

Latest Sanctions Developments: Venezuela, Russia, and Yemen

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The Trump administration continues to ramp up sanctions on Venezuela and Yemen's Houthis, while sending mixed signals about its intentions with respect to Russia. We provide brief updates on these three areas, following up from our [earlier post](#) about the new administration's policy and enforcement approach relating to national security and trade more generally.

Venezuela

On March 5, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued General License (GL) [41A](#), effectively requiring Chevron to cease its previously authorized operations in Venezuela by April 3. This action revokes [GL 41](#), issued in November 2022, which had permitted Chevron to extract Venezuelan oil and export it to the U.S., and to support its joint ventures in Venezuela more broadly, such as with component and diluent imports. GL 41 included an automatic monthly renewal feature with a six-month validity period. The one-month wind-down period provided by GL 41A reflects the Trump administration's desire to impose rapid and tough pressure on the Maduro regime.

This sharp turn in policy and very tight wind-down authorization is also a lesson for others relying on OFAC authorizations under this administration, which has shown that it will not hesitate to impose pain on companies even when implementing unexpected and severe policy reversals. Public [reporting](#) indicates that OFAC has notified other companies in Venezuela that their licenses are also about to be revoked, with similar 30-day wind-downs. These same reports cite estimates by certain groups that the Chevron withdrawal alone could cause as much as a 7.5% contraction in Venezuela's GDP this year, as Chevron's activity in the country accounts for about 25% of the Maduro regime's revenue.

As with Iran, we would expect that the Trump administration ultimately aims for a negotiated resolution — but in the case of Venezuela focused on cooperation with deportation and efforts toward democratization — even as it imposes severe economic pain through sanctions. Interested parties should continue to watch for any indications of talks commencing, with the possibility of sanctions being relaxed if an agreement can be reached.

Russia

The Trump administration's [initial signals](#) were that it would continue or even accelerate the Biden administration's ramping up of sanctions against Russia in order to gain more leverage at the negotiating table.

However, in recent weeks, the well-publicized disagreements between the U.S. and Ukrainian leadership, and friendlier signals toward Russia, cast some doubt on that path.

Last week, different press reports indicated at the same time that the administration is looking at further increasing sanctions on Russia, and also reducing those sanctions. President Trump [stated](#) on social media: “Based on the fact that Russia is absolutely ‘pounding’ Ukraine on the battlefield right now, I am strongly considering large scale Banking Sanctions, Sanctions, and Tariffs on Russia until a Cease Fire and FINAL SETTLEMENT AGREEMENT ON PEACE IS REACHED . . . To Russia and Ukraine, get to the table right now, before it is too late. Thank you!!!” Secretary of the Treasury Scott Bessent on March 6 had [criticized](#) “the Biden administration’s egregiously weak sanctions on Russian energy,” and said this administration “will not hesitate to go all in should it provide leverage in peace negotiations. Per President Trump’s guidance, sanctions will be used explicitly and aggressively for immediate maximum impact.”

But other reports from last week [state](#) that the Trump administration is looking at potentially changing, or even altogether removing, the “price cap” on Russian oil (and possibly also the similar policy on petroleum products) if there is progress with peace talks. Such a move may have a limited impact if the EU and UK do not follow it, as the price cap primarily impacts the insurance and shipping industries, which are highly concentrated in the EU and UK.

With all of this political posturing, it is important to understand that the current glide path is a significant increase in U.S. sanctions on Russia: OFAC’s [GL 8L](#), which authorizes critical banking transactions relating to Russia’s energy sector (including oil, gas, petroleum products, coal, nuclear, biofuels, and electricity), is set to expire on March 12. After that date, strict OFAC prohibitions and broad secondary sanctions on non-U.S. persons will kick in. Combined with the now very broad sanctions on Russia’s “shadow fleet” and other key elements of its energy industry, these unprecedented banking sanctions will open serious questions about how Russia will continue to sell and transport (and get paid for) its energy products.

Yemen

On March 4, the U.S. Department of State [designated](#) Ansarallah, also known as the Houthis, as a Foreign Terrorist Organization (FTO). This reverses the Biden administration’s 2021 removal of the first Trump administration’s FTO designation of the Houthis, which the Biden administration did out of concern for the disproportionate impact the FTO prohibitions could have on humanitarian access and people-to-people contacts in Yemen. As discussed in our recent [publication](#), both U.S. and non-U.S. persons face severe legal consequences in dealing with designated FTOs, such as Ansarallah.

The State Department’s press release included warnings for Chinese and other parties that may be interacting with the Houthis: “Most recently, the Houthis spared Chinese-flagged ships while targeting American and allied vessels. Separately, the United States will not tolerate any country engaging with terrorist organizations like the Houthis in the name of practicing legitimate international business.”

The Trump administration’s decision follows a series of attacks by Ansarallah, including the seizure of commercial vessels in the Red Sea, which have threatened international shipping lanes, and attacks against Israel. Despite recent [indications](#) by the Houthis that they may limit the scope of their attacks following the temporary ceasefire in

Gaza, it [appears](#) they may have downed yet another U.S. military drone last week.

Concurrently with the re-designation of the Houthis as an FTO, OFAC issued amended GLs [22A](#), [23A](#), [24A](#), [25A](#), [26A](#), and [28A](#), renewing and updating, or in some cases (in particular for the delivery of refined petroleum products) reducing, the scope of previously authorized transactions involving Ansarallah.

Please reach out to the authors for any questions about these developments.

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