



## Venezuela: Political Crisis and U.S. Policy

Venezuela remains in a deep crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). On January 10, 2019, Maduro began a second term that most Venezuelans and much of the international community consider illegitimate. Congress has enacted legislation affecting U.S. policy on Venezuela, appropriated foreign assistance to support the people of Venezuela and to address the regional migration crisis, and held oversight hearings on U.S. policy toward Venezuela.

Since January 2019, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to form a transition government to serve until internationally observed elections can be held. The United States and 57 other countries recognize Guaidó as interim president. In early 2020, Guaidó completed an international tour during which he met with President Trump. Thus far, he has proved unable to harness that international support to dislodge Maduro from power.

### Background

Maduro was narrowly elected in 2013 after the death of populist President Hugo Chávez (1999-2013) and reelected in May 2018 in a fraudulent election. Maduro has used the Venezuelan courts, security forces, and electoral council to quash dissent. Security forces have detained and abused Maduro's opponents, including military officers and opposition politicians. More recently, police have violently enforced a Coronavirus Disease 2019 (COVID-19) quarantine and arrested those who have criticized the government's response to the pandemic. As of June 1, 2020, the government held 451 political prisoners, according to *Foro Penal*, a human rights organization.

By most accounts, Maduro's government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in global oil prices and oil production on the country's economy. Maduro has rewarded allies, including the military, with income siphoned from state industries, as well as from illegal gold mining, drug trafficking, and other illicit activities. The International Monetary Fund (IMF) estimates that the Venezuelan economy contracted by 35% in 2019 and inflation reached 9,585%. According to IMF forecasts, hyperinflation will continue in 2020 and an economic contraction of some 15% could occur.

Shortages in food and medicine, declines in purchasing power, and a collapse of social services have created a humanitarian crisis. In April 2019, U.N. officials estimated that some 90% of Venezuelans were living in poverty. A February 2020 World Food Program assessment estimated that 9 million Venezuelans were food insecure. Health indicators, particularly infant and maternal mortality rates, have worsened. Previously eradicated diseases such as

diphtheria and measles have returned and spread. The COVID-19 pandemic has presented a new health challenge. The government reported only 24 deaths from COVID-19 (as of June 10), but experts predict that the actual number is much higher and that the pandemic could decimate Venezuela's hollowed-out health system. Some 70% of Venezuelan hospitals surveyed in 2019 lacked access to clean water. A Maduro-Guaidó agreement negotiated in early June 2020 should allow the Pan American Health Organization to lead relief efforts.

In May 2020, U.N. agencies estimated that 5.1 million Venezuelans had left the country, most of whom were in Latin America and the Caribbean. Migrants face obstacles maintaining informal sector jobs and accessing health care, as neighboring countries have implemented quarantines and border closures to prevent the spread of COVID-19.

### Political Situation

On January 5, 2019, the National Assembly elected Guaidó, an industrial engineer from the Popular Will party, as its president. Guaidó then announced he was willing to serve as interim president until new presidential elections were held. Buoyed by massive protests, Guaidó took the oath of office on January 23, 2019.

Eighteen months later, Guaidó retains diplomatic support but lacks political power at home. In 2019, Guaidó's supporters organized two unsuccessful efforts to get security forces to abandon Maduro—in February, they sought to bring emergency aid into the country across borders that Maduro had closed, and on April 30, Guaidó called for a civil-military uprising. After those efforts failed, observers hoped negotiations between Guaidó and Maduro could lead to an electoral solution to the crisis.

When talks stalled, Maduro increased persecution of Guaidó's supporters while negotiating with a group of legislators from smaller parties. Maduro installed one of these legislators (Luis Parra) as head of the National Assembly in January 2020—a move that triggered U.S. sanctions. Guaidó lost domestic support after being linked to a botched raid against Maduro in early May 2020 (reportedly involving U.S. mercenaries and former Venezuelan soldiers), and the Supreme Court recognized Parra as head of the assembly. It then ruled that since efforts to select a new electoral council to oversee the legislative elections due in 2020 had stalled in the National Assembly, the court would select the council members. Legislative elections could occur in December 2020, but many observers maintain that the elections would not be free and fair.

## International Response

The international community remains divided over how to respond to the crisis in Venezuela. The United States, Canada, most of the European Union (EU), and 16 Western Hemisphere countries recognize Guaidó as interim president. The United States, EU, Canada, and 11 Western Hemisphere countries that are states parties to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) have imposed targeted sanctions and travel bans on Maduro officials. The EU and Western Hemisphere countries oppose military intervention to oust Maduro. An International Contact Group, backed by the EU and some Latin American countries, endorsed negotiations led by Norway, but those efforts have not yet succeeded.

