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Factsheet: The impact of sanctions on Venezuela

The sanctions levied by the United States against Venezuela are illegal coercive measures designed to bring about 'regime change' and replace an elected government with a compliant administration posing no challenge to US economic and political interests in the region.

The sanctions began in 2015 in a limited way with the freezing of Venezuelan assets abroad and the cancellation of visas for various Venezuelan officials. But even those partial measures had an effect.

Loss of confidence meant that foreign companies started pulling out, disrupting supplies of essential goods. Foreign banks became reluctant to handle transactions involving Venezuela. It became impossible to repatriate dividends from Citgo Petroleum, the US-based subsidiary of Venezuela's oil company.

Then secondary sanctions were imposed by the USA on other countries – with penalties for any country daring to trade with Venezuela. Large quantities of Venezuelan funds have been seized by foreign banks, including €1.5 billion by Novo Banco, €453 million by Clearstream and £1.3 billion in gold by the Bank of England.

Under President Trump, the sanctions programme was ramped up into a blockade akin to that imposed against Cuba since the 1960s.

Crucially, the toughest sanction measures targeted the state-owned *Petróleos de Venezuela* (PDVSA) and its subsidiary CITGO, to disrupt Venezuela's reliance on oil exports. The effect was to cut PDVSA off from international markets and block it from servicing debt. The damage to the oil industry has cost Venezuela \$100 billion of revenue over the last five years.

Criticism of impact of sanctions on Venezuelan people

As the blockade tightened, the impact on the lives of ordinary Venezuelans, particularly the poor, the sick and the elderly, became devastating, with far-reaching effects. The Washington-based Centre for Economic and Policy Research calculated they led to more than 40,000 deaths in 2017-18 alone.

The sanctions' dire impact also attracted the UN's attention. In January 2019, Idriss Jazairy, the UN's special rapporteur on coercive measures' impact on human rights, voiced his major concerns about them: "coercion, whether military or economic, must never be used to seek a change in government in a sovereign state."

And two years later, UN human rights rapporteur Alena Douhan concluded from meetings with various Venezuelan sectors that "the sanctions and unilateral coercive measures applied by the United States and the European Union, as a deliberate tool to achieve regime change in Venezuela, flagrantly violate international law and all universal and regional human rights instruments."

The European Union's contribution to this policy of US aggression included, for example, an embargo on arms and various technological goods, and travel bans and/or asset freezes on around 55 officials.

The UK government also slavishly supported this agenda, in particular by blocking since 2018 Venezuela's access to 31 tons of its gold, deposited in the Bank of England and worth around \$2 billion, on the bogus grounds that Maduro's elected government had no "democratic legitimacy".

Although Venezuela bitterly contested the Bank's refusal to release the funds, which would have helped it to tackle the Covid pandemic, the High Court ruled against it in July 2022. The Court's verdict was that control of the gold lay with US-backed opposition politician Juan Guaidó, who had declared himself 'interim president' of Venezuela in 2019 with no legal or constitutional justification.

Guaidó's record since is one of repeated exposures for corruption, links to drug traffickers in Colombia, involvement in serial coup attempts and recurring calls to the military to oust Maduro. His standing amongst the opposition weakened as first more moderate opposition parties, then extreme right opposition parties, broke with him to re-engage in electoral activity in 2020 onwards.

This sidelining of Guaidó culminated in late December 2022 when the three largest Venezuelan opposition groups voted to eliminate his so-called "interim government", while continuing to fund its activities by setting up a five-person "Administration and Asset Protection Council" to manage funds drawn from Venezuelan state accounts that the US froze as part of the sanctions programme.

Latest developments

Biden initially opted to maintain sanctions and promise to work with partner countries across the region "to exert pressure on the regime so the country can peacefully return to democracy."

But the current global energy crisis occasioned by the war in Ukraine has been shifting the US's ground. Faced with experiencing substantial hikes in gasoline and diesel prices following its ban on Russian oil imports, in March 2022 it approached the Maduro government with a view to buying oil.

Until recently, progress in relieving sanctions on Venezuela had been minimal. But in October 2023, as a result of an agreement signed in Barbados between the Maduro government and the US-backed right-wing opposition Unitary Platform establishing certain conditions for the 2024 presidential election, some US sanctions were temporarily lifted. The US Treasury Department began permitting production, investment and sale in the Venezuelan oil, gas and gold sectors.

The Venezuelan government immediately took advantage of this, in particular through the state-owned oil company PDVSA signing new contracts to export fuel oil and asphalt cement, for payment in euros. But the US warned that if conditions for a fair presidential election were not met by Maduro's administration, the easing of sanctions could be reversed.

In January 2024, the US revoked the license for Venezuela's mining sector following the Supreme Court review ratifying María Corina Machado's ban as presidential candidate, despite a court review of disqualifications having been agreed by Government and opposition party representatives. The US is further threatening to reimpose oil and gas industry sanctions in April.

Meanwhile, robbery of Venezuela's overseas assets continues. A US court has approved an auction between January and May 2024 of shares in the parent company of Citgo Petroleum, a US-based Venezuelan state corporation. Proceeds will pay businesses claiming compensation for expropriations carried out by Chávez over a decade ago. President Trump handed control of CITGO in 2019 to Guaidó and his allies, whose mismanagement has opened up CITGO to these claims, amounting to over \$23 billion.

The US's economic aggression and destabilisation attempts against Venezuela remain deep seated. Campaigning against US sanctions and the UK's continuing support for this drive to undermine Venezuela's national sovereignty remains a key priority for all parts of the solidarity movement here.

Sign the statement against US sanctions and for normalised relations with Venezuela at bit.ly/normaliserelationswithVenezuela