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Venezuela: Background and U.S. Relations

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Summary

Venezuela remains in a deep political and economic crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela. Maduro, narrowly elected in 2013 after the death of Hugo Chávez (president, 1999-2013), began a second term on January 10, 2019, that most Venezuelans and much of the international community consider illegitimate. Since January, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to form an interim government to serve until internationally observed elections can be held. Although the United States and 53 other countries recognize Guaidó as interim president, the military high command, supported by Russia and Cuba, has remained loyal to Maduro. Venezuela is in a political stalemate as conditions in the country deteriorate.

Venezuela's economy has collapsed. It is plagued by hyperinflation, severe shortages of food and medicine, and electricity blackouts that have worsened an already dire humanitarian crisis. In April 2019, United Nations officials estimated that some 90% of Venezuelans are living in poverty and 7 million need humanitarian assistance. Maduro has blamed U.S. sanctions for these problems, but most observers cite economic mismanagement and corruption under Chávez and Maduro for the current crisis. U.N. agencies estimate that 3.7 million Venezuelans had fled the country as of March 2019, primarily to other Latin American and Caribbean countries.

U.S. Policy

The United States historically had close relations with Venezuela, a major U.S. oil supplier, but relations deteriorated under the Chávez and Maduro governments. The Trump Administration has employed targeted sanctions against Venezuelan officials responsible for human rights violations, undermining democracy, and corruption, as well as on individuals and entities engaged in drug trafficking. Since 2017, the Administration has imposed a series of broader economic sanctions on the Maduro government and state oil company *Petróleos de Venezuela, S. A.* (PdVSA).

On January 23, 2019, the Trump Administration recognized the Guaidó government. It has imposed additional sanctions on Maduro officials, blocked Maduro and his government from benefitting from revenue from PdVSA, and imposed secondary sanctions on entities doing business with Maduro. The Administration has provided some $213 million in humanitarian assistance to countries sheltering Venezuelans and pre-positioned emergency supplies for Venezuelans at the country's borders.

Congressional Action

The 116th Congress likely will fund foreign assistance to Venezuela and neighboring countries sheltering Venezuelans. Congress may consider additional steps to influence the Venezuelan government's behavior in promoting a return to democracy and to relieve the humanitarian crisis. In FY2019, Congress provided $17.5 million for democracy and rule of law programs in Venezuela (P.L. 116-6). The Administration's proposed FY2020 budget asks for $9 million in democracy aid and authority to transfer up to $500 million to support a transition or respond to a crisis in Venezuela. On May 20, 2019, the House Appropriations Committee reported its version of the FY2020 Department of State and Foreign Operations Appropriations Act (H.R. 2389), which would provide $17.5 million in democracy and human rights aid to Venezuela.

On May 22, 2019, the Senate Foreign Relations Committee ordered S. 1025 reported with an amendment to include three House-passed measures: H.R. 854 would authorize expanded humanitarian aid, H.R. 920 would prohibit arms transfers to Maduro, and H.R. 1477 would require an assessment of Russian-Venezuelan security cooperation. S. 1025 would increase humanitarian assistance to Venezuela and countries sheltering Venezuelans and provide support

for Venezuela's democratic transition. On May 22, 2019, the House Judiciary Committee ordered reported H.R. 549 to make certain Venezuelans in the United States eligible for Temporary Protected Status. On April 9, 2019, the House Committee on Foreign Affairs ordered reported H.R. 1004 to prohibit the use of U.S. military forces in combat operations in Venezuela.

Also see CRS In Focus IF10230, *Venezuela: Political Crisis and U.S. Policy*; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*; CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*; and CRS In Focus IF11216, *Venezuela: International Efforts to Resolve the Political Crisis*.

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Recent Developments

On May 29, 2019, the government of Norway confirmed that the representatives of the main political actors in Venezuela had returned to Oslo "to move forward in the search for an agreed-upon and constitutional solution for the country." (See "Foreign Involvement in Venezuela's Political Crisis," below.)

On May 25, 2019, the U.S. Department of State stated that "the only thing to negotiate with Nicolás Maduro is the conditions of his departure.… [If] the talks in Oslo will focus on that objective … we hope progress will be possible." (See "U.S. Policy," below.)

On May 22, 2019, the Senate Foreign Relations Committee ordered S. 1025, a comprehensive bill to address the crisis in Venezuela, to be reported with an amendment to include three House-passed measures: H.R. 854 would authorize expanded humanitarian aid, H.R. 920 would restrict arms transfers to Maduro, and H.R. 1102 would require an assessment of Russian-Venezuelan security cooperation. (See **Appendix A**, below.)

On May 22, 2019, the House Judiciary Committee ordered reported H.R. 549 to make certain Venezuelans in the United States eligible for Temporary Protected Status. A companion bill (S. 636) has been introduced in the Senate. (See **Appendix A**, below.)

On May 19, 2019, the interim government led by Juan Guaidó hired a prominent sovereign debt lawyer, Lee Buchheit, on a pro bono basis to help restructure the country's $150 billion in outstanding debt should it obtain complete control in Venezuela. (See "Economic Crisis," below.)

On May 16, 2019, an ad hoc board of directors of *Petróleos de Venezuela, S. A.* (PdVSA)—Venezuela's state-owned oil company—appointed by Venezuela's interim government made a $71 million interest payment on PdVSA bonds maturing in 2020. Defaulting on the PdVSA 2020 bonds could have resulted in legal challenges by creditors and the seizure of U.S. refiner Citgo, owned by PdVSA. (See "Energy Sector Concerns and U.S. Economic Sanctions," below.)

On May 15, 2019, the U.S. Department of Transportation ordered flights between the United States and Venezuela to be suspended due to information the agency obtained from the Department of Homeland Security that "conditions in Venezuela threaten the safety and security of passengers, aircraft, and crew traveling to or from that country." (See "U.S. Policy," below.)

On May 8, 2019, Venezuelan intelligence agents arrested the vice president of the National Assembly, Edgar Zambrano, reportedly for his involvement in a failed uprising against authoritarian leader Nicolás Maduro on April 30, 2019 (See "Human Rights," below.)

On April 30, 2019, Guaidó and Leopoldo López, a former political prisoner and head of the Popular Will (VP) party who had been released from house arrest by pro-Guaidó military officials, called for a civil-military rebellion against Maduro. Forces loyal to Maduro violently put down pro-Guaidó supporters and attacked journalists. López sought refuge in the Spanish embassy. (See "Maduro's Second Term Deemed Illegitimate; Interim Government Formed," below.)

On April 10, 2019, United Nations humanitarian experts updated the U.N. Security Council on the humanitarian situation in Venezuela, estimating that some 7 million Venezuelans were in need of humanitarian assistance. (See "Humanitarian Situation" below.)

Introduction

Venezuela, long one of the most prosperous countries in South America with the world's largest proven oil reserves, continues to be in the throes of a deep political, economic, and humanitarian crisis. Whereas populist President Hugo Chávez (1999-2013) governed during a period of generally high oil prices, his successor, Nicolás Maduro of the United Socialist Party of Venezuela (PSUV), exacerbated an economic downturn caused by low global oil prices through mismanagement and corruption. According to Freedom House, Venezuela fell from "partly free" under Chávez to "not free" under Maduro.[1] On January 10, 2019, Maduro took office for a second term after winning an election in May 2018 that was deemed illegitimate within Venezuela and by the United States and more than 50 other countries.[2] Maduro has resisted domestic and international pressure to leave office and allow an interim government led by Juan Guaidó, president of the National Assembly, to serve until free and fair elections can be convened.[3]

U.S. relations with Venezuela, a major oil supplier, deteriorated during Chávez's rule, which undermined human rights, the separation of powers, and freedom of expression. U.S. and regional concerns have deepened as the Maduro government has manipulated democratic institutions; cracked down on the opposition, media, and civil society; engaged in drug trafficking and corruption; and refused most humanitarian aid. Efforts to hasten a return to democracy in Venezuela have failed thus far, but efforts to find a political solution to the crisis continue.[4]

This report provides an overview of the overlapping political, economic, and humanitarian crises in Venezuela, followed by an overview of U.S. policy toward Venezuela.

Venezuela at a Glance

Population: 28 million (2019 est., IMF)

Area: 912,050 square kilometers (slightly more than twice the size of California)

GDP: $76.5 billion (2019, current prices, IMF est.)

GDP Growth: 18% (2018, IMF est.)

GDP Per Capita: $2,724 (2019, current prices, IMF est.)

Key Trading Partners: Exports—U.S.: 35.2%, India: 21.4%, China: 15.2%. Imports—U.S.: 51.5%, China: 15.7%, Brazil: 13.8% (2019, EIU)

Unemployment: 44.3% (2019, IMF)

Life Expectancy: 74.7 years (2017, UNDP)

Literacy: 97.1% (2016, UNDP)

Legislature: National Assembly (unicameral), with 167 members; National Constituent Assembly, with 545 members (United States does not recognize)

Sources: Economist Intelligence Unit (EIU); International Monetary Fund (IMF); United Nations Development Programme (UNDP).

[1] Freedom House, *Freedom in the World: 2019.*

[2] Reuters, "Venezuela's Maduro Reelected Amid Outcry over Vote," May 20, 2018. The United States, the EU, the Group of Seven, and most Western Hemisphere countries do not recognize the legitimacy of his mandate.

[3] In the absence of an elected president, the Venezuelan Congress's president must become acting president of a transition government until elections can be called. Constitution of the Bolivarian Republic of Venezuela, 1999, as amended by Amendment No. 1 of 15 February 2009, Article 233, translation by the Ministry of Communication and Information of the Bolivarian Republic of Venezuela, 2010.

[4] CRS In Focus IF11216, *Venezuela: International Efforts to Resolve the Political Crisis*, by Clare Ribando Seelke.

