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Highlights

Highlights of GAO-21-239, a report to congressional requesters

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VENEZUELA

Additional Tracking Could Aid Treasury's Efforts to Mitigate Any Adverse Impacts U.S. Sanctions Might Have on Humanitarian Assistance

Why GAO Did This Study

Venezuela has been experiencing an economic, political, and humanitarian crisis. The U.S. government has imposed sanctions on Venezuela's state oil company, government, and central bank, among others, in response to activities of the Venezuelan government and certain individuals. Treasury and the Department of State lead the implementation of the sanctions program, and USAID is primarily responsible for implementing humanitarian assistance for Venezuelans.

GAO was asked to review U.S. sanctions related to Venezuela. This report examines: (1) how the Venezuelan economy performed before and since the imposition of sanctions in 2015; (2) the steps U.S. agencies have taken to identify and mitigate potential negative humanitarian consequences of sanctions related to Venezuela; and (3) what is known about the impact of U.S. sanctions related to Venezuela on the U.S. oil industry.

GAO analyzed economic indicators, reviewed documents, interviewed agency officials, and spoke with representatives from selected humanitarian organizations and the U.S oil industry.

What GAO Recommends

GAO recommends that Treasury systematically track inquiries made to its call center and email account, including the specific sanctions program and the subject matter of the inquiry to identify trends and recurring issues. Treasury concurred with GAO's recommendation.

View GAO-21-239. For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

What GAO Found

The Venezuelan economy's performance has declined steadily for almost a decade and fallen steeply since the imposition of a series of U.S. sanctions starting in 2015. For example, the economy declined from negative 6.2 percent gross domestic product growth in 2015 to negative 35 percent in 2019 and negative 25 percent in 2020. The sanctions, particularly on the state oil company in 2019, likely contributed to the steeper decline of the Venezuelan economy, primarily by limiting revenue from oil production. However, mismanagement of Venezuela's state oil company and decreasing oil prices are among other factors that have also affected the economy's performance during this period.

U.S. agencies have sought input from humanitarian organizations to identify the potential negative humanitarian consequences of sanctions related to Venezuela and taken steps to mitigate these issues. The U.S. Agency for International Development (USAID) and Department of State (State) have solicited input from U.S.-funded humanitarian organizations on challenges they face, including the impact of sanctions. The U.S. Department of the Treasury (Treasury) and State have also taken steps to mitigate negative consequences. For example, Treasury issued licenses permitting various types of humanitarian assistance transactions in Venezuela (see figure). Treasury also maintains a call center and email account through which organizations can receive assistance with compliance issues or other challenges related to sanctions. While Treasury officials told GAO they respond to individual inquiries, Treasury does not systematically track and analyze information from these inquiries to identify trends or recurrent issues. Without collection and analysis of this information, Treasury and its interagency partners may be limited in their ability to develop further actions to ensure that U.S. sanctions do not disrupt humanitarian assistance.

U.S. Humanitarian Assistance Supplies for Venezuelans

Source: U.S. Agency for International Development. | GAO-21-239

U.S. sanctions related to Venezuela have likely had a limited impact, if any, on the U.S. oil industry. Despite an overall lower supply of oil in the U.S. market from the loss of Venezuelan crude oil due to sanctions, crude oil and retail gasoline prices in the U.S. have not increased substantially. Many other factors in addition to the sanctions simultaneously affected the oil market and the price of crude oil and retail gasoline prices, including production cuts in January 2019 by the Organization of the Petroleum Exporting Countries and decreased demand for energy during the COVID-19 pandemic. According to industry officials to whom GAO spoke, U.S. refineries have adjusted to these changes by shifting to alternative sources and types of crude oil.