

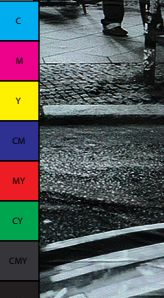
# Unilateral **Coercive** **Measures** against Venezuela

JULY\_2019



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## ECONOMIC BLOCKADE AGAINST VENEZUELA

### ECONOMIC BLOCKADE AS A WEAPON OF WAR AND CRIME AGAINST HUMANIST: THE OBJECTIVE IS THE MODEL

Since December 2014, Venezuela has been victim of a set of unilateral coercive measures by the government of the US and that has resulted in a severe economic blockade, affecting directly the social and economic performance of the country, the capacity of the Venezuelan State to import sensitive medicines, the use of international banking for diverse trade operations, and more recently, it has affected the effective control of the Bolivarian Republic over its energy and financial assets abroad.

These actions seek the undermining of Venezuelan society and the weakening of the country's sovereignty, with the purpose of a strategy of regime change that seeks to displace President Nicolás Maduro from power despite the fact that he was elected by more than 6 million votes on May 20th 2018.

A report presented by Alfred-Maurice de Zayas, independent expert of the United Nations (UN) for the promotion of a democratic and equitable international order, within the framework of the 39th session of the Human Rights Council in Geneva, Switzerland, in September 2018, determined that these punitive measures "in addition to obstructing access to external financing and international payments, have affected the normal performance of the national productive apparatus, creating a reduction in the supply of local goods and services."

The independent expert also specified that "the effects of the Obama and Trump "sanctions", as well as the unilateral measures by Canada and the European Union, have directly and indirectly aggravated the shortage of drugs such as insulin and antiretrovirals, that has caused delays in its distribution and caused aggravating circumstances, and in numerous cases, death ", which implies, according to Zayas, the consummation of "crimes against humanity" in the light of the Rome Statute of the International Criminal Court.

The economic blockade is usually classified as a weapon of war in the light of international law and human rights, not only because of the terrible damage caused by this strategy in nations such as Iraq, Cuba or Libya, but also because of the widespread use by the government of the US against independent and sovereign countries.

As recognized in a special report the most outstanding Think Tank of the war party in Washington, the famous Council on Foreign Relations (CFR), acknowledges that "Sanctions provide a visible and less costly alternative to military intervention."

CFR also states that "Sanctions, predominantly economic but also political and military (...) In any of these areas, the tactical purpose of a given sanction may be to dissuade, to force, to accuse and/or to punish."

The US government has applied punitive sanctions, including the embargo on oil exports, 95% of the nation's income, the illegal confiscation of gold reserves in the Bank of England and the prohibition of the use of bank accounts to import medicines and execute massive social protection programs.

This bombardment of measures, applied to the sources of income of the country, clearly points to the forced dismantling of the Venezuelan political-social model, inaugurated with the 1999 Constitution and the presidential triumph of Hugo Chávez, that put it focus on the equitable distribution of the income of the country to improve the life of the population and meet their needs.

The Venezuelan model has been a reference for the region and until a few years ago, received the recognition of different UN agencies for its proven success on the improvement of the population in social matters, the reduction to zero of illiteracy, the increase in consumption of proteins and access to education and free health. These advances describe the heart of the Venezuelan political model: participatory and protagonist democracy, framed in the national Constitution, which unprecedentedly changed the democratic culture of the country, based on the majority that had always been silenced and excluded.

Under these assumptions we can conclude that the US economic blockade against Venezuela, implies:

The application of a weapon of war that pursues the same objectives as a punitive military intervention, but without reaching it.

A set of illegal actions, extraterritorially applied, that violate the right to peace and self-determination of any Member State as indicated in the founding Charter of the United Nations. It is a violation of international law and an unauthorized use of force.

The consummation of crimes against humanity with serious effects on the enjoyment of the

human and economic rights of Venezuelan society.

The systematic deterioration of the Venezuelan population to access to the health system as an essential part of the Venezuelan social protection model.

The illegal confiscation of physical and financial assets of the Republic by billions of dollars, as a strategy of undermining national sovereignty and progressive looting.