Figure 1. Political Map of Venezuela

Source: Congressional Research Service (CRS).

Political Situation

Legacy of Hugo Chávez: 1999-2013[5]

In December 1998, Hugo Chávez, a leftist populist representing a coalition of small parties, received 56% of the presidential vote (16% more than his closest rival). Chávez's commanding victory illustrated Venezuelans' rejection of the country's two traditional parties, Democratic Action (AD) and the Social Christian party (COPEI), which had dominated Venezuelan politics for the previous 40 years. Most observers attribute Chávez's rise to power to popular disillusionment with politicians who were judged to have squandered the country's oil wealth through poor management and corruption. Chavez's campaign promised constitutional reform; he asserted that the system in place allowed a small elite class to dominate Congress and waste revenues from the state oil company, *Petróleos de Venezuela, S. A.* (PdVSA).

[5] This section draws from CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*, by Mark P. Sullivan; and CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

Venezuela had one of the most stable political systems in Latin America from 1958 until 1989. After that period, however, numerous economic and political challenges plagued the country. In 1989, then-President Carlos Andres Pérez (AD) initiated an austerity program that fueled riots in which several hundred people were killed. In 1992, two attempted military coups threatened the Pérez presidency, one led by Chávez, who at the time was a lieutenant colonel railing against corruption and poverty. Chávez served two years in prison for that failed coup attempt. In May 1993, the legislature dismissed Pérez from office for misusing public funds. The election of former President Rafael Caldera (1969-1974) as president in December 1993 brought a measure of political stability, but the government faced a severe banking crisis. A rapid decline in the world price of oil caused a recession beginning in 1998, which contributed to Chávez's landslide election.

Under Chávez, Venezuela adopted a new constitution (ratified by plebiscite in 1999), a new unicameral legislature, and a new name for the country—the Bolivarian Republic of Venezuela, named after the 19th century South American liberator Simón Bolívar. Buoyed by windfall profits from increases in the price of oil, the Chávez government expanded the state's role in the economy by asserting majority state control over foreign investments in the oil sector and nationalizing numerous private enterprises. Chávez's charisma, use of oil revenue to fund domestic social programs and provide subsidized oil to Cuba and other Central American and Caribbean countries, and willingness to oppose the United States captured global attention.[6]

After Chávez's death, his legacy has been debated. President Chávez established an array of social programs and services known as *missions* that helped reduce poverty by some 20% and improve literacy and access to health care.[7] Some maintain that Chávez also empowered the poor by involving them in community councils and workers' cooperatives.[8] Nevertheless, his presidency was "characterized by a dramatic concentration of power and open disregard for basic human rights guarantees," especially after his brief ouster from power in 2002.[9] Declining oil production, combined with massive debt and high inflation, have shown the costs involved in Chávez's failure to save or invest past oil profits, tendency to take on debt and print money, and decision to fire thousands of PdVSA technocrats after an oil workers' strike in 2002-2003.[10]

Venezuela's 1999 constitution, amended in 2009, centralized power in the presidency and established five branches of government rather than the traditional three branches.[11] Those

[6] Chávez viewed himself as a leader of an integrated Latin America struggling against an external power (the United States), similar to how Simón Bolívar led the struggle against Spain in the 19th century. Carlos A. Romero and Víctor M. Mijares, "From Chávez to Maduro: Continuity and Change in Venezuelan Foreign Policy," *Contexto Internacional*, vol. 38, no.1 (2016), pp. 178-188. In 2005, the PetroCaribe program began providing subsidized oil to many Caribbean and Central American countries; however, the volume of shipments declined after 2012. David L. Goldwyn and Cory R. Gill, *The Waning of PetroCaribe? Central American and Caribbean Energy in Transition*, Atlantic Council, 2016.

[7] Daniel Hellinger and Anthony Petros Spanakos, "The Legacy of Hugo Chávez," *Latin American Perspectives*, vol. 44, no. 1, January 2017, pp. 4-15.

[8] Eva Golinger, "Opinion: Chávez was a Maker of Dreams," CNN, March 7, 2013.

[9] Although President Chávez remained widely popular until mid-2001, his standing eroded afterward amid growing concerns by some that he was imposing a leftist agenda on the country and that his government was ineffective in improving living conditions. In April 2002, massive protests and pressure by the military led to the ousting of Chávez from power for less than three days. He ultimately was restored to power by the military after an interim president alienated the military and the public by taking hardline measures, including the suspension of the constitution. Human Rights Watch, "Venezuela: Chávez's Authoritarian Legacy," March 5, 2013.

[10] Francisco Monaldi, *The Impact of the Decline in Oil Prices on the Economics, Politics, and Oil Industry in Venezuela*, Columbia Center on Global Energy Policy, September 2015, pp. 9-13.

[11] Antonio Ramirez, "An Introduction to Venezuelan Governmental Institutions and Primary Legal Sources," New

branches include the presidency, a unicameral National Assembly, a Supreme Court, a National Electoral Council (CNE), and a "Citizen Power" branch (three entities that ensure that public officials at all levels adhere to the rule of law and that can investigate administrative corruption). The president is elected for six-year terms and can be reelected indefinitely; however, he or she also may be made subject to a recall referendum (a process that Chávez submitted to in 2004 and survived but Maduro cancelled in 2016). Chávez exerted influence over all the government branches, particularly after an outgoing legislature dominated by *chavistas* appointed pro-Chávez justices to control the Supreme Court in 2004 (a move that Maduro's allies would repeat in 2015).

In addition to voters having the power to remove a president through a recall referendum process, the National Assembly has the constitutional authority to act as a check on presidential power. The National Assembly consists of a unicameral Chamber of Deputies with 167 seats whose members serve for five years and may be reelected once. With a simple majority, the legislature can approve or reject the budget and the issuing of debt, remove ministers and the vice president from office, overturn enabling laws that give the president decree powers, and appoint the five members of the CNE (for seven-year terms) and the 32 members of the Supreme Court (for one 12-year term). With a two-thirds majority, the assembly can remove judges, submit laws directly to a popular referendum, and convene a constitutional assembly to revise the constitution.[12]

Maduro Government: 2013-2018[13]

After Chávez's death in March 2013, Venezuela held presidential elections in April. Acting President Nicolás Maduro defeated Henrique Capriles of the Democratic Unity Roundtable (MUD) of opposition parties by 1.5%. The opposition alleged significant irregularities and protested the outcome.

Nicolás Maduro

A former trade unionist who served in Venezuela's legislature from 1998 until 2006, Nicolás Maduro held the position of National Assembly president from 2005 to 2006, when he was selected by President Chávez to serve as foreign minister. Maduro retained that position until mid-January 2013, concurrently serving as vice president beginning in October 2012, when President Chávez tapped him to serve in that position following his reelection. Maduro often was described as a staunch Chávez loyalist. Maduro's partner since 1992 is well-known Chávez supporter Cilia Flores, who served as the president of the National Assembly from 2006 to 2011; the two were married in July 2013.

After his razor-thin victory, Maduro sought to consolidate his authority. Security forces and allied civilian groups violently suppressed protests and restricted freedom of speech and assembly. In 2014, 43 people died and 800 were injured in clashes between pro-government forces and student-led protesters concerned about rising crime. President Maduro imprisoned opposition figures, including Leopoldo López, head of the Popular Will (VP) party, who was sentenced to more than 13 years in prison for allegedly inciting violence. In February 2015, the government again cracked down.

In the December 2015 legislative elections, the MUD captured a two-thirds majority in Venezuela's National Assembly—a major setback for Maduro. The PSUV-aligned Supreme Court blocked three MUD deputies from taking office, which deprived the opposition of a two-thirds majority. From January 2016 through August 2017 (when the National Constituent Assembly discussed below voted to give itself legislative powers), the Supreme Court blocked laws and assumed the legislature's functions.

York University Law School Library, May 2016.

[12] Ramirez, "An Introduction to Venezuelan Governmental Institutions;" CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

[13] See also CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

In 2016, opposition efforts focused on attempts to recall President Maduro in a national referendum. The government used delaying tactics to slow the process. In October 2016, the CNE suspended the recall effort after five state-level courts issued rulings alleging fraud in a signature collection drive that had amassed millions of signatures. In late 2016, most of the opposition (with the exception of Popular Will) agreed to talks with the government mediated by the Vatican; the former leaders of the Dominican Republic, Spain, and Panama; and the head of the Union of South American Nations. By December 2016, the opposition had left the talks due to a lack of progress on the part of the government in meeting its commitments.[14]

In 2017, the Maduro government continued to harass and arbitrarily detain opponents. In addition, President Maduro appointed a hardline vice president, Tareck el Aissami, former governor of the state of Aragua and designated by the United States as a drug kingpin. Popular protests, which were frequent between 2014 and 2016, had dissipated. In addition to restricting freedom of assembly, the government cracked down on media outlets and journalists.[15]

Despite these obstacles, the MUD became reenergized in response to the Supreme Court's March 2017 rulings to dissolve the legislature and assume all legislative functions. After domestic protests, a rebuke by then-Attorney General Luisa Ortega (a Chávez appointee), and an outcry from the international community, President Maduro urged the court to revise those rulings, and it complied. In April 2017, the government banned opposition leader and two-time presidential candidate Henrique Capriles from seeking office for 15 years, which fueled more protests.

From March to July 2017, the opposition conducted large, sustained protests against the government, calling for President Maduro to release political prisoners, respect the separation of powers, and hold an early presidential election. Clashes between security forces (backed by armed civilian militias) and protesters left more than 130 dead and hundreds injured (See "Human Rights" below).

