

Sanctions 08 Aug, 2019

U.S. increases sanctions against Venezuela



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By virtue of Executive Order 13884 (“the EO”) issued by President Trump on 5 August 2019, the United States has significantly increased the impact of its sanctions regime against Venezuela.

As a helpful Client Alert from the Club’s U.S. attorneys Freehill Hogan & Mahar makes clear, the effect of the new sanctions is to prevent any U.S. person doing business with the Venezuelan Government or any entity owned or controlled by it. It should be noted that this includes the state oil company PdVSA.

Also, non-U.S. persons may be sanctioned and have their property in the United States blocked if they provide “material assistance to, or goods or services in support of, the Government of Venezuela, its agencies and any entity in which it holds a 50% or greater interest.” Again, it is worth reiterating that this includes PdVSA.

As Freehill’s note, it is unclear whether ocean transportation of cargoes (other than shipments of food, medicine and clothing which continue to be exempt) will be construed as being “material assistance” to the Venezuelan Government and thus expose shipowners to sanctions for doing so. However, with the intent behind the whole sanctions regime to be as forceful as possible and when read in conjunction with warnings issued by leading figures in the U.S. administration, there is clear scope for the sanctions to be aggressively interpreted and expose any shipowner carrying cargoes for the benefit of the Venezuelan Government – including PdVSA – to the full force of U.S. sanctions, potentially including designation.

Members considering trades involving the Government of Venezuela, its agencies and any entity in which it holds a 50% or greater interest including PdVSA are therefore strongly advised to read the Client Alert as well as all the materials on our Venezuelan sanctions webpage and to carefully assess the potential risks. Becoming designated and placed on the SDN list would have grave consequences for the future trading and sale of any vessel and for the continued operation of insurance cover.

As always, Members with specific questions concerning these measures and any other sanctions matters should contact the Managers.

A copy of the EO can be found [here](#) Sanctions Programs and Country Information and accompanying FAQs [here](#).