



Navigating Venezuela's Political, Regulatory, and Commercial Risks: Implications for Energy, Infrastructure, and Finance Stakeholders

www.strenandblan.com
contact@strenandblan.com
[@strenandblan](https://twitter.com/strenandblan)

+234 (0)702 558 0053
3 Theophilus Orji Street, Off Fola Osibo
Road, Lekki Phase 1, Lagos, Nigeria

8th April,
2026



Introduction

In early January 2026, reports circulated regarding significant U.S. actions in Venezuela, including alleged military operations in and around Caracas and claims concerning the detention of Venezuelan President Nicolás Maduro and his wife, Cilia Flores. U.S. officials have made public statements regarding these events, while Venezuelan authorities and other international actors have disputed aspects of those accounts. Independent verification remains limited, and the factual, legal, and diplomatic implications continue to be debated.

Regardless of how these reports ultimately resolve, they have contributed to heightened political uncertainty surrounding Venezuela's governance, international relations, and regulatory outlook. For companies and financial institutions with exposure to Venezuela, the situation reinforces the need for careful reassessment of legal, contractual, sanctions, and operational risk.

Venezuela remains strategically significant due to its resource base. It holds the world's largest proven crude oil reserves, estimated at approximately 303 billion barrels, representing roughly 17 percent of global proven reserves, according to the OPEC Annual Statistical Bulletin¹ data. While current production levels remain constrained, developments affecting Venezuela's political and regulatory environment can have meaningful implications for energy markets and cross-border investment.

¹ Venezuela Sits on a Fifth of the World's Oil

Venezuela's Strategic Role in Global Energy Markets

Venezuela's reserve base positions it as a potentially important long-term supplier, particularly of heavy crude grades. However, production and exports have remained well below capacity for an extended period due to underinvestment, infrastructure deterioration, operational inefficiencies, and sanctions-related constraints.

Policy discussions in recent years have included reforms to the oil and gas sector aimed at increasing foreign participation and adjusting joint-venture and licensing frameworks. Any material shift in governance or regulatory oversight could affect investment conditions, contractual stability, and future market flows.

Energy sector participants should therefore closely consider:

- Ongoing operational uncertainty and access to upstream and midstream assets
- The enforceability and durability of agreements involving state-owned or state-linked counterparties
- Potential regulatory changes affecting exports, pricing, and joint-venture structures



Implications on the Energy Sector

The energy sector remains central to Venezuela's economy and to the dynamics of the global oil industry, even amid continued volatility and geopolitical uncertainty. In February 2026, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued a series of updated Venezuela-related general licenses under the Venezuela Sanctions Regulations (VSR) that expand but do not fully lift U.S. sanctions on the country's oil and gas sector. Among these, General License 50 (GL 50) and its amended successor GL 50A authorize otherwise prohibited transactions related to oil and gas operations in Venezuela by a defined group of major international energy firms, including Chevron Corporation, BP p.l.c., Eni S.p.A., Shell p.l.c., Repsol S.A., and, as of the GL 50A update, Établissements Maurel & Prom SA and their subsidiaries.

These licenses permit transactions involving the Government of Venezuela and Petróleos de Venezuela, S.A. (PDVSA) that were previously prohibited,² subject to rigorous conditions such as U.S.-law governing contracts, U.S.-based dispute resolution, payments into designated U.S. Treasury accounts, and detailed reporting requirements. The scope of these authorizations reflects a calibrated shift in U.S. policy creating structured avenues for sanctioned companies to engage in exploration, development, production and related operations, while maintaining core sanctions safeguards. The new licensing regime does not amount to full sanctions relief; instead, it marks a deliberate, controlled reopening of Venezuela's oil and gas industry to a limited set of international partners.

Contracts involving state-owned entities (SOEs) or their affiliates have historically been vulnerable to political and regulatory shifts. For example, specific licenses that previously permitted Repsol S.A. to receive oil shipments as debt repayment were revoked in early 2025,³ disrupting commercial arrangements and underscoring the operational risks inherent in sanctions-linked authorizations.

In this environment, contractual safeguards, including force majeure provisions, change-in-law clauses, stabilization clauses, and carefully structured dispute resolution mechanisms, remain essential tools for managing uncertainty and protecting commercial value. Companies should also reassess political risk insurance coverage, security arrangements, and financing documentation to ensure alignment with current licensing conditions and evolving geopolitical risk profiles.

² OFAC Issues General Licenses 49 and 50A Authorizing Contingent Investments and Additional Operations in Venezuelan Oil and Gas Sector

³ Repsol is owed \$5.4 billion by Venezuela, annual report shows

Implications on the Infrastructure Sector

Venezuela's energy and transport infrastructure including pipelines, export terminals, refineries, and storage facilities has experienced prolonged deterioration following decades of limited maintenance and underinvestment.⁴ Much of the midstream network is several decades old, resulting in reduced capacity, operational bottlenecks, and heightened safety and reliability concerns.⁵

For infrastructure sponsors, operators, and contractors, these physical challenges compound political and regulatory risk.