Constituent Assembly Established. In May 2017, President Maduro announced that he would convene a constituent assembly to revise the constitution and scheduled July 30 elections to select delegates to that assembly. The Supreme Court ruled that Maduro could convoke the assembly without first holding a popular referendum (as the constitution requires). The opposition boycotted, arguing that the elections were unconstitutional; a position shared by then-Attorney General Luisa Ortega and international observers (including the United States). In an unofficial plebiscite convened in mid-July by the MUD, 98% of some 7.6 million Venezuelans cast votes rejecting the creation of a constituent assembly; the government ignored that vote. Despite an opposition boycott and protests, the government orchestrated the July 30, 2017, election of a 545-member National Constituent Assembly (ANC) to draft a new constitution.[16]

Many observers viewed the establishment of the ANC as an attempt by the ruling PSUV to ensure its continued control of the government even though many countries have refused to recognize its legitimacy. The ANC dismissed Attorney General Ortega, voted to approve its own mandate for two years, and declared itself superior to other branches of government. Ortega fled Venezuela in

[14] Those commitments included (1) releasing political prisoners, (2) announcing an electoral calendar, (3) respecting the National Assembly's decisions, and (4) addressing humanitarian needs.

[15] In February 2017, the government suspended CNN en Español from cable after it aired an investigation into fraudulent Venezuelan passports being sold in Iraq. Associated Press, "Venezuela Shuts Off CNN en Español After Criticizing Channel's Passport-Selling Report," February 15, 2017.

[16] Venezuela's CNE reported that almost 8.1 million people voted, but a company involved in setting up the voting system alleged that the tally was inflated by at least 1 million votes. Jennifer McCoy, "Credibility of Venezuela's Electoral Process on the Line," Washington Office on Latin America, August 3, 2017.

August 2017 and, since then, has spoken out against the Maduro government.[17] The ANC also approved a decree allowing it, not the National Assembly, to pass legislation.

From mid-2017 to May 2018, President Maduro strengthened his control over the PSUV and gained the upper hand over the MUD despite international condemnation of his actions. In October 2017, the PSUV won 18 of 23 gubernatorial elections. Although fraud likely took place given the discrepancies between opinion polls and the election results, the opposition could not prove that it was widespread.[18] There is evidence that the PSUV linked receipt of future government food assistance to votes for its candidates by placing food assistance card registration centers next to polling stations, a practice also used in subsequent elections.[19] The MUD coalition initially rejected the election results, but four victorious MUD governors took their oaths of office in front of the ANC (rather than the National Assembly), a decision that fractured the coalition.

With the opposition in disarray, President Maduro and the ANC moved to consolidate power and blamed U.S. sanctions for the country's economic problems. Maduro fired and arrested the head of PdVSA and the oil minister for corruption. He appointed a general with no experience in the energy sector as oil minister and head of the company, further consolidating military control over the economy. The ANC approved a law to further restrict freedom of expression and assembly.

Although most opposition parties did not participate in municipal elections held in December 2017, a few, including A New Time (UNT), led by Manuel Rosales, and Progressive Advance, led by Henri Falcón, fielded candidates. The PSUV won more than 300 of 335 mayoralties. The CNE required parties that did not participate in those elections to re-register in order to run in the 2018 presidential contest, a requirement that many of them subsequently rejected.

May 2018 Elections and Aftermath. The Venezuelan constitution established that the country's presidential elections were to be held by December 2018. Although many prominent opposition politicians had been imprisoned (Leopoldo López, under house arrest), barred from seeking office (Henrique Capriles), or in exile (Antonio Ledezma[20]) by late 2017, some MUD leaders sought to unseat Maduro through elections. Those leaders negotiated with the PSUV to try to obtain guarantees, such as a reconstituted CNE and international observers, to help ensure the elections would be as free and fair as possible. In January 2018, the ANC ignored those negotiations and called for elections to be moved up from December to May 2018, violating a constitutional requirement that elections be called with at least six months anticipation.[21] The MUD declared an election boycott, but Henri Falcón, former governor of Lara, broke with the coalition to run.

Venezuela's presidential election proved to be minimally competitive and took place within a climate of state repression. President Maduro and the PSUV's control over the CNE, courts, and constituent assembly weakened Falcón's ability to campaign. State media promoted government

[17] Ortega has released a video of the former head of the Brazilian construction firm Odebrecht's Venezuelan operations testifying that the company had paid President Maduro $35 million in bribes in 2013. Nicholas Casey, "Maduro is Accused in Bribery," *New York Times*, October 13, 2017; Ortega has provided evidence against other top officials to the U.S. government and evidence of government human rights abuses to the International Criminal Court. Reuters, "Venezuela Ex-Prosecutor Gives U.S. Evidence on Maduro Officials," October 13, 2017.

[18] Gideon Long, "Venezuela Elections Dogged by Fraud Claims," *Financial Times*, October 16, 2017.

[19] Michael Penfold, *Food, Technology, and Authoritarianism in Venezuela's Elections*, Woodrow Wilson Center, April 18, 2018.

[20] Ledezma, a former mayor of metropolitan Caracas, escaped house arrest and fled to Spain in November 2017.

[21] José Ignacio Hernández G., "Rigged Elections: Venezuela's Failed Presidential Election," Electoral Integrity Project, May 30, 2018.

propaganda. There were no internationally accredited election monitors. The government coerced its workers to vote and placed food assistance card distribution centers next to polling stations.

The CNE reported that Maduro received 67.7% of the votes, followed by Falcón (21%) and Javier Bertucci, a little-known evangelical minister (10.8%). Voter turnout was much lower in 2018 (46%) than in 2013 (80%), perhaps due to the MUD's boycott. After independent monitors reported widespread fraud, Falcón and Bertucci called for new elections to be held.[22]

Since the May 2018 election, President Maduro has faced mounting economic problems, coup attempts, and increasing international isolation. His government has released some political prisoners, including U.S. citizen Joshua Holt, former Mayor Daniel Ceballos, opposition legislators (Gilber Caro and Renzo Prieto), and, in October 2018, former student leader Lorent Saleh. He reshuffled his Cabinet to establish Delcy Rodriguez, former head of the ANC and former foreign minister, as executive vice president in June 2018 and made additional changes within the judiciary and the intelligence services to increase his control.

With the opposition relatively weak and divided, Maduro focused on quashing coup plots and dissent within the military. His government arrested those perceived as threats, including military officers, an opposition legislator accused of involvement in an August 2018 alleged assassination attempt against Maduro, and a German journalist accused of being a spy.[23] Foro Penal and Human Rights Watch have documented several cases in which those accused of plotting coups were subjected to "beatings, asphyxiation and electric shocks" by the intelligence services.[24] The October 2018 death in custody of Fernando Albán, an opposition politician , provoked domestic protests and international concern.[25]

Maduro's Second Term Deemed Illegitimate; Interim Government Formed

On January 10, 2019, Maduro began a second term after winning reelection on May 20, 2018, in a contest deemed illegitimate by the opposition-controlled National Assembly and most of the international community. The United States, the European Union (EU), the Group of Seven (G-7), and most Western Hemisphere countries do not recognize the legitimacy of his mandate. They view the National Assembly as Venezuela's only democratic institution.

Under the leadership of Juan Guaidó, a 35-year-old industrial engineer from the VP party who was elected president of the National Assembly on January 5, 2019, the opposition has been reenergized. In mid-January, Guaidó announced he was willing to serve as interim president until new presidential elections are held. Buoyed by the massive turnout for protests he called for, Guaidó took the oath of office on January 23, 2019. Since then, the National Assembly has enacted resolutions declaring Maduro's mandate illegitimate, establishing a framework for a transition government, drafting a proposal to offer amnesty for officials who support the transition, and creating a strategy for receiving humanitarian assistance.

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[22] "Venezuela's Maduro Wins Boycotted Elections Amid Charges of Fraud," NPR, May 21, 2018.

[23] Andrew Rosati, "Venezuela Arrests Military Officers in Probe of Failed Assassination Bid," *Bloomberg*, August 14, 2018; Reporters Without Borders, "German Journalist Held in Venezuela Facing 28 Years in Prison on Spying Charges," December 11, 2018.

[24] Human Rights Watch, "Venezuela: Suspected Plotters Tortured," January 9, 2019.

[25] The government maintains that Albán committed suicide; U.N. officials are investigating his death as a murder. Associated Press, "Fernando Albán: UN to Investigate Death in Custody of Venezuelan Politician," October 9, 2018.

Guaidó and his supporters have organized two high-profile efforts to encourage security (military and police) forces to abandon Maduro, neither of which has succeeded.[26] On February 23, they sought to bring emergency supplies into the country that had been positioned on the Colombia- and Brazil-Venezuela borders by the United States and other donors. Venezuelan national guard troops and armed civilian militias (*colectivos*) loyal to Maduro killed seven individuals and injured hundreds as they prevented the aid convoys from crossing the border.[27] The rest of the military did not attack civilians. While that aid remains blocked, U.N. agencies are ramping up their efforts in Venezuela, and both Guaidó and Maduro agreed in late March to allow the International Federation of Red Cross and Red Crescent Societies (IFRC) to begin providing assistance in Venezuela (see "International Response Inside Venezuela" below).[28]

By April 2019, more than 1,000 Venezuelan security forces (mostly from the national guard and police) had defected into Colombia. The Colombian military has disarmed and placed them in hotels near the border along with their family members.[29] In May 2019, Colombia's migration agency signed an agreement with the interim government of Venezuela to grant security forces that have defected from Maduro temporary legal status to work and receive assistance from the Colombian government.[30] Prospects for those who have defected is reportedly difficult, as they have become among the more than 1.2 million Venezuelans in Colombia.[31]

On April 30, 2019, Guaidó and Leopoldo López, head of the VP party who had been released from house arrest by pro-Guaidó military officials, called for a civil-military rebellion against Maduro. National guard and militias loyal to Maduro violently put down pro-Guaidó supporters and attacked journalists. Social media accounts and independent media were blocked.[32] U.S. officials asserted that top Maduro officials, including the head of the Supreme Court and the defense minister, had pledged to support the uprising but changed their minds.[33] As the day ended, López and other opposition lawmakers sought refuge in various foreign embassies.

