Negative Brief: Venezuela Sanctions - Good

By “Coach Vance” Trefethen

AFF Plan exempts 3 companies from US sanctions on importation of oil from Venezuela (Chevron, Eni and Repsol). One little problem with this plan: It's already been done. Repsol and Eni got exemptions in June 2022, and Chevron got an exemption in November 2022.
 Venezuela, located on the northern coast of South America, used to be the richest per capita income country in Latin America. Vast oil reserves fueled its economy and things were going well. But in 1998, they elected Hugh Chavez as President. He formed an alliance with the communist government of Cuba and turned Venezuela toward socialism, nationalizing (having the government take over) numerous private businesses, most notably the oil industry. Their oil industry and the economy as a whole began collapsing, and along with it the standard of living for most of the people. The results were poverty, mass exodus of migrants and refugees, riots and violent crackdowns by the government to try to get things under control. Chavez died in March 2013, but his successor, Nicolas Maduro, has continued the same socialist policies and the same violent repression and violation of human rights that started under Chavez. An opposition figure, Juan Guaido, has taken a role as the proposed legitimate President of Venezuela afte r the 2019 elections, which Maduro won, were probably rigged and fraudulent. The US government, in response, has imposed numerous sanctions on Venezuela's oil industry. The sanctions, though not a complete ban on all oil from Venezuela, do substantially limit oil imports from that country. In the evidence below, the Venezuelan nationalized oil company is abbreviated as "PdVSA," and it's the target of the US sanctions on Venezuela's oil industry.

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Negative: Venezuela Sanctions - good

TOPICALITY

1. Nothing reformed

The only US oil company working in Venezuela - Chevron - was exempted from sanctions in Nov 2022

Congressional Research Service 2022. (non-partisan research agency of Congress) 30 Nov 2022 Venezuela: Overview of U.S. Sanctions (accessed 27 Dec 2022) "https://crsreports.congress.gov/product/pdf/IF/IF10715#:~:text=Terrorism%2DRelated%20Sanctions&text=The%20most%20recent%20determination%20was,retransfers%20to%20Venezuela%20since%202006.

In May 2022, the Treasury Department slightly loosened restrictions on Chevron, the last major U.S. oil company operating in Venezuela, to discuss future operations with PdVSA. After Maduro and opposition negotiators announced a return to negotiations, on November 26, 2022, Treasury issued a license allowing Chevron to resume production, import, and export of petroleum products at its existing joint ventures in Venezuela for an initial six-month period. Petroleum production must be sold to Chevron, and the United States can be the only export destination.

The other 2, the European oil companies Eni and Repsol, got exemptions in June 2022

Emily Meredith & Michael Deibert 2022. (journalists for ENERGY INTELLIGENCE, an energy industry news publication) 6 June 2022 "US to Allow Eni, Repsol to Take Venezuelan Oil" (accessed 27 Dec 2022) https://www.energyintel.com/00000181-3a77-dfad-a5d1-ff7fae550000

The US is easing a restriction on Venezuelan oil exports, allowing European giants Repsol and Eni to export oil from the South American country as payment for debt. The decision comes amid a tight oil market — especially for the grade of heavy crude Venezuela produces — and diplomatic wrangling around renewed political negotiations between the government of de facto President Nicolas Maduro and the disparate Venezuelan opposition. The US State Department is reversing its earlier position of threatening sanctions against Repsol and Eni for exporting Venezuelan crude, a senior administration official confirmed to Energy Intelligence after an initial report from Reuters.

Violation: Status Quo already did the plan

This plan doesn't substantially reform anything, it merely agrees with the Status Quo.

Impact: Negative ballot

No one in today's debate is affirming significant or substantial reform to import or export policy, so there is effectively no Affirmative team in the round. No matter who wins, you should write "negative" on the ballot.

COUNTERPLAN - Approve US oil production instead

It's crazy to increase imports of Venezuelan oil and block production inside the US

David Blackmon 2022. (Senior Contributor to Forbes magazine; energy-related public policy analyst/consultant based in Mansfield, TX. 40-year career in the oil and gas industry, the last 23 years of which were spent in the public policy arena, managing regulatory and legislative issues for various companies; served as the Texas State Lead for America’s Natural Gas Alliance) 29 Nov 2022 "Biden Energy Policy Confusion Continues With Venezuela Decision" (accessed 27 Dec 2022) https://www.forbes.com/sites/davidblackmon/2022/11/29/biden-energy-policy-confusion-continues-with-venezuela-decision/?sh=3bcba4ff519f

