

GIBSON DUNN

International Arbitration | International Trade
Advisory & Enforcement Update

January 4, 2026

Change in Venezuela

Gibson Dunn's team of sanctions, arbitration, litigation, and transactional attorneys are closely monitoring the developing situation in Venezuela and will keep clients updated as things continue to evolve. We will be working closely with trusted counsel in Venezuela.

The arrest and extradition of Nicolás Maduro will impact governments and multinational businesses around the world. We expect that many business leaders will wonder what these events mean for parties litigating against Venezuela, how creditors will be impacted, what it will mean for the crude market, how to navigate fast-moving changes in U.S. and foreign sanctions regimes, and what opportunities will develop to re-enter Venezuela in the near- to medium-term.

At the moment, these questions do not lend themselves to obvious answers—the United States has not changed its position on the legitimacy of any particular government in Venezuela. Sanctions have not yet been lifted or altered, and the United States has not recognized a new government in the country or in exile.

Mr. Maduro and Ms. Flores will be prosecuted in the Southern District of New York, where they were both indicted. A key question in that proceeding will be whether Mr. Maduro is entitled to immunity as a purported Head of State. The DOJ will argue he is not entitled to such immunity given that the United States Executive Branch does not recognize him as the legitimate Head of State. That argument has succeeded in the past during the successful prosecution of General Noriega of Panama in 1990.^[1] No matter the outcome, as a practical matter, his capture and impending trial will mean that, at the very least, there will be a new functional Head of State in Venezuela in the near-term. Long-time Maduro-supporter, Ms. Delcy Rodríguez—who most

recently served as Vice President and Minister of Petroleum—has been anointed the interim leader in-country. President Trump has indicated some openness to working with Ms. Rodriguez, although reports are currently mixed on Ms. Rodriguez's willingness to cooperate with the United States.

From an economic perspective, in recent years, sanctions have been the primary tool used by the U.S. to effectuate its policy towards Venezuela. Accordingly, sanctions on Venezuela could shift quickly. The United States has imposed restrictive economic measures on Venezuela since 2015 and, unlike some sanctions targeting Syria or Russia, these restrictions have not been codified into legislation. As a result, the President has broad discretion to alter, lift, increase, or decrease the sanctions measures currently in place. While the current sanctions are short of a full embargo, since 2019 they have prohibited any dealings by U.S. individuals or businesses with the government of Venezuela or the state-owned Petróleos de Venezuela, S.A. (PDVSA), absent express authorization from the Office of Foreign Assets Control (OFAC). For six months, between October 2023 and April 2024, OFAC authorized oil and gas sector operations in Venezuela. Those general authorizations were revoked, following the Maduro regime's failure to implement certain electoral reforms in advance of the presidential election held in Venezuela in July 2024.

However, President Trump's comments at his January 3, 2026 press conference suggest that the United States may soon move to allow new businesses to operate in Venezuela once again, and that the United States policy towards the country may change on many fronts. In particular, the Trump Administration has expressed a desire to allow U.S. oil and gas companies to expand operations in the country in the near-term. Opportunities in other sectors—including those that were previously expropriated, such as mining and consumer products—could also open up. In all events, potential investors should consider whether their investments can be protected under international treaties that remain in force with Venezuela or, alternatively, through direct agreements with the Venezuelan and/or United States government prior to re-entry.

With respect to the oil and gas sector in particular, since Chavez's expropriation of foreign oil and gas investments in the early 2000s, PDVSA's oil and gas production has decreased by two-thirds (from approximately 3 million barrels a day to 1 million barrels a day),^[2] even though other foreign powers such as China have stepped in to support Venezuelan oil exports in recent years. It will require a substantial investment of time, human resources and tens of billions of dollars to bring Venezuela's oil production back to its previous levels. And Venezuela's crude oil is very heavy, which only a few refineries can process. In recent years, those refineries in the U.S. have replaced the lost Venezuelan oil with other sources, including Canadian heavy crude. So refining capacity will also need to be found for new heavy oil supplies if and when they come back online. In short, increasing Venezuela's oil supply, and making it accessible in the U.S., is a long-term project, though new business opportunities in Venezuela to support that project could be available in the near-term.