The reduction of the country's income from oil exports to meet the needs of the Venezuelan population.

The illegal obstruction of the country's payments in international banking to prevent the importation of medicines and goods, necessary for the economic and social development of the country.

## INSTRUMENTALIZATION OF UNILATERAL COERCIVE MEASURES: A CHRONOLOGY

In an informative summary of the Department of State, the US government acknowledges that it has taken at least 150 unilateral coercive measures against Venezuela, since 2017.

These actions consist of an offensive that combines Executive Orders (OE) and designations from the OFAC list. Contrary to other study cases, in the Venezuelan case the executive branch of the US executive was directly responsible for the application of the economic blockade, based on an incremental logic that seeks to precipitate the economic and social suffering of the population as an effective weapon for the regime change.

The Executive Orders point in general to the institutions of the Venezuelan State responsible for the country's finances, international trade activities of various kinds, and with special harshness, against the point of gravity of the Venezuelan economy: the company *Petróleos de Venezuela* (PDVSA).

As a result, Venezuela's relationships with private banks, debt markets and other international financial institutions have been significantly impacted, which is a substantial part of the agenda for the siege and asphyxia that the war party in Washington leads.

**December 2014.** The US Congress approves Law 113-278: "Public Law for the Defence of Human Rights and Civil Society in Venezuela" through which the road map for unilateral coercive measures of the United States is established. Additionally, Law 113-278 expressly establishes "sanctions" on the Central Bank of Venezuela, and on PDVSA, that generates more than 90% of the income in foreign currency of the country. This law contemplates the possibility of applying unilateral blocking and freezing measures to assets, funds, goods and Venezuelan properties; suspension of entry, revocation of visas or other documentation to officials who hold public office, military officers and diplomatic representatives.

**March 8, 2015.** E.O N°13692: Law 113-278 to Executive Order, with the "Obama Decree" Venezuela was designated as an "unusual and extraordinary threat to US national security." From that moment, the American executive branch would be endowed with an exceptional power to carry out a set of unilateral coercive measures to intervene in the internal affairs of Venezuela.

**March 2016.** The US Government renews Executive Order 13692 for one year.

**May 2016.** Due to pressures from the US Treasury Department, Commerzbank (Germany) unilaterally closes the accounts of several institutions, Venezuelan public banks and PDVSA,

**July 2016.** For the same reasons, the US bank Citibank unilaterally ceases the service of foreign currency correspondent accounts of Venezuelan institutions in the US, including those of the Central Bank of Venezuela (BCV). Risk rating agencies place Venezuela with the highest financial risk in the world (2640 points), well above countries at war, despite having fulfilled their external debt commitments. Since 2013, Venezuela paid 63,566 million dollars, however, this index increased 202% during the same period, going from 768 in 2012 to 2323 in 2016.

**August 2016.** Novo Banco (Portugal) reports the impossibility of carrying out dollar operations with Venezuelan banks, due to pressures exerted by correspondent banks of this institution.

**September 2016.** The Venezuelan government makes an offer to exchange 7,100 million dollars in PDVSA bonds in order to alleviate the amortization schedule and partially refinance its obligations. The three major US risk rating agencies scare investors by declaring default if they access the Venezuelan proposal.

**November 2016.** The JP Morgan bank issues a false default warning on an alleged non-payment of PDVSA's debt of 404 million dollars.

**December 2016.** The company Crane Currency, supplier of bills of the Department of the Treasury and contracted by the Venezuelan State to print the pieces of the monetary cone, delays the sending of the new tickets.

**July 2017.** Delaware Trust, the payment agent of PDVSA's bonds, informs that its correspondent bank (PNC Bank) in the US, refuses to receive funds from the Venezuelan oil company. Citibank (USA) refuses to receive Venezuelan funds for the import of 300 thousand doses of insulin.

**August 2017.** Swiss bank Credit Suisse prohibits its clients from carrying out financial transactions with Venezuela.

**August 24, 2017.** E.O N°13808: All transactions aimed at obtaining financing for the Republic are prohibited, Also, the direct or indirect purchase of securities from the Venezuelan government; this includes bonds, loans, credit extensions, loan guarantees, letters of credit, drafts, acceptances of bankers, invoices or discount notes, and commercial papers.

