

United States Senate

WASHINGTON, DC 20510

August 10, 2017

President Donald J. Trump
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Mr. President:

In light of the political and civil unrest in Venezuela, we commend your Administration for taking action to curb the Maduro regime's violent anti-democratic attack against the country's Constitution and the very people he has sworn to protect. Through the recent Constituent Assembly President Maduro demonstrated his continued penchant for corruption and disregard for the rule of law. We applaud your recent decision to take targeted action against the Maduro regime and forbearance from using broad sanctions that could adversely impact the Venezuelan people.

The civil unrest in Venezuela is a direct result of systemic constitutional violations that President Maduro intends to make permanent by repealing the Constitution entirely. The present abuse of office and security apparatus has only worsened the humanitarian crisis that is poised to spill into the region. Experts, however, are divided on whether the unilateral use of broad sanctions will return the Venezuelan government back to the people, or drive the Maduro regime into further disarray and into the arms of Russia and China.

Sanctions targeting the oil sector, the government's only real source of revenue, increase the likelihood of a disorderly default, a situation where the government is pushed into default without having worked out a restructuring in advance with creditors. Creditors could then seize oil assets and cut off the country's remaining supplies of financing. This would make it even more difficult to import items needed by the people of Venezuela, including food and medicine.

According to reports, Russian controlled Rosneft recently abandoned interests to acquire Venezuelan owned Citgo in order to avoid U.S. sanctions. Instead, Russia is negotiating to exchange its 49.9 percent stake in Citgo for interests in oil fields and a fuel supply deal. While maneuvering to circumvent existing U.S. sanctions, Russia continues to consolidate control over the country's natural resources and could one day acquire control over Citgo's U.S. energy infrastructure. Broad sanctions could hasten Russian consolidation of Venezuelan and Citgo oil assets, which include U.S. infrastructure.

Similarly, China has invested in Venezuela for years. According to reports, China lent Venezuela \$63 billion from 2007-2014, representing more than half of China's loans to the entire continent. Those loans are directly tied to oil demonstrating China's clear interest in Venezuela's largest industry. Unilateral sanctions prohibiting the sale of Venezuelan oil to the United States could have the unintended consequence of diverting oil currently processed in the

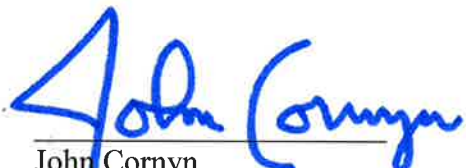
United States to China, thereby strengthening China's interest in the Western hemisphere and incentivizing them to grow their presence in our region.


Domestically, we are concerned that unilateral sanctions could harm the U.S. economy, impair the global competitiveness of our businesses, and raise costs for our consumers. While deliberating the spectrum of potential responses, we believe it is critical to consider the role the U.S. energy industry and refining sector play in our economic and national security interest. Oil refineries along the U.S. Gulf Coast that process the heavier grades of Venezuelan crude represent a significant portion, nearly 10 percent, of U.S. imports. Blockading imports could inflict great harm on this industry and burden U.S. taxpayers with the cost. It is clear that there is a market outside of the United States to receive the Venezuelan oil. Without cooperation by the international community, including Russia and China, the U.S. energy industry and American citizens will bear the economic consequences of the sanctions.

We support efforts to counter the disturbing decline of democracy and social well-being in Venezuela. Ultimately, it is in the best interest of the United States and the Venezuelan people to maintain our economic ties as leverage for delivering a democratic government back to the people. As your Administration considers additional measures to stem this decline and ultimately reverse it, we urge a coordinated, multi-lateral approach that deprives the Maduro regime of all funding options, rather than simply closing the door to the United States' market.


We applaud your targeted sanctions regime and reiterate our desire to work closely with your Administration to return peace and democracy to Venezuela.

Sincerely,


John Cornyn
United States Senator


Bill Cassidy, M.D.
United States Senator


Thad Cochran
United States Senator


Roger F. Wicker
United States Senator