

Locke Lord QuickStudy: OFAC Tightens Sanctions Related to Venezuela Non-Commercial Flights

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On February 29, 2024, the U.S. Department of the Treasury's Office of Foreign Assets ("OFAC") amended General License ("GL") 45B related to Venezuela Sanctions Regulations, 31 CFR part 591. Subsequently, on March 1, 2024, OFAC published FAQ 1167, updated FAQs 1137 and 1141, and deleted FAQs 1142-1144 to accompany the recently amended GL 45B.

GL 45B

GL 45B, which replaces and supersedes in its entirety GL 45A, provides a general license that allows Consorcio Venezolano de Industrias Aeronauticas y Servicios Aereos, S.A. and its controlled subsidiaries ("Conviasa") only to transport Venezuelan nationals back to Venezuela from non-U.S. jurisdictions in the Western Hemisphere. In connection with the exclusive license to transport Venezuelan nationals back to Venezuela from non-U.S. jurisdictions in the Western Hemisphere, the GL also authorizes the refueling, repair and maintenance of "blocked aircraft" of Conviasa for such repatriation services. All other activities relating to Conviasa and its aircraft remain blocked. Specifically, the general license contained in GL 45A that allowed Conviasa to conduct non-commercial (i.e., not-for-profit) flights between non-U.S. jurisdictions in the Western Hemisphere and Venezuela with blocked aircraft listed in the Annex to GL 45A are again prohibited.

FAQs

FAQ 1137 – For purposes of GL 45B, OFAC defines the term "Western Hemisphere" to mean those countries and areas identified by the U.S. Department of State on its website as comprising the Western Hemisphere.

FAQ 1141 – OFAC confirms that U.S. persons are permitted under GL 45B to provide refueling services, repair, and maintenance, to blocked Conviasa aircraft that are carrying out flights for the exclusive purpose of repatriating Venezuelan nationals from a third country in the Western Hemisphere to Venezuela.

FAQ 1167 – OFAC advises that in GL 45B it narrowed the scope of transactions previously authorized by GL 45A. GL 45B no longer authorizes transactions ordinarily incident and necessary to non-commercial flights (i.e., not-for-profit flights that are not intended to generate a profit for Conviasa) between non-U.S. jurisdictions in the Western Hemisphere and Venezuela that are not exclusively for the purpose of repatriation. In addition, OFAC removed the Annex and authorization related to the general maintenance (including repair) of aircraft previously listed in the GL

45A Annex, limiting the authorization for general maintenance to the aircraft being used for repatriation flights.

Given rising tensions between the Maduro government and the U.S., these new restrictions may just be the start of further tightening of restrictive measures on the Venezuelan economy, including Venezuela's state-owned oil and mining enterprises.

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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