

New OFAC rules on oil exports: silver lining or waste of paper?



Storage tank belonging to the Venezuelan oil company PDVSA (Source: [Ricastillo/Commons/CC-BY-SA 2.0](#))

The US has officially authorized the sale of Venezuelan oil to Cuba's private sector. This slightly eases the energy blockade that has been in place since December. But what does this mean in practice?

On February 25, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury [published](#) FAQ 1238 – a response to frequently asked questions announcing the granting of licenses to companies wishing to resell Venezuelan oil to Cuba for commercial and humanitarian use. This will make it possible to sell Venezuelan oil to the Cuban private sector without separate individual licenses.

The regulation expressly does not apply to persons or entities associated with the Cuban military, intelligence services, or other government institutions, effectively excluding the state sector.

It is therefore questionable whether the measure will have a significant effect in practice. In Cuba, all fuel is procured, stored, distributed, and sold by the state. Recently, the Cuban government [allowed](#) small and medium-sized enterprises (SMEs) to import fuel for their own use.

However, diesel and gasoline deliveries to the private sector have so far been arriving in special containers on normal cargo ships. This is an expensive and fragmented delivery method that does not provide the required quantities. If Venezuelan crude oil is to be delivered on a large scale by tanker, it must be processed in state-owned refineries – which would contradict the current exemption.

The new regulation coincided with the meeting of Caribbean heads of state and government in Saint Kitts and Nevis, where the situation in Cuba was openly discussed. Jamaican Prime Minister Andrew Holness said at the meeting: "Humanitarian suffering benefits no one. A prolonged crisis in Cuba will not be confined to Cuba."

The host of the summit, Terrance Drew, Prime Minister of Saint Kitts and Nevis and himself a doctor trained in Cuba, reported that friends had told him about food shortages and garbage on the streets. "A destabilized Cuba will destabilize us all," Drew [said](#). US Secretary of State Marco Rubio, on the other hand, rejected all criticism at the meeting. ([Cubaheute](#))