

Venezuela Executive Order – 25 August 2017

Topline:

The President signed a new Executive Order (E.O.) yesterday, fulfilling his promise of “strong and swift” economic action in response to the Maduro regime’s malign conduct and to help the Venezuelan people restore a full and prosperous democracy.

Under the E.O., which became effective [on Friday at 12:01 a.m.], U.S. persons are prohibited from participating in Maduro’s liquidation of the Venezuelan economy. Specifically, U.S. persons are prohibited from dealings in new debt and equity of the Government of Venezuela and its corrupt state oil company, as well as certain existing bonds owned by the Venezuelan public sector and dividend payments to the Government of Venezuela

To mitigate harm to the American and Venezuelan people, the Treasury Department is issuing General Licenses that allow, for transactions that would otherwise be prohibited by the E.O., for a 30-day wind-down period, financing for most commercial trade including the export and import of petroleum, transactions only involving Citgo, dealings in select existing Venezuelan debts, and financing for the provision of humanitarian goods to Venezuela.

As the Maduro dictatorship tries to preserve itself, it rewards and enriches corrupt officials in the security apparatus by building up massive debt. Maduro’s economic mismanagement and rampant plundering of finances has taken Venezuela ever closer to default. His officials are resorting to opaque financing schemes, increasing the debt burden on the Venezuelan people. They are also liquidating the country’s assets at fire sale prices. Instead of listening to growing alarm by the Venezuelan people and the international community, Maduro has chosen to embrace dictatorship more fully, most recently through the Constituent Assembly’s usurping of power from the democratically elected National Assembly. The Venezuelan government is starving its people, imprisoning the democratically-elected opposition, and violently suppressing freedom of speech. It has demonstrated clear intent to rely on violence, repression and corruption to maintain power. That is why the President has taken strong action today.

Executive Order Details:

- The E.O. prohibits transactions related to or dealings in:
 - New debt of PdVSA with a maturity of greater than 90 days.
 - New debt of the rest of the Government of Venezuela with a maturity of greater than 30 days.
 - New equity of the Government of Venezuela, including PdVSA.
 - Bonds issued by the Government of Venezuela and other state entities prior to the issuance of this E.O.
 - Dividend payments or other distributions of profit to the Government of Venezuela by any entity owned or controlled by the Government.
 - Purchases of any securities from the Government of Venezuela, other than new debt of PdVSA with a maturity of less than or equal to 90 days or new debt of the rest of the Government of Venezuela with a maturity of less than or equal to 30 days.

- To mitigate harm to U.S. persons and avoid significant market disruptions, the Treasury Department is issuing General Licenses that allow, for transactions that would otherwise be prohibited by the E.O., for:
 - A wind down period of 30 days during which U.S. persons can conduct specified prohibited activities ordinarily incident and necessary to conclude operations, contracts, or other agreements.
 - Financing for most commercial trade, including the export and import of petroleum
 - Debt, equity, and securities transactions involving only Citgo or its subsidiaries.
 - Dealings in select Venezuelan debt issued prior to the E.O., including debt of U.S. person entities owned or controlled by the Government Venezuela.
- In addition, to avoid any disruption to the provision of humanitarian goods to the Venezuelan people, a General License issued concurrently with the E.O. authorizes all debt financing related to exports to Venezuela of agricultural commodities, food, medicine, and medical devices (as well as related parts and components)

Venezuela Policy:

- We continue to encourage governments around the world to call on Venezuela to abandon the Constituent Assembly process, and to take strong action to hold accountable all persons, regardless of rank or position, who threaten Venezuela's democratic institutions.
- There are several rationales for the selection of these particular executive actions:
 - Denies the regime a critical source of financing with which to maintain its rule.
 - Protects the U.S. financial system from complicity in Venezuela's corruption.
 - Preventing U.S. persons from facilitating the regime's further impoverishment of the Venezuelan people.
 - Responds to the usurpation by the Constituent Assembly of the National Assembly's powers.
 - Helps shield generations of Venezuelans from responsibility for debt obligations at punishingly high interest rates – debts that are not incurred for the benefit of the Venezuelan people.
 - Reinforces the posture of non-recognition adopted by our friends and partners through the Lima Declaration of August 8, at which representatives from twelve regional states expressed their refusal to recognize acts of the illegitimate Constituent Assembly.
- Ultimately, these measures are intended to help advance our goal of pressuring the regime until it restores democracy, holds free and fair elections, releases all political prisoners, and ends the repression of the Venezuelan people.
- The United States continues to call for the immediate and unconditional release of all political prisoners in Venezuela, for free and fair national elections to take place, for the people of Venezuela to be able to protest peacefully without fear of arrest or assault by government forces, and for the Venezuelan constitution to be respected.
- The United States is also very concerned about the situation of Joshua Holt, a young American being detained illegally by the Maduro regime for over a year now. We once again call for his immediate release on humanitarian grounds.