



Written by [Bob Adelman](#) on January 29, 2019

U.S. Oil Blockade Puts Existential Pressure on Maduro Regime

Monday's [announcement](#) by the U.S. Treasury Department that it would apply further sanctions on Venezuela's state-owned oil company PdVSA accomplished three purposes.

First and most importantly, it ends the \$25 million daily flow of desperately needed American dollars into Maduro's treasury. Second, the blockade of oil to U.S. Gulf Coast refineries strengthens the position of Juan Guaido as Venezuela's interim president. And third, it will greatly reduce the loyalty of Maduro's military when he is unable to pay them.



As a bonus, if Maduro retaliates by threatening Americans living in Venezuela and serving in the U.S. Embassy in Caracas, the "option" of U.S. military intervention to protect them will be activated.

Here are the details: It's not a true blockade in the traditional sense. If PdVSA continues to send crude to U.S. Gulf Coast refineries, it will be accepted, but the Maduro regime won't get the money. The proceeds will instead flow into an account that is "blocked" by the U.S. Treasury Department and held for the benefit of Juan Guaido's interim government.

The impact on those U.S. Gulf Coast refineries is modest, as those imports of heavy crude from Venezuela account for only about six percent of all crude imports into the United States. But the impact on Maduro's regime will be huge: More than 40 percent of PdVSA's exports go to those U.S. refineries which, up until Monday, paid cash for them. Those exports were Maduro's primary source of cash, as the balance of PdVSA's exports go to Cuba, China, and Russia as partial repayment of billions in loans already made to support Maduro's tottering regime.

Treasury Secretary Steven Mnuchin was very clear about the intent of the blockade: "Today's designation of PdVSA [for sanctions] will help prevent further diverting of Venezuela's assets by Maduro and preserve these assets for the people of Venezuela." He added that those sanctions would be removed only if Maduro "take[s] concrete, meaningful and verifiable actions to support democratic order and combat corruption in Venezuela, including PdVSA."

This is equivalent to asking a zebra to change his stripes.

Trump's National Security Advisor John Bolton reiterated Mnuchin's strategy: "What we're focusing on today is disconnecting the illegitimate Maduro regime from the source of its revenues. We think, consistent with our recognition of Juan Guaido as the constitutional interim president of Venezuela, that those revenues should go to the legitimate government."

Bolton was caught, some say deliberately, holding a yellow legal pad in such a way that his writing "5,000 to Colombia" clearly appeared on national television. When asked about, it Bolton demurred, but



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reiterated his promise to protect Americans in Venezuela from reprisals by Maduro: “I reiterate that the United States will hold Venezuela security forces responsible for the safety of all U.S. diplomatic personnel, the National Assembly, and President Guaido. Any violence against these groups would signify a grave assault on the rule of law and will be met with a significant response.”

Message delivered to both U.S. citizens and Maduro himself: There will shortly be 5,000 U.S. troops in Colombia awaiting instructions to enter Venezuela to protect those named by Bolton if they are threatened in any way by Maduro.

Bolton justifies this position by claiming that the United States bears a “special responsibility” for what’s happening in Venezuela: “The fact is, Venezuela is in our hemisphere. I think we have a special responsibility here, and I think the president feels very strongly about it.”

Are Bolton and the Trump administration way off base? Said John Birch Society CEO Art Thompson to The New American, “The use of U.S. troops to protect American citizens in Venezuela is legal and appropriate. Any other use without the consent of Congress would be illegal and unconstitutional.”

Whatever the case, Maduro’s reign of terror is rapidly coming to an end. Whether it ends peacefully is up to him.

Photo: AP Images

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at [LightFromTheRight.com](#), primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

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