



Office of
Deputy Commissioner
of Maritime Affairs

THE REPUBLIC OF LIBERIA LIBERIA MARITIME AUTHORITY

22980 Indian Creek Drive
Suite 200
Dulles, Virginia 20166, USA
Tel: +1 703 790 3434
Fax: +1 703 790 5655
Email: investigations@liscr.com
Web: www.liscr.com

12 February 2019

Marine Advisory: 04/2019

SUBJECT: Advisory on Sanctions on Petroleos de Venezuela, S.A. (“PdVSA”)

TO: ALL OWNERS/OPERATORS AND MASTERS OF LIBERIAN FLAGGED VESSELS

Dear Owner/Operator and Master:

On January 28, 2019, based on the United States’ President’s Executive Order 13850 (the “E.O. 13850”), the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) designated Petroleos de Venezuela, S.A. (“PdVSA”) as a “specially designated national” (“SDN”) or a sanctioned entity.

The designation of PdVSA to the SDN list also applies to all entities, 50% or more of which are owned by PdVSA, even if such entities are not on the SDN list. Additionally, if one of such entities which is 50% or more owned by PdVSA, in turn owns 50% or more of a third entity, then that third entity is also considered an SDN.

Impact on U.S. persons

As a result of such designation, all US persons, including all U.S. citizens and permanent resident aliens regardless of where they are located, all persons and entities within the United States, and all U.S. incorporated entities and their foreign branches will generally be prohibited from entering into transactions with PdVSA, subject to certain exceptions provided in the general licenses.

The licenses relevant to the shipping sectors are as follows:

- **General License 7, Section (a):** authorizes all transactions and activities prohibited by the E.O. 13850 with respect to PDV Holding Inc. and CITGO Holding Inc., and any of their subsidiaries, where they are the only PdVSA entities involved, until **July 27, 2019**.
- **General License 7, Section (b):** authorizes PDV Holding Inc. and CITGO Holding Inc., and their subsidiaries, to engage in all transactions and activities prohibited by the E. O. 13850 that are ordinarily incident and necessary to the purchase and importation of petroleum and petroleum products from PdVSA until **April 28, 2019**.
- **General License 11, Section (a):** authorizes U.S. person employees and contractors of non-U.S. entities located in a country other than the U.S. or Venezuela to engage in all activities ordinarily incident and necessary to the maintenance or wind down of pre-January 28 operations, contracts or other agreements involving PdVSA and its subsidiaries until **March**

29, 2019. After that date U.S. employees and contractors should have no involvement in any activities between their employers and PdVSA and its subsidiaries.

- **General License 12, Section (a):** authorizes transactions and activities prohibited by the E.O. 13850 that are ordinarily incident and necessary to the purchase and importation into the U.S. of petroleum and petroleum products from PDVSA or its subsidiary until **April 28, 2019**. After that date, any US persons engaged in transactions with PdVSA shall be subject to penalties.
- **General License 12, Section (b):** authorizes, all other transactions and activities prohibited by the E. O. 13850 that are ordinarily incident the necessary to the wind down of operations, contracts or other agreements (other than the importation of PDVSA petroleum and petroleum products into the United States) until **February 27, 2019**.
- **General License 13, Section (a):** authorizes all transactions and activities prohibited by the E.O. 13850 where only Nynas AB, or any of its subsidiaries, are involved, **until July 27, 2019**.

Additionally, any payments from a US-person are due to PdVSA, in respect of the trade permitted by General License 12, that is ordinarily incident and necessary under a transaction must be made into a blocked, interest-bearing account located in the United States.

Impact on non-U.S. persons

OFAC's guidance on application of the abovementioned sanctions to **non-U.S. persons** who deal with PdVSA (so called "secondary sanctions") is yet to be released. The E.O. 13850 calls for the blocking of all property in the U.S. of "any person" who is determined to "have materially assisted, sponsored, or provided financial, material or technological support for, or good or services to or in support of" a sanctioned party such as PdVSA. Therefore, non-US companies who wish to continue business relationship with PdVSA *may* be subjected to secondary sanctions in the future.

Given these developments, any parties continuing doing business with PdVSA should now exercise caution and thoroughly review the status of the U.S. primary and secondary sanctions against PdVSA to determine whether their activities may expose them to penalties.

Point of Contact

For further information regarding the issuance of this Advisory, contact the Marine Investigations Department at +1 (703) 790-3434 or email to investigations@liscr.com. If after business hours, please contact the Duty Officer at + 1 703 963 6216 or Dutyofficer@liscr.com.

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