Guaidó and his allies continue to hope that sustained protests and international pressure will lead to military defections that will compel Maduro to leave office and allow elections to be held. Nevertheless, they have also sent envoys to Norway for talks on a political solution to the crisis.[34] Maduro's harassment of the National Assembly and the Maduro-aligned Supreme Court's efforts to arrest and prosecute lawmakers involved in the uprising could derail those efforts.

Many observers regard the military's participation as essential for the opposition's transition plan to work. Aside from the former head of the national intelligence agency (General Manuel

[26] Mery Mogollan and Patrick J. McDonnell, "In Venezuela, U.S.-Guaido Strategy Flops Again: Is This Working?" *Los Angeles Times*, May 5, 2019.

[27] Foro Penal, *Report on Repression in Venezuela*, February 2019.

[28] IFRC, "IFRC to Bring Humanitarian Aid into Venezuela," March 29, 2019. See https://media.ifrc.org/ifrc/press-release/ifrc-bring-humanitarian-aid-venezuela.

[29] Karen DeYoung and Mary Beth Sheridan, "Venezuelan Military Foils U.S. Hopes," *Washington Post*, April 14, 2019. The article states that there are more than 2,000 troops and family members from Venezuelan waiting in border area hotels.

[30] Gobierno de Colombia, "Colombia Determina Esquema de Atención para Ex-Militares y Ex-Policias Venezolanos que se Encuentran en el Territorio Nacional," May 15, 2019.

[31] Solsvik Terje and Angus Berwick, "Venezuela's Guaidó Vows Protests as Oslo Talks Produce No Deal," Reuters, May 29, 2019.

[32] International Crisis Group, *Picking up the Pieces After Venezuela's Quashed Uprising*, May 1, 2019.

[33] "Bolton Speaks About Venezuela," *Washington Post*, April 30, 2019.

[34] Terje and Berwick, "Venezuela's Guaidó Vows Protests."

Christopher Figuera), who supported the uprising on April 30, the military high command remains loyal to Maduro. Top military leaders have enriched themselves through corruption, drug trafficking, and other illicit industries (see "Organized Crime-Related Issues" below).[35] This illicit income, they argue, has blunted the impact of U.S. sanctions on Maduro's closest allies.[36] Some military leaders may fear that they could face prosecution for human rights abuses under a new government, even though the opposition has proposed amnesty for those who join their side. The U.S. government has also said that it may remove sanctions on officials who abandon Maduro and side with Guaidó (as they did with General Figuera), but that process could be more difficult, depending upon the individual and type of sanctions involved.[37]

Human Rights

Human rights organizations and U.S. officials have expressed concerns for more than a decade about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela.[38] Human rights conditions in Venezuela have deteriorated even more under President Maduro than under former President Chávez. Abuses have increased, as security forces and allied armed civilian militias (*colectivos*) have been deployed to violently quash protests. In August 2017, the United Nations Office of the High Commissioner for Human Rights (UNOCHR) issued a report on human rights violations perpetrated by the Venezuelan security forces against protestors earlier that year. According to the report, credible and consistent accounts indicated that "security forces systematically used excessive force to deter demonstrations, crush dissent, and instill fear."[39] The U.N. report maintained that many of those detained were subject to cruel, degrading treatment and that in several cases, the ill treatment amounted to torture.

In June 2018, UNOCHR issued another report documenting abuses committed by units involved in crime fighting, the scale of the health and food crisis, and the continued impunity in cases involving security officers who allegedly killed people during the protests.[40] Selected human rights reports from 2018 to 2019 include the following:

- In June 2018, PROVEA, one of Venezuela's leading human rights organizations, asserted that 2017 was the worst year for human rights in Venezuela since the report was first published in 1989. In addition to violating political and civil rights, PROVEA denounces the Maduro government's failure to address the country's humanitarian crisis, citing its "official indolence" as causing increasing deaths and massive emigration.[41]

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[35] Douglas Farah and Caitlyn Yates, *Maduro's Last Stand: Venezuela's Survival Through the Bolivarian Joint Criminal Enterprise*, IBI Consultants and the National Defense University, May 2019.

[36] Farah and Yates, *Maduro's Last Stand*.

[37] The White House, "Remarks by Vice President Pence at the Washington Conference on the Americas," May 7, 2019; Reuters, "Relief from U.S. Sanctions Will Not Come Easily for Some Venezuelans," May 30, 2019.

[38] For background, see CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by Mark P. Sullivan.

[39] Office of the United Nations High Commissioner for Human Rights (UNOCHR), *Human Rights Violations and Abuses in the Context of Protests in the Bolivarian Republic of Venezuela from 1 April to 31 July 2017*, August 30, 2017. The Venezuelan human rights group Foro Penal and Human Rights Watch maintain that more than 5,300 Venezuelans were detained during the protests. They documented inhumane treatment of more than 300 detainees. Human Rights Watch, Foro Penal, *Crackdown on Dissent: Brutality, Torture, and Political Persecution in Venezuela*, November 2017.

[40] UNOCHR, *Venezuela: Continued Impunity amid Dismal Human Rights Situation*, June 22, 2018.

[41] Programa Venezolana de Educación y Acción en Derechos Humanos (PROVEA), *Informe Anual Enero-Diciembre*

- In May 2018, an independent panel of human rights experts added a legal assessment to a report containing information and witness testimonies gathered by the Organization of American States (OAS) recommending that the International Criminal Court (ICC) investigate credible reports that the Venezuelan government committed crimes against humanity.[42]
- In February 2019, the Venezuelan Human Rights group Foro Penal documented seven deaths, 107 arbitrary detentions, and 58 bullet injuries that resulted from the use of force by state security forces and *colectivos* that blocked aid from entering the country on February 22-23, 2019.[43]
- In March 2019, the U.S. State Department's *Country Report on Human Rights Practices for 2018* cited "extrajudicial killings by security forces, including *colectivos*; torture by security forces; harsh and life-threatening prison conditions; and political prisoners" as the most serious human rights abuses in Venezuela. According to the report, the government did not investigate officials alleged to have committed abuses amidst widespread impunity.[44]

Analysts predict increasing repression, as Maduro has called for the arrest of Leopoldo López and opposition lawmakers involved in the April 30 uprising. The Supreme Court has stripped several lawmakers' immunity from prosecution, increasing the likelihood that they may be arrested and possibly tortured if they do not seek protection in a foreign embassy or go into exile. Maduro's intelligence police is currently holding and reportedly torturing Juan Requesens (a legislator detained in August 2018), Roberto Marrero (Guaidó's chief of staff detained in March 2019), and Edgar Zambrano (the vice president of the National Assembly detained May 9).[45] Some fear that Guaidó himself could face arrest or exile.

For other sources on human rights in Venezuela, see **Appendix B**.

Investigations into Human Rights Abuses. In September 2017, several countries urged the U.N. Human Rights Council to support the High Commissioner's call for an international investigation into the abuses described in the U.N.'s August 2017 report on Venezuela.[46] In June 2018, the High Commissioner for Human Rights urged the U.N. Human Rights Council to launch a commission of inquiry to investigate the abuses it documented in that and a follow-up report. It referred the report to the prosecutor of the ICC. On September 26, 2018, the U.N. Human Rights Council adopted a resolution on Venezuela expressing "its deepest concern" about the serious human rights violations described in the June 2018 report, calling upon the Venezuelan government to accept humanitarian assistance and requiring a UNOCHR investigation on the situation in Venezuela to be presented in 2019. In March 2019, a technical team from UNOCHR visited Venezuela, possibly paving the way for a visit by High Commissioner Michelle Bachelet.

2017, June 2018.

[42] Organization of American States (OAS), Report of the General Secretariat of the OAS and the Panel of Independent International Experts on the Possible Commission of Crimes Against Humanity in Venezuela, May 29, 2018.

[43] Foro Penal, *Report on Repression in Venezuela*. February 2019.

[44] U.S. Department of State, *2018 Country Reports on Human Rights Practices: Venezuela*, March 13, 2019.

[45] OAS, "IACHR Condemns the Escalation of Attacks Against Members of the Venezuelan National Assembly," August 29, 2018.

[46] Tamara Taraciuk Broner, "U.N. Human Rights Council Confronts Venezuela," Human Rights Watch, October 2, 2017; UNOCHR, "Venezuela: Continued Impunity Amid Dismal Human Rights Situation - UN report," June 22, 2018; UNOCHR, "Human Rights Council Adopts 10 Resolutions and one Presidential Statement," September 27, 2018.

In addition to the UNOCHR, former Venezuelan officials, the OAS, and neighboring countries have asked the ICC to investigate serious human rights violations committed by the Maduro government; the ICC prosecutor opened a preliminary investigation in February 2018.[47] In November 2017, former Attorney General Luisa Ortega presented a dossier of evidence to the ICC that the police and military may have committed more than 1,800 extrajudicial killings as of June 2017. In the dossier, Ortega urged the ICC to charge Maduro and several officials in his Cabinet with serious human rights abuses. An exiled judge appointed by the National Assembly to serve on the "parallel" supreme court of justice also accused senior Maduro officials of systemic human rights abuses before the ICC. On September 26, 2018, the governments of Argentina, Canada, Chile, Colombia, Paraguay, and Peru requested an investigation of Venezuela's actions by the ICC—the first time fellow states party to the Rome Statute asked for an investigation into the situation of another treaty member.