It also seems possible that creditors of Venezuela will have new avenues to pursue payment from the country—either by accessing assets that have previously been blocked, or through negotiations with a new regime. We are continuing to watch political developments in the coming days to see what opportunities present themselves.

Finally, there are obvious regional implications to the United States' recent actions. Regional players that rely on oil imports from Venezuela, such as Cuba, Curacao and Trinidad, will be affected due to disruptions in oil supply. And other countries in the region, especially those with significant Venezuelan populations and/or known for having cartels that export drugs to the United States (such as Colombia and Mexico), will be considering how recent events impact their relationship with both the United States and Venezuela. No doubt, companies with businesses in those jurisdictions will also be watching closely.

Gibson Dunn continues to advise a number of clients in ongoing litigation against the Republic as well as on sanctions-related issues involving doing business in and with Venezuela. Our team of sanctions, arbitration, litigation, and transactional attorneys are closely monitoring the developing situation in Venezuela and will keep our clients updated as things continue to evolve. In doing so, we will be working closely with trusted counsel in Venezuela. Please do not hesitate to contact the team below should you have any questions about your current or future business, sanctions, or litigation considerations with respect to Venezuela.

[1] See *United States v. Noriega*, 117 F.3d 1206, 1212 (11th Cir. 1997).

[2] The Economist, *Donald Trump's great Venezuelan oil gamble*, January 4, 2026, available at <https://www.economist.com/finance-and-economics/2026/01/04/donald-trumps-great-venezuelan-oil-gamble> (last accessed Jan. 4, 2026).

The following Gibson Dunn lawyers prepared this update: Rahim Moloo, Adam M. Smith, Patrick W. Pearsall, Zachary Kady, and Samantha Sewall.

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding these developments. Please contact the Gibson Dunn lawyer with whom you usually work, the authors, or any leader or member of the firm's International Arbitration / Geopolitical Strategy & International Law, Judgment & Arbitral Award Enforcement, International Trade Advisory & Enforcement, Environmental Litigation / Climate Change Litigation & Governance, or Public Policy practice groups:

International Arbitration / Geopolitical Strategy:

Rahim Moloo – New York (+1 212.351.2413, rmoloo@gibsondunn.com)

Patrick W. Pearsall – Washington, D.C. (+1 202.955.8516, ppearsall@gibsondunn.com)

Lindsey D. Schmidt – New York (+1 212.351.5395, lschmidt@gibsondunn.com)

Charline O. Yim – New York (+1 212.351.2316, cyim@gibsondunn.com)

Zachary A. Kady – New York (+1 212.351.5305, zkady@gibsondunn.com)

Judgment & Arbitral Award Enforcement:

Miguel A. Estrada – Washington, D.C. (+1 202.955.8257, mestrada@gibsondunn.com)

Rahim Moloo – New York (+1 212.351.2413, rmoloo@gibsondunn.com)

Jason Myatt – New York (+1 212-351-4085, jmyatt@gibsondunn.com)

International Trade Advisory & Enforcement:

Ronald Kirk – Dallas (+1 214.698.3295, rkirk@gibsondunn.com)

Adam M. Smith – Washington, D.C. (+1 202.887.3547, asmith@gibsondunn.com)

Samantha Sewall – Washington, D.C. (+1 202.887.3509, ssewall@gibsondunn.com)

Environmental Litigation / Climate Change Litigation & Governance:

Theodore J. Boutrous, Jr. – Los Angeles (+1 213.229.7000, tboutrous@gibsondunn.com)

Joshua D. Dick – San Francisco (+1 415.393.8331, jdick@gibsondunn.com)

Andrea E. Smith – Houston (+1 346.718.6751, aesmith@gibsondunn.com)

Public Policy:

Michael D. Bopp – Washington, D.C. (+1 202.955.8256, mbopp@gibsondunn.com)

Stuart F. Delery – Washington, D.C. (+1 202.955.8515, sdelery@gibsondunn.com)

Mylan L. Denerstein – New York (+1 212.351.3850, mdenerstein@gibsondunn.com)

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