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Venezuela sanctions - US amends General License 8 affecting Chevron shipments



Tony Paulson
Head of Asia & Corporate Director

On 21 April 2020 OFAC issued an amended General License 8 which allows certain operations related to the oil industry of Venezuela to be conducted by several U.S. entities, namely Chevron, Halliburton, Schlumberger, Baker Hughes and Weatherford International. The revised License runs from 22 April until 1 December 2020.

Whilst continuing to authorise a number of activities that are ordinarily incident and necessary to the entities' operations the License now contains a notable exclusion for:

"The drilling, lifting, or processing of, purchase or sale of, or transport or shipping of any Venezuelan-origin petroleum or petroleum products"

As the Club's U.S. attorneys Freehill Hogan and Mahar note in a helpful Client Alert on this development, although the License is technically intended to only apply to U.S. persons it will by extension also impact non-U.S. shipowners since oil cargoes shipped by Chevron and its joint venture partners from Venezuela are now expressly excluded from the protection of General License 8 and may therefore expose carriers undertaking such trades to enforcement action by the U.S. authorities.

Freehill's go on to conjecture that these new prohibitions may be a foretaste of wider action by the U.S. against Venezuelan oil shipments generally, saying that:

"...the changes in the license are indicative, in our view, of the administration's enhanced focus on Venezuela and international shipping. The license forecasts that Venezuelan-origin petroleum and petroleum products may become a direct focus of the U.S.'s sanctions policy. As such, any voyages involving the carriage of such may present sanction risks."

All Members are therefore strongly advised to consider avoiding any involvement with Chevron-related Venezuelan cargoes and to also continually assess the overall sanctions risks posed by the carriage of oil and petroleum products from Venezuela. Those with any questions on this or any other sanctions matters are encouraged to contact the Managers.

Freehill Client Alert

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