**August 2017.** Bank of China (BOC - Panama), informs that due to instructions from the US Treasury Department and pressure from the Panamanian government, it will not be able to carry out any operation in foreign currency in favour of Venezuela.

**August 2017.** Russian banks report the impossibility of making transactions to Venezuelan banks, due to the restriction imposed by correspondent banks in the US and Europe, to Venezuelan operations.

**August 2017.** The correspondent of the BDC bank Shandong, alleging administrative reasons, paralyzes a transaction for 200 million dollars towards Venezuela even though the funds had been drawn by the People's Republic of China.

**October 2017.** The financial blockade of the USA makes it impossible for Venezuela to deposit in the Swiss bank UBS resources for vaccines and medicines acquired through the Revolving and Strategic Fund of the Pan American Health Organization,

November 2017. Deutsche Bank, the main correspondent of the Central Bank of Venezuela (BCV), definitively closes this institution's correspondent accounts.

**November 2017.** A total of 23 Venezuelan financial operations, destined to the purchase of food, basic supplies and medicines for 39 million dollars, are returned by international banks.

**November 2017.** The risk rating agency Standard and Poor's declares Venezuela a "selective default" technically manipulating a payment process that had not been registered in time.

**November 2017.** The US bond manager Wilmington Trust accuses the state electricity company Corpoelec of not honouring debt interests amounting to 27 million dollars.

**December 2017.** Venezuelan payments are blocked from the cabotage service for fuel transportation, which causes this product's shortages in several states. A total of 19 Venezuelan bank accounts abroad are arbitrarily closed by US banks.

**December 2017.** Transactions are returned from banks in Europe for US\$ 29.7 million to different suppliers, whose destination is the payment of food through the CLAP food program (Local Committees for Supply and Production). The US bank JP Morgan delayed accepting \$ 28.1 million which were destined to the payment of food.

**January 2018.** 11 Venezuelan debt and PDVSA bonds, valued at 1,241 million dollars, could not be repaid to their creditors due to the obstacle of sanctions.

**February 2018.** The US Treasury Department extends the financial "sanctions" to Venezuela and Venezuelan companies established in EO 13808 of August 2017. This prevents the renegotiation or restructuring of both the Venezuelan and PDVSA debts, previously issued to August 25, 2017.

**March 2018.** The Trump Administration renews EO 13692 for one year, also EO 13808 and imposes 6 new coercive measures that attempt against the Petro cryptocurrency, launched by the Venezuelan government to balance the economy, Also it dictates E.O N°13827 that prohibits any citizen or institution to carry out financial transactions with the Venezuelan cryptocurrency "Petro".

**April 2018.** During the Summit of the Americas, and on behalf of the Lima Group, the Minister for Foreign Affairs of Peru announces that they have decided to create a follow-up group to study political and economic measures against Venezuela. At the same Summit, the US and Colombia agree to accelerate mechanisms to pursue Venezuela's financial transactions and obstruct the supply lines of basic products required by the country.

**May 21, 2018.** E.O N°13835: In retaliation for the presidential election for the period 2019-2025, the US issues this order which expands the economic blockade against Venezuela and prohibits the purchase of debt and accounts payable of companies of the Venezuelan government. The US sanctions 20 companies in Venezuela for alleged ties to drug trafficking.

**May 2018.** Payments of 9 million dollars for the acquisition of supplies for dialysis, for the treatment of 15 thousand haemodialysis patients, were blocked. The Colombian government blocks the shipment to Venezuela of 400 thousand kg of food.

**August 2018.** The government of Brazil recorded the non-compliance of \$40 million owed to the Electric Power Corporation of Venezuela for the supply of energy to the state of Roraima, declaring that the electric debt "has not been cancelled due to the economic and financial blockade imposed by the US and the European Union against Venezuela."

**November 2018.** Through a new coercive measure, the Trump Administration prohibits US citizens from trading Venezuelan gold.