Economic Crisis[48]

For decades, Venezuela was one of South America's most prosperous countries. Venezuela has the world's largest proven reserves of oil, and its economy is built on oil. (See also "Energy Sector Concerns and U.S. Economic Sanctions" below.) Oil traditionally has accounted for more than 90% of Venezuelan exports, and oil sales have funded the government budget. Venezuela benefited from the boom in oil prices during the 2000s. President Chávez used the oil windfall to spend heavily on social programs and expand subsidies for food and energy, and government debt more than doubled as a share of gross domestic product (GDP) between 2000 and 2012.[49] Chávez also used oil to expand influence abroad through *PetroCaribe*, a program that allowed Caribbean Basin countries to purchase oil at below-market prices.

Although substantial government outlays on social programs helped Chávez curry political favor and reduce poverty, economic mismanagement had long-term consequences. Chávez moved the economy in a less market-oriented direction, with widespread expropriations and nationalizations, as well as currency and price controls. These policies discouraged foreign investment and created market distortions. Government spending was not directed toward investment to increase economic productivity or diversify the economy from its reliance on oil. Corruption proliferated.

When Nicolás Maduro took office in 2013, he inherited economic policies reliant on proceeds from oil exports. When world oil prices crashed by nearly 50% in 2014, the Maduro government was ill-equipped to soften the blow. The fall in oil prices strained public finances. Instead of adjusting fiscal policies through tax increases and spending cuts, the Maduro government tried to address its growing budget deficit by printing money, which led to inflation. The government also tried to curb inflation through price controls, although these controls were largely ineffective in restricting prices, as supplies dried up and transactions moved to the black market.[50]

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[47] "Venezuela's Ex-prosecutor Urges ICC to Probe Maduro," AFP, November 16, 2017; Antonio Maria Delgado, "Venezuelan Officials Accused of Crimes Against Humanity in The Hague," *Miami Herald*, November 21, 2017; ICC, "Statement of the Prosecutor of the International Criminal Court, Mrs Fatou Bensouda, on opening Preliminary Examinations into the situations in the Philippines and in Venezuela; February 8, 2018; ICC, "Statement of the Prosecutor of the International Criminal Court, Mrs Fatou Bensouda, on the Referral by a Group of Six States Parties Regarding the Situation in Venezuela," September 27, 2018.

[48] This section was authored by Rebecca M.Nelson, Specialist in International Trade and Finance. For more information, see CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by Rebecca M. Nelson.

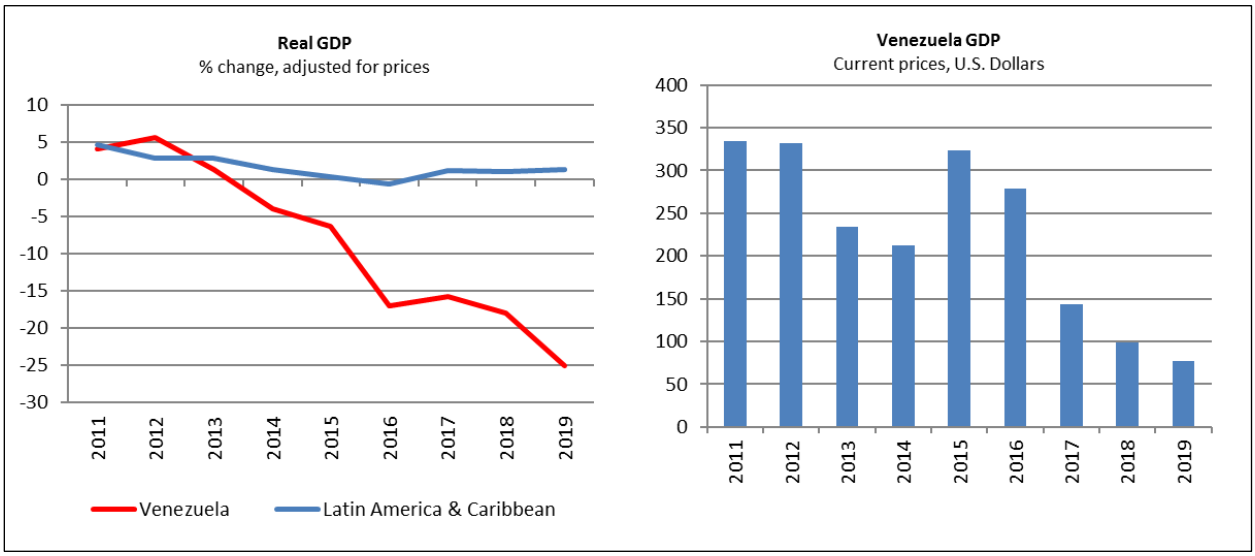
[49] *The Economist*, "How Chávez and Maduro Have Impoverished Venezuela," April 6, 2017.

[50] *The Economist*, "How Chávez and Maduro Have Impoverished Venezuela."

Meanwhile, the government continued to face a substantial debt burden, with debt owed to private bondholders, China, Russia, multilateral lenders, importers, and service companies in the oil industry. Initially, the government tried to service its debt, fearing legal challenges from bondholders. To service its debt, it cut imports, including of food and medicine, among other measures. By late 2017, the government had largely stopped paying its bondholders, and Maduro announced plans to restructure its debt with private creditors. It also restructured its debt with Russia in 2017.[51] The Trump Administration has increased economic pressure on the Maduro government through sanctions. (See "U.S. Sanctions on Venezuela.") For example, in August 2017, it restricted Venezuela's ability to access U.S. financial markets, which exacerbated the government's fiscal situation, and in January 2019, it imposed new restrictions on Venezuela's oil sector.

Over the past several years, Venezuela's economy has collapsed, and it is difficult to overstate the extent of its challenges. According to some economists, it is the single largest economic collapse outside of war in at least 45 years.[52] According to forecasts by the International Monetary Fund (IMF), Venezuela's economy in 2019 will contract for the sixth year in a row (**Figure 2**).[53] The IMF projects that Venezuela's gross domestic product in U.S. dollars fell from $331 billion in 2012 to $98 billion in 2018 and will fall again to $76 billion in 2019 (**Figure 2**).

Figure 2. Venezuela's Economy: Collapsing GDP



Source: IMF, *World Economic Outlook*, April 2019.

Notes: 2019 data are forecasts.

Hyperinflation has devastated the economy. The Maduro government rapidly expanded the money supply to finance budget deficits, which led to one of the worst cases of hyperinflation in history, comparable to Germany in 1923 or Zimbabwe in the late 2000s.[54] The IMF forecasts that

[51] John Paul Rathbone and Robin Wigglesworth, "Venezuela Debt: US, Russia, and China Play for High Stakes," *Financial Times*, November 22, 2017.

[52] Anatoly Kurmanaev, "Venezuela's Collapse Is the Worst Outside of War in Decades, Economists Say," *New York Times*, May 17, 2019.

[53] IMF, *World Economic Outlook*, April 2019.

[54] For example, see Alejandro Werner, "Outlook for the Americas: A Tougher Recovery," IMF Blog, July 23, 2018.

inflation in Venezuela will reach 10 million percent in 2019.[55] Hyperinflation, as well as low foreign exchange reserves, which make it difficult for Venezuela to import goods and services, has created shortages of critical supplies (including food and medicine), leading to a humanitarian disaster and fueling massive migration (see "Humanitarian Situation" below).

Despite pledges to restructure the country's debt, the government has made no progress in negotiations with private creditors and the country remains in default on most of its sizeable debt. The government has continued payments on a few select debts, including loans from Russia, a geopolitically and financially important supporter for the Maduro government, and some bonds held by private creditors that, if defaulted on, could result in legal challenges by investors and seizure of U.S. refiner Citgo (owned by PdVSA). Meanwhile, the government continues to run large budget deficits, forecast at 30% of GDP in 2018 and 2019, amid high debt levels (estimated to reach 214% of GDP in 2019).[56] By one measure, debt relative to exports, Venezuela is the world's most heavily indebted country.[57]

In general, the government has been slow to address the economic crisis or acknowledge the government's role in creating it. Instead, the government has largely blamed the country's struggles on a foreign "economic war," a thinly veiled reference to U.S. sanctions.[58] In February 2018, as a way to raise new funds, the cash-strapped government launched a new digital currency, the "petro," backed by oil and other commodities, although there are serious questions about the petro's operational viability.[59] In August 2018, the government acknowledged, for the first time, its role in creating hyperinflation and announced a new set of policies for addressing the economic crisis, such as introducing a new "sovereign bolívar," which removed five zeros from the previous currency (the bolívar); cutting the government budget deficit from 30% in 2018 to zero; speeding up tax collection; and increasing the minimum salary by more than 3,000%.[60] However, the government has been slow to enact even these modest reforms, and Maduro has offered few new proposals since starting his second term.[61]

Venezuela's economic situation has become more difficult following the rollout of new U.S. oil sanctions in January 2019, although it has worked with Russia, Turkey, and other countries to mitigate the sanctions' impact.[62] The Venezuelan government has turned to selling gold reserves in a desperate attempt to raise funds, with nearly $800 million sold to Turkey in 2018.[63] As the United States has since sanctioned Venezuela's central bank and state-run gold mining company,

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[55] IMF, *World Economic Outlook*, October 2018. Percent change in GDP in constant dollars (adjusted for inflation).

[56] IMF, *World Economic Outlook*, October 2018.

[57] Interview of Ricardo Hausmann by Sebastian Pellejero, "Can Venezuela Resurrect Its Economy?," Council on Foreign Relations, July 26, 2017.

[58] Rachelle Krygier, "After Years of Crisis, Venezuela's Maduro Might Finally Be Ready to Accept Some Help," *Washington Post*, December 12, 2018.

