

“Trump administration slaps sanctions on Venezuela’s state-owned oil company”

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In a press conference, US officials announced that they would sanction Venezuela’s state-owned oil company, PDVSA. Specifically, most companies in the US will be banned from importing Venezuelan oil. In addition, \$7 billion in Venezuelan assets have been frozen. Although some refineries will still be able to purchase the oil, the money paid will go into “blocked accounts” so that the Maduro administration cannot obtain the funds. It wasn’t clear from the article how exactly this would work. Presumably, the Venezuelan company would stop selling its oil to US firms if they weren’t going to get paid.

Apparently, these new US policies are made in an attempt to put pressure on Maduro to give up his power. Observers consider the election in May 2018 to have been corrupt. As a result, most South American countries, along with the United States, United Kingdom, and a few other countries, have called on Maduro to step down. They have also recognized Juan Guaido, Maduro’s opponent, and the elected leader of the country’s National Assembly.

Although details weren’t provided in this article, the economy of Venezuela has crashed over recent years, likely due to socialist rule. The GDP has dropped roughly in half since 2013, and reports have suggested that the average citizen’s weight has declined significantly over the past couple of years, an indication that there are food shortages in the country.

It is unclear how these policy changes would affect US gas prices, since the US imports a relatively small percentage of its oil from Venezuela.

# Trump administration slaps sanctions on Venezuela's state-owned oil company

Deirdre Shesgreen, USA TODAY

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Underscoring that "all options are on the table," the Trump administration imposed sanctions on the state-owned oil company of Venezuela Monday, a move aimed at increasing pressure on President Nicolas Maduro to cede power to the opposition. (Jan. 28) AP

WASHINGTON – The Trump administration slapped sanctions on Venezuela's state-owned oil company on Monday – a move that will ratchet up pressure on embattled President Nicolas Maduro but could increase gas prices for American consumers.

Most American companies will be barred from importing Venezuelan oil under the new sanctions. The administration will also freeze \$7 billion in Venezuelan oil assets as of Monday, said National Security Adviser John Bolton in a White House news conference.

A handful of American refineries will still be able to continue to purchase Venezuelan oil but any revenue will go into "blocked accounts," so Maduro's regime cannot access that vital stream of funds, Treasury Secretary Steven Mnuchin told reporters at the news conference.

Mnuchin said the administration will try to make the oil revenue available to Venezuela's opposition leader, Juan Guaido. President Donald Trump recognized Guaido as the legitimate president of Venezuela last week and has pressured Maduro to relinquish power.

Mnuchin said he did not expect the actions to cause a spike in U.S. gas prices.

"We're dealing with Venezuelan oil that is a rather modest part of our overall supply," he said. "I'm sure many of our friends in the Middle East will be happy to make up the supply."

The U.S. imported more than \$10 billion worth of oil from Venezuela in 2017, making it one of the top sources of crude for American refineries along with Saudi Arabia, Canada and Iraq.

Venezuela has the largest amount of proven oil reserves in the world, and oil revenues account for about 98 percent of the country's export earnings, according to the Organization of the Petroleum Exporting Countries (OPEC).

The oil industry is mainly controlled by a company called Petroleos de Venezuela, S.A., known more commonly as PDVSA.

Mnuchin said the U.S. could lift sanctions on PDVSA if it transferred operational control to Guaido, who declared himself interim president last week, or to another democratically elected government. Maduro was sworn in for a second term on Jan. 10 after an election widely viewed as fraudulent.

Mnuchin conceded that some U.S.-based refineries are dependent on Venezuelan oil. Citgo Petroleum Corp., a Houston-based refiner, is majority owned by PDVSA. Texas-based Valero Energy Corp. is also a major importer of Venezuelan oil.

Mnuchin said there's "plenty of supply" of Venezuelan crude in the pipeline, explaining that American-based firms have paid for some shipments that are now en route to the U.S.

Sen. Marco Rubio, R-Fla., who has pressed Trump to take a hard line against Maduro, said the sanctions would deprive a corrupt regime of a vital source of revenue.

"The Maduro crime family has used PDVSA to buy and keep the support of many military leaders," Rubio said in a statement Monday. "The oil belongs to the Venezuelan people, and therefore the money PDVSA earns from its export will now be returned to the people through their legitimate constitutional government."

Sen. Bob Menendez, D-N.J., the top Democrat on the Senate Foreign Relations Committee, also applauded the move but said he worried about the economic impact on the Venezuelan people, who are already suffering amid hyperinflation and food shortages.

Menendez said there are "more questions than answers about the administration's strategy" and called on Trump officials to brief lawmakers on its Venezuela policy.

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*Contributing: David Jackson*

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Large crowds of protesters gathered in Caracas waving flags and chanting "Get out Maduro" in what was shaping up to be the largest demonstration since a wave of unrest that left more than 120 dead in 2017. (Jan. 23) AP

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