

Washington Escalates Venezuela Sanctions into Full-Fledged Embargo

Venezuelanalysis, Aug 6th 2019

The latest measures amount to a total trade embargo impacting both US and foreign entities.



US National Security Advisor John Bolton warned companies against dealing with the Venezuelan government. (EFE)

Caracas, August 6, 2019 (venezuelanalysis.com) – The Trump administration has imposed a sweeping economic embargo against Venezuela in its efforts to oust the Maduro government.

An [executive order](#) signed by Trump on Monday declares all Venezuelan state assets in the US “blocked,” prohibiting them from being “transferred, paid, exported, withdrawn, or otherwise dealt in” unless specific exemptions are issued by the Treasury Department. All transactions with Venezuelan state entities are likewise forbidden.

Crucially, the executive order likewise authorizes the Treasury Department to issue secondary sanctions against non-US third parties deemed to have “materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services” to the Venezuelan government.

While previous executive orders had already laid the legal basis for secondary sanctions against foreign actors dealing with Venezuela’s state oil, mining, and banking sectors, the present White House decree expands the blacklist to encompass all business with the Venezuelan state.

“We are sending a signal to third parties that want to do business with the Maduro regime: Proceed with extreme caution,” stated US National Security Advisor John Bolton, adding that those who flout sanctions “risk [their] business interests with the United States.”

Bolton made the remarks during a gathering of fifty-six countries that recognize opposition leader Juan Guaido as Venezuela’s “interim president” in Lima, Peru on Tuesday. President Nicolas Maduro continues to be recognized by Russia, China, the United Nations, and the rest of the international community.

At the conference, Bolton threatened Moscow and Beijing not to “double-down” in support of the Maduro administration, which he described as “now join[ing] that exclusive club of rogue states.”

The senior Trump official likened the embargo to that imposed on the elected Sandinista government as well as the asset freezes targeting the Noriega regime in the 1980s, while the [Wall Street Journal](#) compared the stringent measures to the draconian US sanctions regimes against Cuba, Iran, Syria or North Korea.

The executive order includes an exemption permitting transactions involving “articles such as food, clothing, and medicine intended to be used to relieve human suffering.”

However, analysts such as Torino Capital Chief Economist [Francisco Rodriguez](#) have warned that humanitarian exemptions have “tended to be ineffective when applied to other countries facing similar regimes.”

Rodriguez had already projected Venezuela’s economy to contract by 37 percent in 2019 largely as a result of previous sanctions, which economists Mark Weisbrot and Jeffrey Sachs have described as a form of “[collective punishment](#)” in a recent study.

Despite the latest measures containing no provisions directly targeting Venezuela’s private sector as a whole, Rodriguez has observed that “most firms in the country have a significant degree of interaction with the country’s government,” meaning that the executive order could in practice amount to a full-scale trade embargo.

Venezuelan Vice President Delcy Rodriguez hit back at the embargo, calling it a “dangerous step towards a total asphyxiation” of the country’s economy. Rodriguez went on to say that Venezuela would appeal to international bodies, while also calling for national unity. A march rejecting Washington’s escalation is due to take place on Wednesday.

Foreign Minister Jorge Arreaza called on UN Secretary General Antonio Guterres and UN Human Rights Chief to condemn what he termed a “human rights” violation against the Venezuelan people. He added that Venezuela is working on an “alternative architecture” to counter US sanctions, but which makes transactions more costly.

For his part, the head of the Russian upper house's international affairs committee, Konstantin Kosachev, said Tuesday the US policy amounts to "international banditry." He told the state RIA Novosti news agency that the move constitutes "open meddling into Venezuela's internal affairs."

Meanwhile, self-proclaimed "Interim President" Juan Guaido wrote on Twitter that the sanctions "safeguarded" CITGO and its assets, as well as the Venezuelan private sector which "does not do business with a dictatorship." The opposition leader concluded that Washington's latest actions "look to protect Venezuelans."

Guaido [declared](#) himself "interim president" on January 23 and was promptly backed by the US and regional allies. In the six months since, the Venezuelan opposition has repeatedly sought to oust the Maduro government, including via an attempt to force "[humanitarian aid](#)" across a closed Venezuela-Colombia border on February 23 as well as a failed [military putsch](#) on April 30.

Monday's embargo follows months of escalating sanctions from the Treasury Department against key sectors of the Venezuelan economy, including [mining](#), [banking](#), and especially oil. Washington targeted Caracas' main source of foreign currency with an [embargo](#) in late January, while also imposing [restrictions](#) on Venezuela's ability to import diluents and fuel. More recently, the Treasury Department sanctioned the government's [CLAP](#) subsidized food program.

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