Concession agreements, permits, and regulatory approvals may be delayed, revisited, or amended. Even routine maintenance and rehabilitation projects may encounter administrative or funding constraints.

From a financial perspective, payment delays, revenue interruptions, and counterparty risk can undermine projected cash flows and debt-servicing assumptions. These factors may affect lenders' credit assessments and insurers' willingness to provide coverage without enhanced protections.

Comprehensive risk assessment, scenario planning, and carefully structured contractual protections, including guarantees and political risk insurance—are therefore essential for infrastructure-related activity in Venezuela.

⁴ Venezuela Oil & Gas: Reserves, Infrastructure Challenges, and the Road to Recovery

⁵ Country Analysis Brief: Venezuela

Implications on Finance and Investment

For financial institutions, sanctions compliance remains a primary consideration. U.S. sanctions administered by the Office of Foreign Assets Control (OFAC) continue to target Venezuelan state entities and designated individuals, requiring enhanced due diligence, transaction monitoring, and internal controls.⁶

While there has been periodic discussion of broader or modified licensing frameworks affecting the energy sector, any expansion of permissible activity would depend on clear regulatory guidance and robust compliance frameworks. Institutions considering engagement must ensure careful structuring and legal analysis to mitigate sanctions exposure.

Political uncertainty also affects cash-flow predictability, revenue rights, and the enforceability of long-term agreements. The large-scale rehabilitation of Venezuela's energy and infrastructure assets will necessitate substantial capital deployment, with near-term returns expected to remain constrained unless supported by consistent policy direction and meaningful structural reform.

Sovereign and corporate credit risk remains elevated due to Venezuela's debt profile and macroeconomic volatility. Indirect exposure through commodity trading, regional supply chains, or cross-border counterparties may also present risk if sanctions or political conditions change. Scenario-based analysis can help institutions evaluate downside exposure and compliance risk under a range of outcomes.

⁶ US to issue general license lifting some sanctions on Venezuelan oil industry

Contractual and Transactional Considerations



In a fluid political and regulatory environment, contracts play a central role in managing operational, financial, and compliance risks. Companies should assess how potential changes in governance, sanctions policy, or regulatory frameworks may affect the performance and enforceability of existing agreements, particularly those involving state participation.

Key provisions, including force majeure, material adverse change, change-of-law clauses, and sanctions

representations should be reviewed to ensure they remain effective under evolving conditions. Long-term contracts with state-linked entities warrant particular attention.

Termination rights, step-in rights, and alternative dispute resolution mechanisms may provide additional flexibility. Financing documentation relating to project finance, trade finance, and syndicated lending should be reviewed to ensure consistency with current political realities and sanctions compliance obligations.

A holistic approach that integrates contractual protections with operational planning, insurance coverage, and contingency strategies can help companies and investors manage exposure while maintaining flexibility in a high-risk environment.

Practical Risk Mitigation Steps for Businesses

In a jurisdiction where political authority, regulatory direction, and sanctions policy may shift with limited notice, risk management must extend beyond baseline compliance to coordinated legal, financial, and operational resilience planning. For businesses with direct or indirect exposure to Venezuela, the following measures are central to protecting value and maintaining continuity.

Continuous Legal and Regulatory Monitoring

Companies should implement structured monitoring of political developments, regulatory announcements, sanctions measures, and licensing frameworks in relevant jurisdictions, particularly the United States, the European Union, and the United Kingdom. Changes in enforcement posture, licence conditions, or designation lists can have immediate contractual and financial consequences. Early identification of regulatory developments allows businesses to adapt operations and compliance frameworks before disruptions materialise

Sanctions-Focused Due Diligence and Counterparty Risk Assessment

Enhanced due diligence should extend beyond initial onboarding to ongoing review of counterparties, intermediaries, logistics providers, and financing partners. Particular attention should be paid to beneficial ownership, state affiliation, and evolving sanctions exposure. In environments where state participation in the energy and infrastructure sectors is significant, counterparty risk is often inseparable from sovereign and regulatory risk.

Contractual Resilience and Enforceability Planning

Contracts should be reviewed with a focus on practical enforceability under conditions of political and regulatory stress. Key provisions include force majeure, change-in-law, material adverse change, hardship, termination, and payment protection mechanisms. Governing law and dispute resolution clauses—particularly the choice of arbitral seat and the enforceability of awards—warrant close scrutiny where agreements involve ministries, state-owned enterprises, or other sovereign-linked counterparties. Companies should assess not only whether contractual rights exist, but whether they are realistically exercisable in stressed conditions.