The decision by Biden to ease the Venezuelan sanctions now raised new questions from U.S. producers about the administration’s ongoing efforts to hamstring America’s domestic industry. Just a few weeks ago, the President was caught on a live microphone [assuring supporters](https://www.forbes.com/sites/davidblackmon/2022/11/07/biden-promises-no-more-drilling-just-days-after-demanding-more-drilling/?sh=6916d33b78e7) at a fundraiser that “no more drilling” on federal lands and waters would be the ongoing policy direction of his presidency. “The Administration views some oil as good and some as bad,” Tim Stewart, President of the U.S. Oil & Gas Association, told me. “Venezuelan heavy crude is good but Canadian heavy is bad. Investment in the Boscan field in Venezuela is fine but investment in Williston, North Dakota or off the Gulf Coast is not. This is an illiterate energy policy.” What it all represents today is a continuation of the chronic state of confusion within the Biden administration when it comes to energy policy, especially as it relates to oil and natural gas. Unfortunately, there is no indication of any end to it on the horizon.

Counterplan analysis

The counterplan is simple: President Biden reverses his policy of blocking oil drilling in US offshore waters and US federal lands, the day after a Negative ballot.

This counterplan denies the resolution because it advocates doing exactly nothing about imports and exports, but simply expanding domestic production of oil. And it costs nothing to implement because it's purely political and bureaucratic - just approve oil drilling instead of denying it.

While it would be theoretically possible to do both the Affirmative Plan and the Negative Counterplan at the same time, we will advocate for doing "ONLY" the Counterplan because it avoids the disadvantages while accomplishing the same benefits as the AFF Plan.

Counterplan completely solves: Revoking the Biden drilling policy would add 2 million barrels/day

Diana Furchtgott-Roth 2022 (director of the Center for Energy, Climate and Environment and the Herbert and Joyce Morgan Fellow at Heritage Foundation) 11 Oct 2022 Biden Administration Desperately Cozies Up to Venezuela (accessed 27 Dec 2022) https://www.heritage.org/coal-oil-natural-gas/commentary/biden-administration-desperately-cozies-venezuela

Trisha Curtis, president and CEO of PetroNerds, a Denver-based strategic advisory firm, told me, “The Biden administration's response to OPEC's decision to cut two million barrels a day is a sign of true desperation. The SPR is already at levels not seen since 1984, putting the U.S. and the world on a path to higher oil prices in the future. The Administration has been unable to achieve a relief in sanctions on Iran and is now looking at Venezuela, again—even though Venezuelan production is heavily connected to both Russia and China.” Ms. Curtis, a national expert in oil production, explained that the United States could begin producing another 2 million barrels per day by immediately re-approving expiring Federal permits. Reapprovals have virtually stopped under the Biden administration.

INHERENCY

1. Eni and Repsol oil is flowing

Eni and Repsol are moving oil from Venezuela after easing of US sanctions

Lucia Kassai and Fabiola Zerpa 2022 (journalists) BLOOMBERG NEWS 8 June 2022 "Europe to Receive First Venezuelan Crude in Years as Sanctions Ease" (accessed 27 Dec 2022) https://www.bloomberg.com/news/articles/2022-06-08/oil-giant-eni-books-ships-for-venezuelan-crude-as-sanctions-ease?leadSource=uverify%20wall

Italian oil giant Eni Spa and Spanish refiner Repsol SA are poised to import Venezuelan crude for the first time in two years after the US eased sanctions on the South American country. Eni booked two ships provisionally to load oil in Venezuela during June, according to people with knowledge of the situation. The vessels should load a combined 1 million barrels of diluted crude oil, known and DCO, from fields in the Faja region.

2. Biden exempted Chevron from sanctions

Biden gave sanctions relief to Chevron, and they're starting up new joint ventures with the Venezuelan government

Katie Tubb and Mateo Haydar 2022. (Tubb - Research Fellow, Center for Energy, Climate & Environment, Heritage Foundation. Haydar - Research Assistant for Latin America, Heritage Foundation) 2 Dec 2022 " Venezuela Is Bizarre Piece of Biden’s Incoherent Energy Policy Puzzle" (accessed 27 Dec 2022) https://www.heritage.org/americas/commentary/venezuela-bizarre-piece-bidens-incoherent-energy-policy-puzzle

Regardless of the muddled messages, the administration went ahead anyway with sanctions relief. It entails [two](https://home.treasury.gov/system/files/126/venezuela_gl8k.pdf) [licenses](https://home.treasury.gov/system/files/126/venezuela_gl41.pdf) from the U.S. Office of Foreign Assets Control granted to Chevron. They allow Chevron and its subsidiaries to complete the financial transactions necessary for oil production involving the state-owned Petroleos de Venezuela S.A. Another [license](https://home.treasury.gov/system/files/126/venezuela_gl41.pdf) authorizes transactions between the regime and four other U.S. firms. On Tuesday, Venezuela’s top Chevron executive met with petroleum minister Tareck El Aissami, a regime power-player closely tied to Iran, to announce new joint ventures and renewed oil production.

