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President Trump Issues Executive Order Prohibiting Transactions Involving the Government of Venezuela

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May 22, 2018 – On May 21, 2018, President Trump issued an Executive Order prohibiting certain transactions involving debt of the Government of Venezuelan or equity in entities majority-owned by the Government of Venezuela. The Executive Order follows the recent re-election of Venezuela’s incumbent president, Nicolás Maduro, which Secretary of State Mike Pompeo labeled a “sham.”

The Executive Order specifically bars U.S. persons from:

- Purchasing debt owed to the Government of Venezuela;
- Pledging as collateral debt owed to the Government of Venezuela; or
- Engaging in transactions involving any equity interest involving an entity owned 50% or more by the Government of Venezuela.

The Executive Order targets the Maduro Administration’s attempts to liquidate state-owned assets for pennies on the dollar in what President Trump called “fire sales” in a statement accompanying the Order.

The May 21 Executive Order is the third such order in the past year responding to the economic, political, and humanitarian crisis unfolding in Venezuela. On August 24, 2017, the President issued Executive Order 13808, which prohibits transactions involving long-term (90+ days) debt of the state-owned oil company (Petroleos de Venezuela, S.A.), mid-term (30+ days) debt of the Government of Venezuela, bonds issued by the Government of Venezuela, or dividend payments or distribution of profits to the Government of Venezuela. On March 19, 2018, the President also issued Executive Order 13827, which prohibits U.S. persons from engaging in transactions involving digital currency “issued by, for or on behalf of the Government of Venezuela.”

All of the Executive Orders issued by the Trump Administration thus far have avoided more comprehensive sanctions on Venezuela's oil sector, which administration officials warned could harm the Venezuelan people or American businesses. However, additional sanctions, including against the oil and gas sector, are possible if the situation in the country continues to deteriorate. In a conference call with the press after its March 19 Order, the White House warned that it is "considering all options, including oil sector sanction options."

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