

Trump administration imposes sanctions on Venezuelan oil industry

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At a White House news briefing on Monday, National Security Advisor John Bolton and Treasury Secretary Steven Mnuchin announced the imposition of wide-ranging sanctions against the Venezuelan state oil company, Petróleos de Venezuela, S.A. (PDVSA).

The sanctions constitute an act of war in support of the US-led regime-change operation against the government of Venezuelan president Nicolás Maduro. They are aimed at securing the support of the Venezuelan military for a coup that would place power in the hands of Juan Guaidó, a right-wing politician and State Department asset who proclaimed himself “interim” president on January 23.

The sanctions prevent US companies and individuals from doing business with PDVSA properties and interests, including its US-based subsidiary, Citgo, unless any earnings from those transactions are placed in accounts from which the Maduro government is blocked. While it has been reported that European and Caribbean companies will be given some time to wind down transactions, it is unclear how far-reaching the sanctions are, and neither Bolton nor Mnuchin provided any details.

As the US imports approximately 41 percent of Venezuela’s oil production, the de facto embargo is a huge blow to Venezuela’s already crippled economy, with Bolton himself estimating that the sanctions would deprive Venezuela of \$11 billion in earnings. Oil exports constitute about 95 percent of the country’s total export earnings, meaning that the new sanctions will result in further shortages of food, medicine and other commodities.

Although it is expected that the Maduro government will seek other buyers for its oil, some of the more natural options, including Russia and China, may not be viable, as Venezuela is deeply in debt to both and

already sends oil to those countries in payment.

Venezuela is the fourth-largest source of US oil imports, amounting to around 580,000 barrels per day (bpd), which is around 6 percent of US oil imports. This is a significant decline from the 1.2 million bpd that Venezuela supplied just 10 years ago. Venezuelan oil exports last year fell by 33 percent compared to 2017, and Venezuelan refineries are reported to be operating at one-third capacity, largely due to shortages of parts and other necessary supplies.

The International Monetary Fund (IMF) has predicted that the Venezuelan economy will shrink by five percent next year, while inflation is expected to reach 10 million percent, a nearly incomprehensible figure. Some 2.6 million Venezuelans have emigrated because of the economic crisis, while 64 percent of those remaining in the country are living under conditions of extreme poverty. In response to the ongoing crisis, the Maduro government devalued the Venezuelan currency by 35 percent on Monday in order to bring it in line with the black-market exchange rate.

There is likely to be an impact on workers at US companies due to the sanctions, especially those working at refineries that handle Venezuelan heavy crude, including those of Citgo, Valero and PBF Energy. According to Mnuchin, refiners are likely to experience “modest” impact in the “short term.”

This latest move in the US government’s attempts at regime change are likely to be devastating to Venezuelan workers, even aside from any violent clashes between supporters of Maduro and Guaidó. A recently published report on Venezuelan sanctions by former special UN rapporteur Alfred de Zayas made clear that “sanctions kill” and recommended that the International Criminal Court consider US sanctions as possible crimes against humanity under the Rome

Statute.

The report says, “Modern-day economic sanctions and blockades are comparable with medieval sieges of towns,” and “Twenty-first century sanctions attempt to bring not just a town, but sovereign countries to their knees.”

Nor are the sanctions likely to be the end of the increasingly provocative actions against Venezuela. During the news conference at which the sanctions were announced, Bolton threatened military intervention by carrying a notepad with “5,000 troops to Colombia” on it during the news conference. This can only mean the US is prepared to intervene directly in order to topple the Maduro government, the result of which would no doubt be a bloodbath.

The governments of other countries closely allied with American imperialism have fallen in line with the US attempt to foment a civil war in Venezuela, with a number of governments recognizing Guaidó as interim president, including Israel, Canada and Australia.



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