings in such securities of the PdVSA Entities, provided such trades were placed prior to 4:00 p.m. on January 28, 2019; (iii) transactions 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, such PdVSA securities; and (iv) transactions ordinarily incident and necessary to dealings in any bonds that were issued prior to August 25, 2017 by PDV Holdings, Inc. or CITGO Holdings, Inc. or any of their respective subsidiaries.
- **General License 43** (*Authorizing Transactions Involving CVG Compania General de Minería de Venezuela CA*) authorizes transactions involving CVG Compania General de Minería de Venezuela CA (“Minerven”), or any entity that Minerven owns, directly or indirectly, 50% or more.
- **General License 44** (*Authorizing Transactions Related to Oil or Gas Sector Operations in Venezuela*) authorizes, until April 18, 2024, certain transactions, including transactions involving the PdVSA Entities, related to oil or gas sector operations in Venezuela, including: (i) production, lifting, sale and exportation of oil and gas from Venezuela and provision of related goods and services; (ii) payment of invoices for goods and services related to oil or gas sector operations in Venezuela; (iii) new investment in oil or gas sector operations in Venezuela; and (iv) delivery of oil and gas from Venezuela to creditors of the Venezuelan government, including creditors of the PdVSA Entities, for debt repayment.
- **General License 45** (*Authorizing Certain Repatriation Transactions Involving Consorcio Venezolano de Industrias Aeronáuticas y Servicios Aéreos, S.A.*) authorizes transactions ordinarily incident and necessary to the repatriation of Venezuelan nationals from non-U.S. jurisdictions in the Western Hemisphere to Venezuela involving Consorcio Venezolano de Industrias Aeronáuticas y Servicios Aéreos, S.A. (“Conviasa”) or any entity that Conviasa owns, directly or indirectly, 50% or more.

This Client Alert is not comprehensive as to the full scope of U.S. sanctions relating to Venezuela and provides only a high-level overview of recent developments in the U.S.-Venezuela sanctions program.

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