[59] See CRS In Focus IF10825, *Digital Currencies: Sanctions Evasion Risks*, by Rebecca M. Nelson and Liana W. Rosen; Eric Lam, "Here's What Maduro Has Said of Venezuela's Petro Cryptocurrency," *Bloomberg*, August 20, 2018; Aaron Mak, "What Does It Mean for Venezuela to Peg Its New Currency to a Cryptocurrency?," *Slate*, August 22, 2018; and Brian Ellsworth, "Special Report: In Venezuela, New Cryptocurrency Is Nowhere to Be Found," *Retuers*, August 30, 2018.

[60] "Nicolas Maduro Tries to Rescue Venezuela's Economy," *Economist*, August 23, 2018.

[61] Vivian Sequera, "Venezuela's Maduro Offers Few Fresh Ideas as Economy Circles Drain," Reuters, January 14, 2019.

[62] Anatoly Kurmanaev and Clifford Krauss, "U.S. Sanctions Are Aimed at Venezuela's Oil. Its Citizens May Suffer First," *New York Times*, February 8, 2019.

[63] Reuters, "Venezuela Exported $779 Million in Gold to Turkey in 2018," July 19, 2018.

analysts maintain that Maduro will likely increase illicit gold shipments sent through neighboring countries, a key revenue stream for the military.[64]

Venezuela's economic crisis has been ongoing for a number of years, and the outlook is bleak. There is neither a clear nor a quick resolution on the horizon, particularly given the concurrent political crisis. The government's policy responses to the economic crisis have been widely criticized as inadequate. The government appears loathe to adopt policies widely viewed by economists as necessary to restoring the economy: removing price controls, creating an independent central bank, entering an IMF program that could unlock broader international assistance, and restructuring its debt with private bondholders.

The Maduro government is particularly resistant to assistance from the IMF, which would be a key component of any multi-donor international financial assistance package. Venezuela has not allowed the IMF to conduct routine surveillance of its economy since 2004, and the IMF has found the government in violation of its commitments as an IMF member. Although the Venezuelan government provided it with some economic data as required by all IMF members in late 2018, it has hardly been a turning point in the Maduro government's willingness to engage with the international organization. Some analysts believe major change in Venezuela's overall economic strategy will come only if and when there is a change in government. Even then, analysts have projected it could take several years to address, including what is expected to be the most complex sovereign debt restructuring in history and an international financial assistance package of $100 billion to help the country's economy to recover.[65]

Humanitarian Situation[66]

Before the political upheaval in Venezuela began in January 2019, Venezuelans were already facing a humanitarian crisis due to a lack of food, medicine, and access to social services. Political persecution, hyperinflation, loss of income, and oppressive poverty also contributed to a dire situation. According to household surveys, the percentage of Venezuelans living in poverty increased from 48.4% in 2014 to 87% in 2017.[67] U.N. officials estimate that approximately 7 million people are in need of humanitarian assistance, with pregnant and nursing women, those with chronic illnesses, indigenous people, migrants, children under five, and people with disabilities particularly in need.[68] Successive electrical blackouts in March 2019 made conditions worse inside Venezuela, limiting people's access to power and clean water and further contributing to health risks. While power has been restored in many parts of the country, rationing in many states continues to take place.[69]

As of April 2019, the U.N. High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) estimated that approximately 3.7 million Venezuelans (roughly

[64] International Crisis Group, *Gold and Grief in Venezuela's Violence South*, February 28, 2019.

[65] For example, see Colby Smith, "Bondholders Brace for Venezuelan Regime Change," *Financial Times*, February1, 2019; Sam Fleming and James Politi, "US Considers Emergency Economic Aid for Venezuela," *Financial Times*, March 3, 2019.

[66] For more information, see CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*, by Rhoda Margesson and Clare Ribando Seelke.

[67] Universidad Católica Andrés Bello, *Encuesta Sobre Condiciones de Vida:Venezuela 2017*, February 2018.

[68] U.N. Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator Mark Lowcock, "Briefing to the Security Council on the Humanitarian Situation in Venezuela," April 10, 2019.

[69] U.N. Office for the Coordination of Humanitarian Affairs, "Venezuela—UN Humanitarian Scale-Up Situation Report, January-April 2019," May 2019.

12% of the population) had left the country (see **Figure 3**). Of those, most (an estimated 3 million Venezuelans) remained in Latin America and the Caribbean, including in Colombia (1.2 million), Peru (728,000), Chile (288,000), Ecuador (221,000), Argentina (130,000), Brazil (96,000), and Panama (94,000).[70] UNHCR and IOM estimate that by the end of 2019, the number of Venezuelan refugees and migrants could reach over 5.3 million.[71] Although UNHCR does not consider most Venezuelans to be refugees, it asserts that a significant number need humanitarian assistance, international protection, and opportunities to regularize their status.

The crisis in Venezuela is affecting the entire region. Neighboring countries, particularly Colombia, are straining to absorb arrivals often malnourished and in poor health.[72] The spread of previously eradicated diseases, such as measles, is also a major concern.[73] Responses to the Venezuelan arrivals vary by country and continue to evolve with events on the ground. Humanitarian experts are most concerned about the roughly 60% of Venezuelans in neighboring countries who lack identification documents, which makes them vulnerable to arrest and deportation by governments and to abuse by criminal groups, including human trafficking.[74]

Figure 3. Venezuelan Migrants and Asylum Seekers: Flows to the Region and Beyond

Source: UNHCR.

Venezuela's exodus is an unprecedented displacement crisis for the Western Hemisphere, which has in place some of the highest protection standards in the world for displaced and vulnerable persons. Countries in the region are under pressure to examine their respective migration and asylum policies and to address, as a region, the legal status of Venezuelans who have fled their country. It remains to be seen how events unfolding inside Venezuela will continue to the impact the ongoing humanitarian situation and response.

[70] U.N. Coordination Platform for Refugees and Migrants from Venezuela, "Latin America and the Caribbean: Venezuelan Refugees and Migrants in the Region," April 2019; U.N. Coordination Platform for Refugees and Migrants from Venezuela, "Latin America and the Caribbean: Venezuelan Refugees and Migrants in the Region," March 2019. See also UNHCR, "Americas Monthly Report," March 2019. According to the Brazilian government, the country has "received" some 200,000 Venezuelans, but not all of those individuals have remained in Brazil. UNHCR, "Americas Monthly Report," March 2019.

[71] USAID, *Venezuela Regional Crisis*, FY2019, April 10, 2019.

[72] The spread of previously eradicated diseases, such as measles, is a major regional concern.

[73] Human Rights Watch and John Hopkins School of Public Health, *Venezuela's Humanitarian Emergency: Large-Scale UN Response Needed to Address Health and Food Crises*, April 2019.

[74] The Venezuelan government has made it increasingly difficult for Venezuelans to obtain a valid passport and therefore legal status outside the country.

International Response Inside Venezuela

In 2018, Maduro publicly rejected offers of international aid, although some humanitarian assistance was provided.[75] Since then, U.N. humanitarian entities and partners have made progress in scaling up their humanitarian and protection activities. The number of U.N. staff in the country has doubled since 2017, and the U.N. Office for the Coordination of Humanitarian Affairs (UNOCHA) has set up regional hubs in the country. The Cooperation and Assistance Coordination Team, led by the U.N. Resident Coordinator, was established in February 2019 to facilitate humanitarian coordination in Venezuela. A needs overview for Venezuela was completed in March and indicated significant humanitarian needs exist across sectors. Based on this data, UNOCHA and other humanitarian partners are developing a Humanitarian Response Plan for Venezuela, which will focus on six sectors and two sub-sectors: health; food security and agriculture; nutrition; water, sanitation, and hygiene; protection (including child protection and gender-based violence); and education.[76]

In addition, on March 29, 2019, IFRC announced plans to scale up humanitarian activities inside Venezuela in coordination with the Venezuelan Red Cross and with the agreement of both the interim government and Maduro.[77] On April 11, the International Committee of the Red Cross (ICRC), which has been present in Venezuela since 1966, announced an expansion of its work on four pressing humanitarian issues: migration, health, water and sanitation, and detention.[78]

International Humanitarian Response in the Region

The U.N. Secretary-General appointed UNHCR and IOM to coordinate the international response to the needs of displaced Venezuelans and host communities in the region, which includes governments, U.N. entities, nongovernmental organizations (national and international), the Red Cross Movement, faith-based organizations, and civil society in the region. The U.S. government is also providing humanitarian assistance and helping to coordinate regional response efforts. (See "U.S. Humanitarian and Related Assistance," below.) Former Guatemalan Vice President Eduardo Stein, the U.N. Joint Special Representative for Venezuelan Refugees and Migrants, is charged with promoting dialogue and consensus in the region and beyond on the humanitarian response.

In mid-December 2018, UNHCR and IOM launched the Regional Refugee and Migrant Response Plan, which is the first of its kind in the Americas: an operational and coordination strategy and an appeal for $738 million in funding to support over 2 million Venezuelans in the region and half a million people in host communities.[79] According to the Financial Tracking Service, as of May

[75] For example, in November 2018, the U.N. Central Emergency Response Fund allocated $9.2 million for Venezuela through U.N. entities. The World Health Organization has helped provide millions of vaccines against measles, mumps, and rubella.

[76] UNOCHA, "Venezuela—UN Humanitarian Scale-Up Situation Report, January-April 2019," May 2019.

[77] IFRC, "IFRC to Bring Humanitarian Aid into Venezuela," March 29, 2019, https://media.ifrc.org/ifrc/press-release/ifrc-bring-humanitarian-aid-venezuela.

[78] ICRC, "Venezuela: ICRC to Expand Humanitarian Effort," April 11, 2019. As part of the Red Cross Movement, and in keeping with their mandates, both IFRC and ICRC provide humanitarian assistance in an independent, neutral, impartial, and unhindered manner.

