

NEWSLETTER. 8 / 20

27th April 2020

U.S.A – Venezuelan Sanctions: General License 8F

The U.S.A. has issued an amended General License 8F, which is attached to this newsletter for ease of reference. This effectively supersedes General License 8E which was authorised until 22 April 2020. That license permitted specified transactions which were otherwise excluded by the sanctions imposed by the U.S.A. against PdVSA and any entity owned 50% or more by PdVSA or the Government of Venezuela.

General License 8F applies from 22 April 2020 until 1 December 2020. It permits five specified entities to continue transactions to which PdVSA are a party, but the extent of the operations and deadline within which to complete the same is limited.

The amendment enables the entities to perform essential operations only required to perform contracts entered into prior to 26 July 2019 and for the safety and preservation of assets in Venezuela. For example, no additional personnel can be contracted, except for safety purposes. Nor can any expansion, construction or improvement be made to any wells, except for safety purposes. But it does not allow the entities to continue typical operations such as drilling, lifting or processing of, purchase or sale of, or transport or shipping of any Venezuelan-origin petroleum or petroleum products.

The amendment will also affect ship owners and operators, both U.S.A and non-U.S.A, because the transport or shipping of any Venezuelan-origin petroleum or petroleum products is prohibited. So any pending charters with the named five entities will need to be reviewed.

P.L. Ferrari urge clients to review the applicable sanctions position well in advance of contracting to perform or performing any voyage which could potentially be impacted by such measures.

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

**Venezuela Sanctions Regulations
31 C.F.R. Part 591**

GENERAL LICENSE NO. 8F

Authorizing Transactions Involving Petróleos de Venezuela, S.A. (PdVSA) Necessary for the Limited Maintenance of Essential Operations in Venezuela or the Wind Down of Operations in Venezuela for Certain Entities

(a) Except as provided in paragraphs (c) and (d) of this general license, all transactions and activities prohibited by Executive Order (E.O.) 13850 of November 1, 2018, as amended by E.O. 13857 of January 25, 2019, or E.O. 13884 of August 5, 2019, each as incorporated into the Venezuela Sanctions Regulations, 31 C.F.R. part 591 (the VSR), that are ordinarily incident and necessary to the limited maintenance of essential operations, contracts, or other agreements, that: (i) are for safety or the preservation of assets in Venezuela; (ii) involve PdVSA or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest; and (iii) were in effect prior to July 26, 2019, are authorized through 12:01 a.m. eastern standard time, December 1, 2020, for the following entities and their subsidiaries (collectively, the “Covered Entities”):

- Chevron Corporation
- Halliburton
- Schlumberger Limited
- Baker Hughes, a GE Company
- Weatherford International, Public Limited Company

Note to paragraph (a): Transactions and activities necessary for safety or the preservation of assets in Venezuela that are authorized by paragraph (a) of this general license include: transactions and activities necessary to ensure the safety of personnel, or the integrity of operations and assets in Venezuela; participation in shareholder and board of directors meetings; making payments on third-party invoices for transactions and activities authorized by paragraph (a) of this general license, or incurred prior to April 21, 2020, provided such activity was authorized at the time it occurred; payment of local taxes and purchase of utility services in Venezuela; and payment of salaries for employees and contractors in Venezuela.

(b) Except as provided in paragraph (d) of this general license, all transactions and activities prohibited by E.O. 13850, as amended, or E.O. 13884, each as incorporated into the VSR, that are ordinarily incident and necessary to the wind down of operations, contracts, or other agreements in Venezuela involving PdVSA or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest, and that were in effect prior to July 26, 2019, are authorized through 12:01 a.m. eastern standard time, December 1, 2020, for the Covered Entities.

(c) Paragraph (a) of this general license does not authorize:

(1) The drilling, lifting, or processing of, purchase or sale of, or transport or shipping of any Venezuelan-origin petroleum or petroleum products;

(2) The provision or receipt of insurance or reinsurance with respect to the transactions and activities described in paragraph (c)(1) of this general license;

(3) The design, construction, installation, repair, or improvement of any wells or other facilities or infrastructure in Venezuela or the purchasing or provision of any goods or services, except as required for safety;

(4) Contracting for additional personnel or services, except as required for safety; or

(5) The payment of any dividend, including in kind, to PdVSA, or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest.

(d) This general license does not authorize:

(1) Any transactions or dealings related to the exportation or reexportation of diluents, directly or indirectly, to Venezuela;

(2) Any loans to, accrual of additional debt by, or subsidization of PdVSA, or any entity in which PdVSA owns, directly or indirectly, a 50 percent or greater interest, including in kind, prohibited by E.O. 13808 of August 24, 2017, as amended by E.O. 13857, and incorporated into the VSR; or

(3) Any transactions or activities otherwise prohibited by the VSR, or any other part of 31 C.F.R. chapter V, or any transactions or activities with any blocked person other than the blocked persons identified in paragraphs (a) and (b) of this general license.

(e) Effective April 21, 2020, General License No. 8E, dated January 17, 2020, is replaced and superseded in its entirety by this General License No. 8F.

Andrea M. Gacki Digitally signed by Andrea M.
Gacki
Date: 2020.04.21 17:20:16 -04'00'

Andrea Gacki
Director
Office of Foreign Assets Control

Dated: April 21, 2020