

April 2026

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Regulatory Update

OFAC's Changes to Venezuela Sanctions Reflect Investment Opportunities, Compliance Risks for US Investors

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Since the fall of Venezuela's President Nicolás Maduro on Jan. 3, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued a number of broad authorizations, known as general licenses (GLs), to loosen regulatory restrictions on commercial dealings with Venezuela and encourage U.S. investment in the country.

These GLs should be considered not only from a legal-and-compliance perspective — and they do increase investment opportunities in Venezuela, which will increase compliance risk for companies operating there — but also as part of a fundamental shift in the countries' economic relationship. OFAC's recent actions, coinciding with Venezuelan legal reform liberalizing investment in the country, indicate the U.S. is using its sanctions authority to explicitly benefit domestic U.S. economic interests, both as to Venezuela and potentially under other sanctions programs where the United States' underlying relationship with the target country may be fundamentally shifting.

In light of these new opportunities, potential U.S. investors will be well-served to explore not only the specific conditions required by OFAC's significant loosening of restrictions on U.S. investment in the country, but also carefully evaluating the compliance risks of expanded presence and ongoing operations in the country.

Background

The United States has maintained increasingly strict sanctions against Venezuela since 2017. While Venezuela is not subject to comprehensive sanctions (i.e., an “embargo”), OFAC's restrictions have increased from limiting U.S. person dealings in certain types of Venezuelan government and state-owned entity (SOE) debt in 2017,¹ to authorizing blocking sanctions in 2018 on various entities, which subsequently allowed for the designation of several SOEs,² and in 2019 imposing blocking sanctions on the full Government of Venezuela.³

Almost immediately after the removal of President Maduro on Jan. 3, Executive Order 14373 was issued to prevent efforts to attach, or otherwise access through legal civil processes, revenues from the sale of Venezuelan natural resources (e.g., oil). The order requires that the proceeds of sales of Venezuelan commodities by sanctioned Venezuelan entities pursuant to OFAC GLs be deposited in U.S. government-controlled accounts — funds that might otherwise be paid to the Government of Venezuela or seized judicially by commercial claimants, thereby facilitating those sales under prescribed conditions while denying the Venezuelan government and officials access to funds.⁴ Since then, OFAC has issued 16 Venezuela-related GLs and amendments, each with the purpose to facilitate U.S. investment and promote allied economic interests in certain industry sectors. The GLs

expand the market to allow U.S. person participants' engagement without requiring specific licenses for every transaction.

New Venezuela General Licenses and Authorizations

At a high level, the newly issued GLs are as follows, concentrated in the oil and gas, metals and mining, and petrochemical sectors:

- General License 46B (originally issued as GL 46 on Jan. 29, then limited to only Venezuelan-origin oil) authorizes “established U.S. entit[ies]” to buy, sell, transport, store and refine Venezuelan-origin oil and — if for importation to the U.S. — Venezuelan-origin petrochemical products, as well as activities ordinarily incident and necessary to dealings related to those products. OFAC further interprets this license as permitting downstream trading in Venezuelan oil, including by persons not qualifying as “established U.S. entities,” once the interest of any blocked entity in the oil has been extinguished.⁵
- General Licenses 47 (issued on Feb. 3) and 48A (originally issued as GL 48 on Feb. 10) authorize upstream activities to facilitate increased oil and gas production in Venezuela. General License 47 authorizes the export, sale and delivery of U.S.-origin diluents to Venezuela, including in transactions involving the Government of Venezuela or PdVSA, critical inputs necessary to facilitate increased production and the export of Venezuelan crude. GL 48 authorized the provision of goods, technology, software and services necessary for oil and gas exploration and production, enabling the technical restoration or development of productive capacity. GL 48A expands that authorization to include petrochemical products as well as support for the generation, transmission, storage and distribution of electricity.
- General License 49A (originally issued as GL 49 on Feb. 13) authorizes the negotiation and entry into contracts for new investment in the oil and gas sectors in Venezuela (and, as of the amended license issuance, the petrochemical and electricity sectors) with PdVSA and/or the Government of Venezuela, so long as the contracts are contingent on obtaining separate authorization (i.e., a specific license) from OFAC.
- General License 50A (originally issued as GL 50 on Feb. 13) grants broader operational authorization to several (five in the original issuance, expanded to six in the amendment) multinational energy companies, currently in partnership with PdVSA and/or the Government of Venezuela.
- General License 51A (originally issued as GL 51 on March 6) authorizes U.S. entities to export and otherwise deal in Venezuelan-origin minerals, such as gold, including in transactions involving the Government of Venezuela or Minerven (the state-owned mining company).
- General License 52 (issued on March 18) authorizes U.S. entities to transact with PdVSA and/or the Government of Venezuela across a broad range of activities in the Venezuelan energy sector, including producing and exporting petroleum products, oil and gas exploration, and forming joint ventures around such activities.
- General License 53 (issued March 24) authorizes the provision of goods and services in the United States to official missions of the Government of Venezuela or to permanent missions of the Government of Venezuela to international organizations in the United States.
- General License 54 (issued March 27) authorizes the provision from the United States or by U.S. persons of goods and services to Venezuela, including the Government of Venezuela and Minerven, for the exploration, development, mining, extraction, processing, refining, or production of minerals, including gold, in Venezuela.
- General License 55 (issued March 27, 2026) authorizes the negotiation and entry into contracts for new investment in the minerals sector in Venezuela, so long as the contracts are made contingent on obtaining separate authorization (i.e. a specific license) from OFAC.