[79] The plan includes U.N. entities, nongovernmental organizations, faith-based organizations, and civil society and is in cooperation with the Red Cross Movement. See *Coordination Platform for Response for Venezuelans, Regional Refugee and Migrant Response Plan for Refugees and Migrants from Venezuela*, January-December 2019, published December 14, 2018. It was put together by 95 organizations covering 16 countries. Organizations have also launched

24, 2019, the appeal was 20.7% funded.[80] Protection and assistance needs are significant for arrivals and host communities. Services provided vary by country but include support for reception centers and options for shelter; emergency relief items, such as emergency food assistance, safe drinking water, and hygiene supplies; legal assistance with asylum applications and other matters; protection from violence and exploitation; and the creation of temporary work programs and education opportunities.

Foreign Involvement in Venezuela's Political Crisis[81]

The international community remains divided over how to respond to the political crisis in Venezuela. One group of countries supports the Guaidó government, another supports Maduro, and a third group of countries—including Mexico, Norway, Uruguay, and some Caribbean nations—has remained neutral in the crisis.

These divisions have thus far stymied action by the U.N. and the OAS to help facilitate a political solution to Venezuela's crisis. Within the U.N. Security Council, Russia and (to a lesser extent) China support Maduro. The United States, France, and the United Kingdom (UK) support Guiadó. At the OAS, recent resolutions have amassed enough votes (19 of 34 member states) to declare Maduro's 2018 reelection illegitimate.[82] The OAS remains divided, however, over what role it should play in hastening a return to democracy in Venezuela. Countries in the Caribbean Community (CARICOM), many of which used to receive subsidized oil from Venezuela, have been particularly reluctant to intervene in Venezuela's internal affairs.

The United States and 53 other countries have formally recognized the interim government of Juan Guaidó. These countries include most members of the EU, Canada, 14 countries in Latin America and the Caribbean, Australia, Israel, Japan, and South Korea, among others. Some of those countries have undertaken initiatives to increase pressure on Maduro to leave office. Canada, the EU, Panama, and Switzerland have placed targeted sanctions on Maduro officials and have frozen reserves formerly controlled by the Maduro government and/or blocked suspicious financial transactions involving Maduro.[83] Other countries have withdrawn their diplomats from Caracas and/or accepted the credentials of diplomats representing the Guaidó government.

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separate appeals.

[80] See Financial Tracking Service at https://fts.unocha.org/appeals/726/summary.

[81] See also CRS In Focus IF11216, *Venezuela: International Efforts to Resolve the Political Crisis*, by Clare Ribando Seelke.

[82] The OAS requires 18 votes to pass a resolution of the Permanent Council. In June 2018, 19 of 34 member states passed a resolution stating that the May 2018 presidential election in Venezuela lacked legitimacy and authorizing countries to take measures, including sanctions, necessary to hasten a return to democracy. In January 2019, the same 19 states approved a resolution that refused to recognize the legitimacy of Maduro's second term; called for new presidential elections; and urged all member states to adopt diplomatic, political, economic, and financial measures to facilitate the prompt restoration of the democratic order in Venezuela. Those countries include Argentina, the Bahamas, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, Honduras, Jamaica, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, St. Lucia, and the United States. The four countries that voted against the January 2019 resolution were Bolivia, Dominica, St. Vincent and the Grenadines, and Venezuela. The 11 countries that abstained included Antigua and Barbuda, Belize, Ecuador, Grenada, El Salvador, Haiti, Nicaragua, St. Kitts and Nevis, Suriname, Trinidad and Tobago, and Uruguay.

[83] Callum Burroughs, "The Bank of England Has Refused to Give Back $1.56 Billion in Venezuelan Gold after Countries Around the World Say the Regime Is Illegitimate," *Business Insider*, February 6, 2019.

While they back a transition leading to Maduro leaving power, the EU and many Western Hemisphere countries (including Argentina, Chile, Colombia, Brazil, and Peru) have opposed the prospect of U.S. military intervention in Venezuela.[84] They and others fear the regional implications that instability and violence spawned by the use of military force could cause, particularly given the armed civilian militias and illegally armed groups in Venezuela, many of which are not under Maduro's control.[85] Among countries that back a political transition in Venezuela that involves Maduro leaving office, two groups have emerged: the Lima Group and the International Contact Group.

Lima Group

On August 8, 2017, 12 Western Hemisphere countries signed the Lima Accord, a document rejecting what it described as the rupture of democracy and systemic human rights violations in Venezuela.[86] The signatory countries included Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, and Peru. In 2018, Guyana and St. Lucia joined the Lima Group, which did not recognize Maduro's May 2018 reelection.

On January 4, 2019, 13 members of the Lima Group signed a declaration urging President Maduro not to assume power on January 10, 2019.[87] The countries resolved to reassess their level of diplomatic engagement with Venezuela, implement travel bans or sanctions on Maduro officials (as Canada and Panama have), suspend military cooperation with Venezuela, and urge others in the international community to take similar actions. Under leftist President Andrés Manuel López Obrador, Mexico is no longer participating in the Lima Group. El Salvador is likely to join the Lima Group after President-elect Nayib Bukele's June 1 inauguration.

The group has denounced human rights violations by the Maduro government and urged Venezuelan armed forces to demonstrate their loyalty to Guaidó but opposed U.S. or regional military intervention in the crisis. On May 3, 2019, the Lima Group issued a declaration signed by 12 countries (excluding St. Lucia and Guyana but including the interim government of Venezuela) asking the ICG to meet to coordinate efforts and pledging to seek Cuba's help in resolving Venezuela's crisis.[88] Representatives from the Lima Group and the ICG met at the ministerial level on June 3.

International Contact Group (ICG)

The EU-backed ICG—composed of Costa Rica, Ecuador, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden, the United Kingdom, and Uruguay—first convened on February 7, 2019. The group aimed to "establish necessary guarantees for a credible electoral process, within the earliest time frame possible" and to hasten the delivery of humanitarian aid

[84] European Council, "Declaration by the High Representative on Behalf of the EU on the Latest Events in Venezuela," Government of Canada, Lima Group Declaration, February 25, 2019.

[85] Testimony of Cynthia J. Arnson before the Senate Foreign Relations Subcommittee on the Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues, hearing on "U.S.-Venezuela Relations and Path to a Democratic Transition," March 7, 2019

[86] Government of Canada, "Lima Group Declaration," August 8, 2017. These statements are available in English at https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/response_conflict-reponse_conflits/crisis-crises/venezuela.aspx?lang=eng.

[87] Government of Canada, "Lima Group Declaration," January 4, 2019.

[88] Government of Canada, "Lima Group Declaration," May 3, 2019.

into Venezuela.[89] U.S. officials have expressed skepticism at the proposal, noting that Maduro has used past attempts at dialogue (brokered by the Vatican and others) as a delaying tactic. ICG supporters maintain that the "necessary guarantees" include naming a new electoral council, releasing political prisoners, and ending all bans on political parties and candidates.[90]

Since February, the ICG has met twice, most recently on May 6-7 in Costa Rica. At that meeting, also attended by Chile from the Lima Group and representatives from CARICOM and the Vatican, the ICG decided to send a political mission to Caracas (which they did) and to work with the Lima Group to hasten a political solution to the crisis.[91] The ICG backs the dialogue process (discussed below) that has gotten underway in Norway.[92] China has pledged to work with the EU and others for a political settlement to the Venezuela crisis.[93]

Cuba, Russia, and China

Within Latin America, Cuba, Nicaragua, Bolivia, and a few other countries have provided various kinds of support to Maduro and have sought to block anti-Maduro actions within international organizations. Among Maduro's supporters in Latin America, the most significant is Cuba. Cuba's close relationship with Venezuela was solidified in 2000, when the countries signed an agreement for Venezuela to provide Cuba oil in exchange for technical assistance and other services. Estimates of the number of Cuban personnel in Venezuela vary, but a 2014 study estimated that there were 40,000, 75% of whom were health care workers.[94] It is unclear how many of those professionals have stayed in the country, but Cuban intelligence officers have reportedly helped the Maduro government identify and disrupt coup plots, a role that the Trump Administration has frequently denounced.[95] Although Cuba has imported oil from other sources to make up for dwindling Venezuelan supplies, the Maduro government remains committed to providing what it can, even if it has to be purchased from other sources.[96] In April 2019, the Treasury Department moved to shut down that flow (and Cuban support for Maduro) by sanctioning 44 vessels and six shipping companies involved in transporting Venezuelan oil, including five companies that have transported Venezuelan oil to Cuba (see "U.S. Sanctions on Venezuela").[97]

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[89] EU, "International Contact Group—Meeting 7 February," February 7, 2019.

[90] David Smilde and Geoff Ramsey, *The Fraught Path Forward: Venezuela and the International Contact Group*, Washington Office on Latin America, March 5, 2019.

[91] EU, "Venezuela: Statement from the Ministerial Meeting of the International Contact Group," May 7, 2019.

[92] EU, "Statement by the International Contact Group on the Norwegian Facilitated Negotiation Process," May 26, 2019.

[93] Ministry of Foreign Affairs of the People's Republic of China," Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on May 8, 2019," May 8, 2019.

[94] At that time, the report said that the number of Cuban military and intelligence advisors in Venezuela may have ranged from hundreds to thousands, coordinated by Cuba's military attaché in Venezuela. Ted Piccone and Harold Trinkunas, "The Cuba-Venezuela Alliance: The Beginning of the End?," Brookings Institution, June 2014.

[95] Venezuela Investigative Unit, "The Eight Criminal Armies Supporting Venezuela's Maduro Administration," Insight Crime, January 22, 2018; The White House, "President Donald J. Trump Stands for Democracy in Venezuela," May 1, 2019.