3. Status Quo does the AFF Plan plus even more

Biden granted Venezuela sanction exemptions to Chevron plus 4 other US oil companies

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Regardless of the muddled messages, the administration went ahead anyway with sanctions relief. It entails [two](https://home.treasury.gov/system/files/126/venezuela_gl8k.pdf) [licenses](https://home.treasury.gov/system/files/126/venezuela_gl41.pdf) from the U.S. Office of Foreign Assets Control granted to Chevron. They allow Chevron and its subsidiaries to complete the financial transactions necessary for oil production involving the state-owned Petroleos de Venezuela S.A. Another [license](https://home.treasury.gov/system/files/126/venezuela_gl41.pdf) authorizes transactions between the regime and four other U.S. firms.

SOLVENCY

1. Little impact on Europe

Eni and Repsol will have little effect on Europe's oil supply and won't help with replacing Russian oil

Marianna Parraga 2022 (journalist) REUTERS news service, 28 Nov 2022 "Chevron awaits Venezuelan oil cargoes, but PDVSA wants payments" (accessed 27 Dec 2022) https://www.reuters.com/markets/commodities/chevron-awaits-venezuelan-oil-cargoes-pdvsa-wants-payments-2022-11-28/

In addition, European oil companies Eni [(ENI.MI)](https://www.reuters.com/companies/ENI.MI) and Repsol won U.S. approvals to take Venezuelan crude for debt repayment. Brokerage house Credit Suisse in a note on Monday said the initial easing of sanctions will have "little effect" on Europe's supply risks from sanctions on Russia.

2. Chevron oil will get confiscated

Even without sanctions, Chevron's oil won't get very far: Creditors and courts will seize it

Marianna Parraga 2022 (journalist) REUTERS news service, 28 Nov 2022 "Chevron awaits Venezuelan oil cargoes, but PDVSA wants payments" (accessed 27 Dec 2022) https://www.reuters.com/markets/commodities/chevron-awaits-venezuelan-oil-cargoes-pdvsa-wants-payments-2022-11-28/

Chevron's Venezuelan oil cargoes face potential seizures by creditors that have arbitration claims and court judgments, said trading experts and lawyers. In additional to Crystallex, ConocoPhillips [(COP.N)](https://www.reuters.com/companies/COP.N) has a $1.2 billion ruling against Venezuela and previously sought to seize PDVSA's Caribbean assets. A spokesperson declined comment, but the company has said it would pursue [its claims anywhere in the world](https://www.reuters.com/business/energy/us-court-upholds-conocos-87-bln-award-loss-venezuela-assets-2022-08-22/). PDVSA's oil exports to the United States were halted in early 2019, in the aftermath of U.S. sanctions designed to oust Maduro, whose 2018 re-election was called a sham by most Western counties.

3. Other barriers block Chevron effectiveness

Other barriers will block Chevron from having much impact even when they get started again in Venezuela

David Blackmon 2022. (Senior Contributor to Forbes magazine; energy-related public policy analyst/consultant based in Mansfield, TX. 40-year career in the oil and gas industry, the last 23 years of which were spent in the public policy arena, managing regulatory and legislative issues for various companies; served as the Texas State Lead for America’s Natural Gas Alliance) 29 Nov 2022 "Biden Energy Policy Confusion Continues With Venezuela Decision" (accessed 27 Dec 2022) https://www.forbes.com/sites/davidblackmon/2022/11/29/biden-energy-policy-confusion-continues-with-venezuela-decision/?sh=3bcba4ff519f

Whatever the rationale behind the U.S. decision to suspend some sanctions aimed at the Maduro regime, it is unclear what progress Chevron would be able to make in terms of restarting and refurbishing its operations and production in Venezuela over just a six-month time frame. Chevron CEO Mike Wirth [told Bloomberg TV](https://www.cnn.com/2022/11/26/politics/us-chevron-venezuela-oil-agreement/index.html) earlier this year that his company would need “years” to refurbish and restart their dormant oil fields in the country and that a loosening of sanctions “wouldn’t be an instantaneous” impact on oil production. Chevron would also require help from oilfield service companies to get operations up and running again. While the license appears to allow for that, restarting their own operations amid so much uncertainty about any ongoing ability to do business in the longer term would represent a significant financial risk for those companies.