Russia, Cuba (which has provided military and intelligence support), Turkey, Iran, and a few other countries support Maduro. Russia and China have provided aid to Maduro and blocked efforts at the U.N. Security Council to recognize the Guaidó government. Russia has supported Venezuela's struggling oil industry, helped Venezuela skirt U.S. oil sanctions, and sent military personnel and equipment, a move that prompted U.S. condemnation. In May 2020, Iran shipped gasoline to Venezuela.

## Recent U.S. Policy

The U.S. government ceased to recognize Maduro as Venezuela's legitimate president in January 2019. The Trump Administration has since implemented a "maximum pressure" campaign to compel Maduro to leave office. On March 31, 2020, the Administration issued a "democratic transition framework" backed by Guaidó. The framework would lift certain sanctions in exchange for Maduro releasing political prisoners, having foreign security forces leave the country, and allowing the creation of a Council of State to carry out presidential duties until elections can be held. The Council of State would consist of four members from the National Assembly and a Secretary General they choose; it would not include Maduro or Guaidó. With Guaidó weakened politically, it is unclear how Maduro can be compelled to accept such a framework.

**Diplomacy.** The United States has worked to encourage countries to recognize the Guaidó government, sanction Maduro officials, and provide shelter or humanitarian aid to Venezuelans who have fled. U.S. officials continue to denounce Cuban, Russian, and Iranian support of Maduro.

**Sanctions.** Individual, financial, and sectoral sanctions are key parts of U.S. policy toward Venezuela. They include

- **Individual sanctions** for terrorism; drug trafficking; and those who have committed antidemocratic actions, human rights violations, or corruption (see Executive Order (E.O.) 13692; P.L. 113-278; P.L. 114-194);
- **Financial sanctions** restricting Maduro government and state oil company, *Petróleos de Venezuela* (PdVSA), access to U.S. financial markets (E.O. 13808); prohibiting transactions using cryptocurrency (E.O. 13827); or purchasing Venezuelan debt (E.O. 13835);
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's

central bank, and the state gold mining company, among other entities (E.O. 13850); and

- **Sanctions on the Maduro government** blocking assets in the United States and prohibiting transactions with that government unless authorized as part of efforts to aid the Venezuelan people (E.O. 13884).

The Administration has imposed sanctions on Cuba for its support of Maduro and sanctions on two subsidiaries of Russia's Rosneft and on shipping companies from other countries for shipping oil for PdVSA. (CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions.*)

**Other U.S. Pressure.** In late March, the Department of Justice indicted Maduro and 14 top officials and the State Department's \$15 million reward offer for information leading to Maduro's arrest. On April 1, President Trump announced the deployment of additional U.S. naval counterdrug assets to the Caribbean to curb drug trafficking emanating from Venezuela. Both actions target drug trafficking, reportedly a key source of Maduro's revenue.

**U.S. Assistance.** The United States is providing assistance and helping to coordinate and support the regional response to the Venezuelan migration crisis. Since FY2017, the Administration has provided \$610.6 million in humanitarian assistance to support countries sheltering Venezuelans, including \$76 million for humanitarian relief activities in Venezuela, \$12.3 million of which is aimed at helping address COVID-19. In October 2019, the U.S. government signed an agreement with Guaidó representatives to provide more than \$125 million in new democracy, development, and health programs.

**Congressional Action.** Congress has supported most of the Trump Administration's efforts to restore democracy in Venezuela and provide humanitarian assistance to Venezuelans. Some Members have expressed concerns about the humanitarian effects of sanctions and called for their temporary suspension due to COVID-19. Others are concerned about a potential unauthorized use of the U.S. military in Venezuela.

In December 2019, Congress enacted P.L. 116-94, which provided \$30 million in FY2020 assistance for democracy and human rights programs in Venezuela. The measure also incorporated provisions from S. 1025, the VERDAD Act, authorizing \$400 million in FY2020 humanitarian aid, codifying some sanctions, and authorizing \$17.5 million to support elections in Venezuela. P.L. 116-94 included language from House-approved bills including H.R. 920, restricting the export of defense articles to Venezuela, and H.R. 1477, requiring a strategy to counter Russian influence in Venezuela. Congress is considering the Administration's \$205 million FY2021 budget request for Venezuela.

In July 2019, the House passed H.R. 549, designating Venezuela as a beneficiary country for temporary protected status. On July 30, 2019, a Senate effort to pass H.R. 549 by unanimous consent failed. (See also CRS Report R44841, *Venezuela: Background and U.S. Relations.*)

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