



## OFAC Issues New Sanctions for Venezuela Following the Barbados Treaty

By Holland & Knight

U.S. President Donald Trump announced on February 26, 2025, the revocation of licenses associated with the oil agreement granted by the Biden Administration through the Barbados Treaty. Signed in 2022 as a gesture of goodwill, this treaty allowed American companies to operate in Venezuela, specifically to resume limited natural resource extraction operations, under the commitment to ensure free and democratic elections.

General License 44 was issued in April 2024, authorizing transactions related to the oil and gas sector operations in Venezuela. Specifically, General License 44A permitted all transactions necessary for the winding down of operations in this sector including: 1) the production, extraction, sale and exportation of oil or gas from Venezuela, along with the provision of related goods and services, 2) the payment of invoices for goods or services linked to these operations and 3) the delivery of Venezuelan oil and gas to creditors of the Venezuelan government, including entities in which Petróleos de Venezuela, S.A. (PDVSA) holds a direct or indirect interest of 50 percent or more, for debt repayment.

This announcement contrasts with the visit of a White House envoy to Caracas on Jan. 31, 2025, which secured the release of American citizens detained by the Venezuelan regime and Nicolás Maduro's commitment to accept the repatriation of Venezuelans deported from the U.S.

However, President Trump declared that the authorization to operate would not be renewed on March 1, 2025, as was customary but would instead terminate. Under his directive, the Office of Foreign Assets Control (OFAC) issued General License 41A on March 4, 2025, granting American companies one month – rather than the usual six months – to close their operations in Venezuela. This measure prohibits the payment of taxes or royalties to the Venezuelan government, the distribution of dividends to PDVSA and the sale of oil for export outside the U.S. The decision will significantly impact Venezuelan oil production, which relies on 20 percent to 25 percent of the 200,000 barrels per day produced by American companies, thereby affecting the financial flows of Maduro's regime.

The U.S. justified this decision by citing Maduro's failure to meet electoral conditions, as well as the slow pace of repatriating undocumented Venezuelan criminals. For his part, Venezuelan President Nicolás Maduro responded that Washington's revocation of the general license affected the agreement reached with the Trump Administration for the repatriation of migrants deported in January.

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