

# CIRCULAR FOR P&I CLUBS

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**GLOBALPANDI, S.A.**  
P&I CORRESPONDENTS



# LATEST DEVELOPMENTS ON THE EASING OF THE VENEZUELA SANCTIONS BY THE US OFAC

On 18 October 2023, the US Treasury department (OFAC) issued six General Licenses authorizing transactions with Venezuela's company PDVSA in the oil and gas sectors, and a separate license allowing dealings with national gold mining company Minerven. The Treasury also amended two existing licenses to remove a ban on secondary trading of certain Venezuelan bonds and debt of state oil company Petróleos de Venezuela (PDVSA), though a ban on primary trading remains in effect.

In summary, GL43 authorizes dealings with Minerven – the Venezuelan state-owned gold mining company – which Treasury assesses would have the effect of reducing black-market trading in gold; GL44 temporarily authorizes transactions involving the oil and gas sector in Venezuela; General Licenses 3I and 9H have been amended to remove the ban on secondary trading of certain Venezuelan sovereign bonds and PDVSA debt and equity; GL5M removes the secondary trading ban on certain Venezuelan sovereign bonds and PDVSA debt and equity. The ban on trading in the primary Venezuelan bond market remains in place. Finally, GL45 authorizes certain transactions for the repatriation

of Venezuelan nationals from non-U.S. jurisdictions in the Western Hemisphere to Venezuela involving state-owned Conviasa.

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More than a license, these orders are equivalent to a temporary suspension of oil sanctions for six months. U.S. and international companies will be allowed to trade Venezuelan oil and transact with Venezuela's national oil company, PDVSA, as well as with the government, the state mining company, and the Venezuelan central bank.

In practice, it will be most likely a redirection of sanctioned Venezuelan oil, which had been flowing to black markets (largely in China), into the U.S. Gulf Coast refining system.

The announcement of sanctions relief came a day after the government of President Nicolás Maduro and the Unitary Platform — a faction of the opposition — resumed talks in Barbados aimed to reach solutions to the political crisis faced by the country in the last years. They agreed to hold a presidential election in the latter half of next year. “In response to these democratic developments, the US Department of the Treasury has issued general licenses authorizing transactions involving Venezuela’s oil and gas sector and gold sector, as well as removing the ban on secondary trading”, the Treasury said in a statement.

Venezuela boasts the world’s largest proven oil reserves and once pumped about 3mn barrels a day, though production today is well below 1mn b/d. The US government has been seeking ways to boost global oil supplies following Russia’s full-scale invasion of Ukraine last year, which sent energy prices higher. It has drained almost 300mn barrels from the US Strategic Petroleum Reserve and last year lifted some energy-related restrictions on Venezuela by granting Chevron a license from the Treasury to resume limited oil production from its joint venture with PDVSA.

Analysts said the easing of US sanctions would have a short-to-medium-term impact on Venezuelan production and exports, and production could expect to increase by 200,000 b/d six months after sanctions eased. If this is so, taking into account that elections to be held next

year, it is not difficult to foresee a scenario of public expenditure boosting the domestic economy.

On the other hand, the European Union has extended sanctions on Venezuelan officials but shortened their review period (six months) what has been regarded as a gesture of goodwill after the resumption of talks between the government and the opposition.

As to what might be the impact of the easing on sanctions, our company has a cautious but positive view. There is no doubt that the new General Licenses will encourage new and reliable players to resume businesses in the Venezuelan market, served in the last years by not always a good tonnage and companies of poor reputation and performance.

In the meantime, we are fully committed to continuing providing on time and costs effective services, also informing the Clubs/Members about conditions and practices in the specific marine terminals, in order to ensure expeditious operations and successful calls.

# **GLOBALPANDI, S.A.**

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