



## PDVSA Turns to Cryptocurrencies in Oil Sales Strategy Amid Sanctions Reimposition

By Holland & Knight

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) on April 17, 2024, formally revoked the previously granted sanctions relief to Venezuela's oil and gas industry. Initially provided through General License 44, the relief was contingent on the Venezuelan government holding free elections. Due to the government's failure to meet this condition, OFAC issued General License 44A, nullifying the previous authorization of General License 44. This imposes new restrictions on commercial transactions with the Venezuelan oil and gas industry, with any future transactions deemed sanctions violations. The Treasury Department has set a deadline of May 31, 2024, for clients and suppliers of Petr leos de Venezuela S.A. (PDVSA) to settle their transactions.

In response to increasing economic difficulties and international sanctions, Venezuela is exploring cryptocurrencies as an alternative to oil sales. Since last year, PDVSA has been shifting oil sales to USDT, a digital currency tied to the dollar designed to maintain stability. This shift aims to reduce the risk of frozen oil sale proceeds in foreign bank accounts.

However, it's important to note that transactions using USDT don't meet compliance requirements for counterparts wishing to do business with PDVSA, necessitating an intermediary's involvement to avoid OFAC sanctions.

Additionally, USDT issuer Tether has announced freezing wallets using USDT to evade Venezuela oil export sanctions. So far, 41 wallets linked to the OFAC's Specially Designated Nationals list have been frozen.

Holland & Knight continuously monitors legal developments involving Venezuela.

### See Related Article:

- [OFAC Revokes General License 44 Related to Venezuela's Oil and Gas Sector](#), *Holland & Knight Alert*, April 19, 2024

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