

Written Testimony of the Acting Director of the U.S. Department of the Treasury's Office of Foreign Assets Control, John E. Smith, Before the Western Hemisphere Subcommittee of the House Committee on Foreign Affairs

June 22, 2016

Venezuela Sanctions Program

Chairman Duncan, Ranking Member Sires, distinguished members of the committee, thank you for inviting me to appear before you today to discuss conditions in Venezuela, particularly as they pertain to regional stability and U.S. interests. As Acting Director of the Treasury Department's Office of Foreign Assets Control, I will address the Administration's implementation of sanctions measures, as mandated by the Venezuela Defense of Human Rights and Civil Society Act of 2014 and implemented by Executive Order (E.O.) 13692.

Executive Order 13692

As the Committee may recall, the sanctions implemented by E.O. 13692 stem from the Government of Venezuela's human rights abuses, persecution of political opponents, curtailment of press freedoms, and the exacerbating presences of significant public corruption in Venezuela in 2014. The following year, after signing the legislation passed by this body, President Obama issued E.O. 13692, sanctioning seven individuals associated with various organs of the Venezuelan government by blocking their property and interests in property that are in or that come within the United States or within the possession or control of any U.S. person. Individuals who meet the criteria for economic sanctions are also subject to visa restrictions.

In addition to blocking criteria targeting the activity mentioned above, the E.O. includes several "status-based" blocking criteria. Current and former Venezuelan government officials, for example, are subject to sanctions upon identification by the Secretary of the Treasury, in consultation with the Secretary of State. Similar mechanisms have complemented our "conduct-based" authorities in other programs, and fit well in the fluid Venezuelan context.

The State of Sanctions on Venezuela Today

Our Venezuela sanctions target only the individuals we have designated under the E.O. and not the people of Venezuela as a whole. This deliberate approach reflects a desire to make the best possible use of the targeting authority provided under E.O. 13692. That authority is not exclusively focused on the human rights abuses that took place in 2014, but encompasses other serious human rights abuses, significant acts of violence, and actions that prohibit, limit, or penalize the exercise of freedoms of expression and peaceful assembly in Venezuela. The resulting flexibility to respond to repression in real time is crucial, both as a symbolic deterrent and as a practical matter if circumstances require swift action.

The targeted measures currently in place are tailored to specifically pressure bad actors and demonstrate two key points. The first is that the United States is working to see democracy and human rights protected and preserved in Venezuela. The second is that, as neighbors who care

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deeply about the Venezuelan people, we are concerned about the country's current economic situation, and have no desire to exacerbate it. That is why our sanctions target neither the Venezuelan people nor their government as a whole. What we do not want is for those who would threaten and undermine democracy in their home country to be able to use the U.S. financial system to advance their nefarious purposes.

We continue to monitor the situation in Venezuela closely and work with our colleagues across the interagency, including in the Departments of State and Commerce, to evaluate policy options in line with U.S. foreign policy objectives and national security interests.

Public Corruption

Venezuela's public funds are dwindling. Control over the relatively small amount of remaining public funds is considered a valuable asset, and there are illicit actors willing to pay dearly to exert undue influence over these funds. To balance incentives and discourage chicanery, President Obama, through E.O. 13692, has authorized the Secretary of the Treasury, in consultation with the Secretary of State, to impose sanctions on any person he has determined to have a hand in public corruption by senior Venezuelan government officials. This measure is consistent with the rest of the E.O. in encouraging commitment to the public good, with a particular emphasis on prudent stewardship of the country's resources.

Conclusion

The United States remains deeply concerned about the situation in Venezuela. This March, President Obama reinforced our ability to harness that dynamic to combat political repression and public corruption in Venezuela when he renewed the national emergency and corresponding sanctions implemented under E.O. 13692. For our part, we in the Office of Foreign Assets Control stand ready to act with the powerful tools available to us if and when conditions call for it and action would be consistent with U.S. efforts to coordinate with regional governments to address the situation in Venezuela. Thank you.