4. OPEC offset. The Organization of Petroleum Exporting Countries will offset Venezuela

OPEC will reduce oil production to offset any increase from Venezuela, so there's no net benefit to oil prices post-plan

Diana Furchtgott-Roth 2022 (director of the Center for Energy, Climate and Environment and the Herbert and Joyce Morgan Fellow at Heritage Foundation) 11 Oct 2022 Biden Administration Desperately Cozies Up to Venezuela (accessed 27 Dec 2022) https://www.heritage.org/coal-oil-natural-gas/commentary/biden-administration-desperately-cozies-venezuela

Most recently, when the Organization of the Petroleum Exporting Countries announced it would cut oil production by 2 million barrels a day, the Administration reacted by purchasing oil from Venezuela and releasing additional oil from the Strategic Petroleum Reserve (SPR). Daniel Di Martino, a Venezuelan economist and fellow with the Manhattan Institute, said to me, "This is a misguided and unethical move that will help the Maduro regime stay in power and cost Venezuelan lives. But it won't have any benefit to America. Biden forgets that Venezuela is an OPEC member and as such follows OPEC quotas so any increase in production from Venezuela will likely be met by a decrease from other nations."

DISADVANTAGES

1. Violence & Chaos

Any oil revenue Venezuela gets will spread chaos and violence in Latin America

Mike Gonzalez 2022 (Senior Fellow, Douglas and Sarah Allison Center for Foreign Policy Studies, Heritage Foundation ) 19 Dec 2022 "What Happens in the Andes Does Not Stay in the Andes" (accessed 27 Dec 2022) https://www.heritage.org/progressivism/commentary/what-happens-the-andes-does-not-stay-the-andes

Similarly, Douglas Farah, who also conducts investigations on illicit networks, has found that the vast majority of the millions of tweets about the riots that broke out in Chile came from Venezuela and its allies, Cuba and Nicaragua, while most anti-riot tweets were Chilean. This shouldn't come as a surprise: Venezuela’s regime has [vowed](https://www.heritage.org/americas/commentary/marxist-hurricane-threatens-the-western-hemisphere) that it will use its oil money to sow this type of chaos throughout the Americas.

2. Promoting human rights abuses & terrorism

Sanctions relief for Venezuela promotes the Maduro regime's human rights abuses and support for terrorism

Katie Tubb and Mateo Haydar 2022. (Tubb - Research Fellow, Center for Energy, Climate & Environment, Heritage Foundation. Haydar - Research Assistant for Latin America, Heritage Foundation) 2 Dec 2022 " Venezuela Is Bizarre Piece of Biden’s Incoherent Energy Policy Puzzle" (accessed 27 Dec 2022) https://www.heritage.org/americas/commentary/venezuela-bizarre-piece-bidens-incoherent-energy-policy-puzzle

Sanctions relief for Venezuela is puzzling [foreign](https://www.heritage.org/americas/report/ten-steps-us-policy-venezuela) [policy](https://www.heritage.org/americas/report/recent-trump-administration-venezuela-initiatives-and-next-steps). The U.S. [does not recognize](https://www.state.gov/u-s-relations-with-venezuela/) Maduro as the constitutionally elected president. According to a [U.N. report](https://www.ohchr.org/en/press-releases/2022/09/venezuela-new-un-report-details-responsibilities-crimes-against-humanity) this year, the regime is responsible for crimes against humanity, detaining and torturing at least 245 current political prisoners. The regime actively [kidnaps](https://mobile.twitter.com/HostageAid/status/1593637355512119297) American citizens, colludes with China and Iran to evade sanctions and harbor terrorist groups, such as Hezbollah, and uses its oil wealth to support and expand anti-American political projects in neighboring states. It reveals yet again the incoherent inconsistencies of the Biden administration with respect to energy policies.

Sanctions relief means lives lost in Venezuela

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Most recently, when the Organization of the Petroleum Exporting Countries announced it would cut oil production by 2 million barrels a day, the Administration reacted by purchasing oil from Venezuela and releasing additional oil from the Strategic Petroleum Reserve (SPR). Daniel Di Martino, a Venezuelan economist and fellow with the Manhattan Institute, said to me, "This is a misguided and unethical move that will help the Maduro regime stay in power and cost Venezuelan lives. But it won't have any benefit to America. Biden forgets that Venezuela is an OPEC member and as such follows OPEC quotas so any increase in production from Venezuela will likely be met by a decrease from other nations."

Sanctions relief directly funds the evil regime in Venezuela and threatens US safety and freedom

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Biden’s energy policy—that is, a myopic fixation on greenhouse gas mitigation as the “[organizing principle](https://www.heritage.org/energy-economics/report/the-unsustainable-costs-president-bidens-climate-agenda)” of policy—is not working. It has forced the president to make concessions that thwart the cause of freedom and enrich U.S. enemies through imports of resources that the U.S. and its allies have in abundance. Instead, Biden is subsidizing Maduro’s regime by allowing its domestic resources to be directed to other malign uses. The world needs more energy, but not from the likes of those who would weaponize it to make America and its neighbors less safe and free. The Biden administration’s decision to loosen sanctions on the illegitimate Maduro regime discredits and weakens the U.S. Americans—and freedom-seeking people in Venezuela—deserve better.