

Locke Lord QuickStudy: OFAC Extends General License to Allow Export Liquefied Petroleum Gas to PdVSA for Humanitarian Aid

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The Venezuela Sanctions Regulations, 31 CFR Part 591 ("VSR"), which was enacted pursuant to Executive Order ("EO") 13850 of November 1, 2018 ("Blocking Property of Additional Persons Contributing to the Situation in Venezuela"), as amended by EO 13857 of January 25, 2019 ("Taking Additional Steps To Address the National Emergency With Respect to Venezuela", and EO 13884 of August 5, 2019 ("Blocking Property of the Government of Venezuela"), generally blocks U.S. persons from conducting any business with the Maduro government of Venezuela and its controlled business, including Petróleos de Venezuela, S.A. ("PdVSA"). Transactions for humanitarian aid that benefit the people of Venezuela are excepted in most cases.

On July 8, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued General License ("GL") 40C which allows one more year of sales of liquified natural gas ("LNG") products to Venezuela. There is a severe shortage of LNG in Venezuela that has forced residents to turn to burning wood. Venezuela currently produces less than half of its local LNG demand, and production continues to decrease due to failing Venezuelan infrastructure.

GL 40C

GL 40C, which replaces GL 40B, extends through July 8, 2025, the authorization for U.S. persons to export and reexport liquefied petroleum gas to Venezuela, including exports that involve the Government of Venezuela, PdVSA, and PdVSA's controlled subsidiaries.

GL 40C does not authorize any payment in-kind of petroleum or petroleum products, nor does it authorize any transactions otherwise prohibited by the VSR, prohibited by any other OFAC sanctions regulations (31 CFR Chapter V), or involving any blocked persons other than PdVSA, its controlled subsidiaries, or the Government of Venezuela person that is blocked solely pursuant to EO 13884.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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