Financial Structuring, Payment Risk, and Insurance Coverage

Financial exposure should be mapped against disruption scenarios, including payment delays, currency convertibility constraints, correspondent banking withdrawal, and sanctions-related processing blocks. Trade finance structures, escrow arrangements, offshore payment mechanisms, and security packages should be evaluated for resilience under heightened compliance controls. Political risk insurance, trade credit insurance, and contract frustration coverage should be reviewed to ensure that policy terms reflect current operational and geopolitical realities.

Operational Continuity and Infrastructure Dependency Planning

Operational risk assessments should identify critical dependencies across logistics chains, export routes, port access, storage capacity, and essential service providers. In sectors reliant on aging or capacity-constrained infrastructure, contingency planning should account for interruptions affecting terminals, pipelines, transport corridors, or utilities. Alternative routing, storage, and service arrangements can materially reduce disruption where infrastructure reliability is uncertain.

Government, Regulatory, and Licence Engagement Strategy

Where operations depend on licences, concessions, or regulatory approvals, companies should maintain a clear and documented engagement strategy with relevant authorities. This includes tracking licence validity, renewal risk, reporting obligations, and compliance undertakings. Businesses should also plan for the possibility that licences, waivers, or authorisations may be amended, suspended, or not renewed, sometimes with limited transition periods. Alignment between local operating practices and international compliance requirements is particularly important where sanctions exemptions or authorisations form the legal basis for continued activity.



Reputational, Stakeholder, and ESG Risk Governance

Geopolitical and governance risk should be integrated into broader environmental, social, and governance (ESG) oversight frameworks. Board-level visibility into jurisdictional exposure, counterparties, and sector involvement supports informed decision-making and defensible stakeholder communication.

Transparent internal governance processes, documented risk assessments, and consistent external messaging help mitigate reputational exposure in politically sensitive operating environments.

Scenario Analysis and Strategic Stress Testing

Scenario planning should extend beyond operational disruption to include regulatory escalation, sanctions tightening, licence withdrawal, contract frustration, and prolonged payment constraints. Stress-testing financial models, contractual rights, and operating structures against these scenarios enables management and boards to identify predefined decision thresholds for capital allocation, suspension, restructuring, or exit.



Conclusion and Outlook

Recent developments in Venezuela highlight how political authority, sanctions policy and regulatory stability, directly shape energy markets and investment conditions in resource-dependent jurisdictions. In environments where the state plays a central role in the energy sector, shifts in governance or external diplomatic posture can quickly affect licensing frameworks, contractual enforceability, capital flows, and operational continuity.

While the immediate regulatory implications remain Venezuela-specific, the broader effects may extend to other oil-dependent economies such as Nigeria. Changes in Venezuelan production capacity or sanctions treatment could influence global crude supply dynamics, pricing benchmarks, and competitive positioning in key export markets. For Nigeria, the exposure is primarily macroeconomic and market-driven rather than regulatory, but it nonetheless underscores the importance of fiscal resilience, regulatory predictability, and investment certainty.

In this context, businesses are best positioned when they combine proactive risk assessment, sanctions compliance vigilance, contractual safeguards, and operational flexibility. Key priorities include mechanisms and regulatory developments, ensuring sanctions compliance, protecting assets through contractual and insurance mechanisms, and maintaining operational flexibility across energy and infrastructure activities.

Stren & Blan Partners continues to provide timely insight and sector specific expertise to help clients navigate this dynamic environment.



About Stren & Blan Partners

Stren & Blan Partners is a leading Nigerian commercial law firm with dedicated practices in Asset Recovery, Fraud Investigation & Enforcement, and Financial Services.

Our team has extensive experience representing international clients in cross-border fraud matters and works closely with law enforcement agencies, regulatory bodies and international counsel to achieve effective recoveries.

For enquiries regarding digital fraud recovery or asset tracing in Nigeria, please contact our Asset Recovery and Fraud Investigation team.

The Authors



**OZIOMA
AGU**

Partner

OziomaAgu
@strenandblan.com



**ANJOREOLUWA
BOLUWAJOKO**

Associate

AnjoreoluwaBoluwa
@strenandblan.com



**DAVID
OLAJIDE**

Associate

DavidOlajide
@strenandblan.com



**ENIOLA
ALAYO**

Associate

EniolaAlayo
@strenandblan.com



+234 (0)702 558 0053
3 Theophilus Orji Street, Off Fola Osibo Road,
Lekki Phase 1, Lagos, Nigeria

www.strenandblan.com
contact@strenandblan.com
[in](#) [x](#) [@](#) @strenandblan