Taken together, these GLs reflect a clear U.S. government policy to facilitate investment in Venezuela, with many incorporating the requirement that established U.S. entities participate in licensed activity demonstrating a clear intent to facilitate U.S. investment and economic activity, not applicable to other countries.

Importantly, unlike the repeal of the Syrian Sanctions Regulations, for example, U.S. sanctions on Venezuela remain in place. While the GLs permit U.S. persons to engage in a broad range of

otherwise prohibited activities, the fact that the Venezuelan sanctions regime remains in place signals significant regulatory uncertainty as GLs may be revoked at any time or simply not renewed for those that have expiration dates. The executive orders and the blocking sanctions designations imposed pursuant to those orders on the Government of Venezuela or others remain in place, continuing to prohibit activities not covered in the GLs (or specific licenses, as those may be issued) and having the potential to snap fully back into place should OFAC revoke the applicable licenses.

Implications for Companies Engaging in Business With Venezuela

These GLs provide opportunities for U.S. persons to engage in business related to the oil and gas, petrochemical and metals and mining industries in Venezuela, albeit under certain conditions. OFAC's rapid release of new guidance and GLs represent only the U.S. side of what appears to be a fundamental re-ordering of the U.S.-Venezuela economic relationship. Indeed, while OFAC was promulgating these GLs, Venezuela's acting president signed into law a bill overhauling investment in oil and gas industry to permit increased foreign investment. The new law moved to restructure the Venezuelan hydrocarbons framework to attract private participation and grant operators more commercial freedom.

Even though non-U.S. persons may provide incidental and necessary services,⁶ the GLs are clearly intended to benefit U.S. entities and U.S. commerce, including several whose authorizations exist only for entities organized under the laws of the United States or any jurisdiction within the United States on or before January 29, 2025⁷ and a select few international companies.⁸ By selectively authorizing activity necessary to stabilize Venezuela's oil and gas, metals and mining sectors, the United States preserves influence over a strategically significant energy supply while mitigating the risk that Venezuela's production capacity will shift to U.S. adversaries.

An in-depth reading of the GLs also reveals that they are not a retreat from sanctions enforcement but a deliberate recalibration intended to prioritize U.S. interests. Several of the GLs, for example, impose similar restrictions on authorized transactions, such as requiring those transactions to be regulated under U.S. laws or the laws of a United States jurisdiction and requiring dispute resolution to be in the United States (where the contract governing those transactions is with the Government of Venezuela or certain state-owned entities).

Overall, the GLs are intended to encourage U.S. companies to invest in Venezuela under certain conditions. While some U.S. interests will likely be able to avail themselves of these opportunities, making those investments will present complex transactional and compliance risks. As much of the Venezuelan economy remains under some form of U.S. sanctions, expanded operations in the country themselves will present complex compliance challenges as well.

Paul Hastings stands ready to advise our clients on the rapidly evolving U.S., U.K., EU and global foreign and trade policy environments and the impact they have on our clients.



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- ¹ Exec. Order No. 13,808, 82 C.F.R. § 41,155 (2017).
- ² Exec. Order No. 13,850, 83 C.F.R. § 55,243 (2018).
- ³ Exec. Order No. 13,884, 84 C.F.R. § 38,843 (2019).
- ⁴ Exec. Order No. 14,373, 91 C.F.R. § 2045 (2026).
- ⁵ U.S. Dep't. of the Treas., Office of Foreign Assets Control (OFAC), FAQ 1235 (Feb. 6, 2026) <https://ofac.treasury.gov/faqs/1235>.
- ⁶ See U.S. Dep't. of the Treas., OFAC, FAQ 1230 (Feb. 6, 2026) <https://ofac.treasury.gov/faqs/1230>.
- ⁷ See, e.g., U.S. Dep't. of the Treas., OFAC, Venezuela General License No. 46B (Mar. 13, 2026).
- ⁸ See, e.g., U.S. Dep't. of the Treas., OFAC, Venezuela General License No. 50A (Feb. 18, 2026).

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