**January 2019.** The Trump Administration approves new "sanctions" against PDVSA, by freezing 7,000 million dollars in assets of the subsidiary company CITGO, in addition to an estimated loss of 11,000 million dollars of its exports during the next years.

**January 2019.** In an extraterritorial and illegal application of coercive measures, the Bank of England announced the illegal confiscation of 1,359 million dollars in gold.

**January, March and April 2019.** With E.O N°13850: the operations of the MINERVEN gold production and sale company are blocked. It also directly affects the operations of Banesco, and the institutions over which it retains 50% ownership, namely: Banco Banesco Uruguay SA, Banco Bicentenario del Pueblo, Banco Universal SA, Banco de Venezuela S.A. and Banco Prodem SA. This coercive measure includes and blocks the operations of PDVSA and more than 30 oil tankers of the company.

This Executive Order, in a cumulative order with enormous aggressive features, enables and grants "legality" to the confiscation of the country's assets in the financial system of subordinated States (United Kingdom, Germany, Portugal, Japan, etc.)

**April 2019.** The Department of the Treasury blocks the operations of the Central Bank of Venezuela (BCV), specifically its dollar accounts abroad and the development of the institution of the international financial system.

## FINANCIAL LOSSES, CONFISCATIONS OF THE INTERNATIONAL BANKING AND ECONOMIC DAMAGES TO THE REPUBLIC

Between Dec 2014 and Apr 2019 the US Government has enacted a law and seven executive decrees that punish and penalize the Venezuelan economy by applying:

Blocking and confiscation of financial assets

Prohibition of negotiation of PDVSA's debt.

Increase in Country Risk and financial costs.

Prohibition of gold operations.

Confiscation of assets (CITGO and assets of PDVSA).

Sanctions on oil trade.

Sanctions against the Central Bank of Venezuela.

Novo Banco, Portugal: \$ 1,547,322,175.

Bank of England (gold), England: \$ 1,323,228,162.

Clearstream-London (debt securities), England: \$ 517,088,580.

Sumitomo, USA: \$ 507,506,853.

Citibank, US: \$ 458,415,178.

Union Bank, US: \$ 230,024,462.

Euroclear (Securities), Belgium: \$ 140,519,752.

Banque Eni, Belgium: \$ 53,084,499.

Delubac, France: \$ 38,698,931.

Other 41 banks and financial institutions, 17 countries: \$ 654,142,049.

Fines and administrative penalties to trade. The continuous executive orders of the US government, and the encirclement and suffocation maneuvers that are left there, have brought a set of losses, significant economic damages and illegal confiscation of an enormous amount of resources in international banking:

Losses due to illegal appropriation of the Venezuelan oil and gas company CITGO: US \$ 11,000 MILLION.

Illegal appropriation of CITGO assets: US \$ 7,000 MILLION.

Funds withheld, frozen or confiscated by international banks: US \$ 5,470 MILLION.

Decline in the value of securities in custody at Euroclear: US \$ 467 MILLION.

Operational obstacles imposed by shipping companies and ports: US \$ 37 MILLION.

Transfers, payment inquiries, amendments to transfers: US \$ 355 thousand.

Exchange rate differential as the Republic is obliged to adopt other currencies: US \$ 20 MILLION.

Loss of the bond acquired through Credit Suisse corresponding to the external public debt: US \$ 20 MILLION.

**TOTAL LOSSES PAID TO THE BOLIVARIAN REPUBLIC OF VENEZUELA FOR THE UNILATERAL SALES MEASURES: US \$ 24,258 MILLION**

**TOTAL FUNDING OF THE REPUBLIC UNLAWFULLY CONFISCATED: \$ 5,470,030,641.**

**AFFECTATIONS TO HUMAN RIGHTS**

For the year 2015, according to the information published by one of the most recognized private education and research university centers in the US, the main countries of which Venezuela imports goods and services are: of North America (\$ 8.07 billion); China (\$ 5.31 billion); Brazil (\$ 2.99 Billions); Argentina (\$ 1.37 Billion); Mexico (\$ 1.22 Billion); Canada (\$ 496 million); Germany (\$ 534 million); Italy (\$ 472 million); Spain (\$ 381 million); United Kingdom (\$ 318 million) and France (\$ 305 million). Among the main products and goods imported by Venezuela from the USA, are: medicines, medical instruments, orthopedic devices; corn, wheat, soybean meal, refined petroleum products, chemical products, among others<sup>14</sup>. For the year 2015, the amount of imports of packaged medicines from the USA. it was \$ 77 million; \$ 54.5 million for medical and / or surgical instruments; It is also important to emphasize that it is imported from the USA. material and supplies for x-ray equipment (approximately \$ 25 million). As for food, corn (\$ 93.5 million); wheat (\$ 90.7 million); rice (\$ 56.4 million); soybean meal (\$ 224 million).



It is important to note that Venezuela imports most of the medicines it requires to guarantee the life and health of its inhabitants. 34% is purchased from the USA, 7% from Spain and 5% from Italy. Only of these countries that have applied unilateral coercive measures to Venezuela did import a total of 46% of the medicines needed by the Venezuelan people. The same goes for food, 33% of imports come from the USA. and 12% of Canada.

As is evident, the economic, financial and commercial blockade imposed by the United States. against Venezuela generates a large impact on the economy of this country, on its social development and, above all, on the possibility of the State of importing basic goods for Venezuelan society.

In addition, the USA it dominates the commercial routes of the main shipping companies, which has allowed it to hinder the arrival of essential goods for the population, not only those that come from the US, but from any other supplier country under its sphere of influence. If we add to this, the prohibition to import goods and services directly necessary for the economic activities of the country, including industrial inputs and financial services, the restrictions imposed by the United States are undoubted. they have a direct negative impact on the enjoyment and full exercise of human rights and, moreover, substantially limit the capacity of the Venezuelan State to comply with the obligation to guarantee and protect them.

## AMERICAN FALCONS AND OFFICERS RECOGNIZE THAT THE ECONOMIC BLOCKADE IS A CRIME

In October 2018, former US ambassador to Venezuela, William Brownfield, stated that the "best solution" for the country would be to "accelerate" the collapse, even if that translated into a greater burden of suffering for months or years for the Venezuelan population. "If we are going to sanction PDVSA, it will have an impact on the entire population, the ordinary citizen of the communities of Venezuela," Brownfield said, adding: "At this moment perhaps the best solution would be to accelerate the collapse, even if it produces a period of greater suffering, for a period of months or perhaps years." (VOA media)

In January 2018, an official of the State Department, on condition of anonymity,: "The pressure campaign is working. The financial "sanctions" that we have imposed on the Venezuelan government have forced it to start falling into default, both in sovereign debt and in PDVSA, its oil company. And what we are seeing (...) is a total economic collapse in Venezuela. So our policy works, our strategy works (...)"

Trump's envoy to Venezuela, Elliott Abrams, referred to the electrical sabotage that occurred in March: "We are pressing the regime ... and we will continue with this. I think the pressures will increase, the pressure from the US and the internal pressure too. Especially this week, when there is no light, "(Union Radio Miami)

The US government decreed the illegal confiscation of PDVSA and Citgo. "We will continue to use all our diplomatic and economic tools to support interim president Guaidó," said Steven Mnuchin, Treasury secretary, stating that the "path of relief from sanctions" to PDVSA is through the "expedited transfer of control".

The State Department issued the following statement days after the looting of PDVSA: "On January 25, Secretary of State Michael R. Pompeo certified the authority of interim president Juan Guaidó to receive and control certain properties in accounts of the Venezuelan government or of the Central Bank of Venezuela held by the Federal Reserve Bank of New York or other US insured banks, in accordance with Section 25B of the Federal Reserve Law. This certification will help the legitimate government of Venezuela save those assets for the benefit of the Venezuelan people".

In October 2018, Secretary of State Mike Pompeo said: "We have been very consistent. We have urged the people of Venezuela to restore democracy in their own country, and have seen the sanctions we implemented, not only against the country, which sometimes has an adverse impact on the people of Venezuela, but also against the country". (Voice of America)

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