[96] "Venezuela Continues Shipping Oil to Cuba," *Oilprice.com*, April 12, 2019.

[97] U.S. Department of the Treasury, "Treasury Increases Pressure on Cuba to End Support to Maduro by Imposing Further Oil Sector Sanctions," April 12, 2019. For related information, see CRS Insight IN11120, *Cuba: Trump Administration Expands Sanctions*, by Mark P. Sullivan.

Russia has remained a strong ally of the Maduro government.[98] Russia's trade relations with Venezuela are currently not significant. However, Venezuela was a major market for Russian arms between 2006 and 2013, with an estimated $4 billion in sales (mostly on credit).[99] Venezuela reportedly had more than 5,000 Russian-made surface-to-air missiles as of 2017, raising concern about the potential for them being stolen or sold to criminal or terrorist groups.[100] Russian state oil company Rosneft has also invested billions of dollars in Venezuela.[101] Russia's 2017 decision to allow Venezuela to restructure $3 billion in debt provided much-needed financial relief to the Maduro government.[102]

Russia has called for the political crisis in Venezuela to be resolved peacefully and without outside interference. It reportedly views support for Maduro as a way to simultaneously oppose U.S. efforts at "regime change" and maintain influence in a region close to the United States.[103] In December 2018, Maduro visited Russia after which news reports suggested that Rosneft had lent PdVSA $6.5 billion, partly as a prepayment for crude oil.[104] That month, Russia also sent two nuclear-capable bombers to Venezuela to conduct joint exercises (the third such deployment since 2008).[105] The Russian government congratulated Maduro on his inauguration and has blocked U.N. Security Council action against Maduro. In March 2019, Russia sent an estimated 100 military personnel and associated equipment to Venezuela, a move the United States denounced.[106]

While Russia has both economic and geo-strategic interests in Venezuela and opposes what it views as U.S.-backed efforts at "regime change," China's interest in Venezuela is primarily economic, and the Chinese government has reportedly been in contact with the Guaidó government.[107] From 2007 through 2016, China provided some $62.2 billion in financing to Venezuela.[108] The funds have mostly been for infrastructure and other economic development projects, but China has also provided loans for military equipment to be repaid by oil deliveries.[109] Although the Chinese government has been patient when Venezuela has fallen

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[98] See Vladimir Rouvinski, *Russian-Venezuelan Relations at a Crossroads*, Woodrow Wilson Center, February 5, 2019.

[99] Anthony Faiola and Karen DeYoung, "In Venezuela, Russia Pockets Key Energy Assets in Exchange for Cash Bailouts," *Washington Post*, December 24, 2018.

[100] Girish Gupta, "Exclusive: Venezuela Holds 5,000 Russian Surface-to-air MANPADS Missiles," Reuters, May 22, 2017.

[101] Christian Lowe and Rinat Sagdiev, "How Russia Sank Billions of Dollars into Venezuelan Quicksand," Reuters, March 14, 2019.

[102] Rachel Ansley, "Debt Default Pushes Venezuela Further into Russian Orbit," Atlantic Council, November 22, 2017.

[103] Frederick Kempe, "Russia's Venezuela Challenge," Atlantic Council, April 7, 2019; Emily Talkin, "Why Is Russia Clashing with the United States over Venezuela?" *Washington Post*, May 1, 2019.

[104] Mery Mogollan and Daniel Rodriguez, "Maduro inks deal with Russia to boost Venezuela oil output 1 million b/d," *S&P Global Platts*, December 6, 2018.

[105] Tom Phillips, "Venezuela Welcomes Russian Bombers in Show of Support for Maduro," *The Guardian*, December 10, 2018.

[106] The White House, "Statement by National Security Advisor Ambassador John Bolton on Venezuela," March 29, 2019.

[107] Stephen Kaplan and Michael Penfold, "China-Venezuela Economic Relations: Hedging Venezuelan Bets with Chinese Characteristics," Woodrow Wilson Center, February 20, 2019; Kejal Vyus, "China Talks with Venezuela Opposition to Protect Investments," *Wall Street Journal*, February 12, 2019.

[108] Kevin P. Gallagher and Margaret Myers, "China-Latin America Finance Database," Inter-American Dialogue, 2016, http://www.thedialogue.org/map_list/.

[109] R. Evan Ellis, Testimony to the U.S. Congress, House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, *The Influence of Extra-Hemispheric Actors on the Crisis in Venezuela*, 115th Cong., 1st sess., September

behind on its oil deliveries, Beijing reportedly stopped providing new loans to Venezuela in fall 2016.[110] As previously stated, China, unlike Russia, has signaled a willingness to support dialogue efforts that could result in the convening of new presidential elections in Venezuela.[111]

Dialogue Facilitated by Norway

On May 29, 2019, the Norwegian government, which has remained neutral in the Venezuela crisis, announced that both Maduro and Guaidó representatives had demonstrated a "willingness" to continue trying to reach a political agreement to respond to the country's multifaceted crisis.[112] At least two rounds of exploratory talks have been held that have reportedly focused on the convening of new presidential elections with a new electoral authority.[113] Guaidó's supporters argue that Maduro should step down and allow a transitional government to organize those elections, a proposal he has thus far refused.[114] Other issues reportedly include political prisoners, the degree to which *chavistas* can participate in a transition government, humanitarian aid, disarming the *colectivos*, and how to balance the need for justice for past abuses with a potential amnesty law for those who back a political transition.[115]

U.S. Policy

The United States has historically had close relations with Venezuela, a major U.S. foreign oil supplier, but friction in relations increased under the Chávez government and has intensified under the Maduro government. For more than a decade, U.S. policymakers have had concerns about the deterioration of human rights and democratic conditions in Venezuela and the lack of bilateral cooperation on counternarcotics and counterterrorism efforts. During this time, Congress has provided funding to support democratic civil society in Venezuela. As Maduro has become increasingly authoritarian, the Obama and Trump Administrations have increasingly turned to sanctions, first targeted on specific officials and then aimed at broader portions of the Venezuelan economy, to encourage a return to democracy in the country. More recently, U.S. humanitarian assistance has supported Venezuelans who have fled to neighboring countries.

Since January 2019, the United States has coordinated its efforts with Guaidó. On January 10, 2019, the U.S. State Department condemned Maduro's "illegitimate usurpation of power." President Trump recognized Guaidó as interim president of Venezuela on January 23 and has encouraged other governments to do the same. The Administration has imposed targeted sanctions (visa bans and sanctions blocking access to assets) on additional Maduro officials and their families, blocked the Maduro government's access to revenue from Venezuela's state oil company, and employed broader sanctions aimed at choking off other sources of revenue. In response to the interim government's request, the Administration has pre-positioned emergency

13, 2017.

[110] Marianna Parraga and Brian Ellsworth, "Venezuela Falls Behind on Oil-for-Loan Deals with China, Russia," Reuters, February 10, 2017; David Dollar, *Chinese Investment in Latin America*, Brookings Institution, January 2017.

[111] Ministry of Foreign Affairs of the People's Republic of China, Foreign Ministry Spokesperson Geng Shuang's regular press conference on May 8, 2019," May 8, 2019.

[112] Norwegian Ministry of Foreign Affairs, "Announcement About Venezuela," May 29, 2019.

[113] Sabrina Martín, "They Met Face to Face: Behind the Scenes at the Venezuelan Dialogues in Norway," *PanAmerican Post*, May 29, 2019.

[114] Terje and Berwick, "Venezuela's Guaidó Vows Protests."

[115] Martín, "They Met Face to Face."

assistance for Venezuelans on the country's borders. President Trump and other Administration officials have repeatedly asserted that "all options are on the table" to address the Venezuela situation, including the use of U.S. military force.[116] Most analysts agree that a U.S. military intervention is unlikely. Some Members of Congress have expressed serious concerns about any U.S. military action in Venezuela, and such a policy is opposed by virtually all U.S. allies in the region.[117]

U.S. Sanctions on Venezuela[118]

The United States has increasingly employed sanctions as a policy tool in response to activities of the Venezuelan government and Venezuelan individuals. As the political and economic crisis in Venezuela has deepened, the Trump Administration has significantly expanded sanctions on Venezuela, relying on both existing sanctions and new executive orders. In particular, recent U.S. sanctions on Venezuela have targeted specific Venezuelan officials, the Maduro government's access to the U.S. financial system, and Venezuela's oil and gold sectors, which are key sectors and sources of financing for the Maduro government. The Trump Administration has cited a number of serious concerns about the Maduro government in expanding sanctions including, among others, human rights abuses, usurpation of power from the democratically elected National Assembly, rampant public corruption, degradation of Venezuela's infrastructure and environment through economic mismanagement and confiscatory mining and industrial practices, and its role in creating a regional migration crisis by neglecting the needs of the Venezuelan people.[119]

Targeted Sanctions on Venezuelan Officials

The Trump Administration has used existing authorities to sanction a number of Venezuelan officials. In particular, the Trump Administration has sanctioned 75 Venezuelan government and military officials pursuant to E.O. 13692, issued by President Obama in March 2015 to implement the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278).[120] Among its provisions, the law requires the President to impose sanctions (asset blocking and visa restrictions) against those whom the President determines are responsible for significant acts of violence or serious human rights abuses associated with protests in February 2014 or, more broadly, against anyone who has directed or ordered the arrest or prosecution of a person primarily because of the person's legitimate exercise of freedom of expression or assembly. In 2016, Congress extended the 2014 act through 2019 in P.L. 114-194.

Under the Obama Administration, the Treasury Department froze the assets of seven Venezuelans—six members of Venezuela's security forces and a prosecutor involved in repressing antigovernment protesters—pursuant to E.O. 13692. Under the Trump Administration, the Treasury Department designated for sanctions an additional 75 Venezuelan government and military officials. These officials include Maduro and his wife, Cecilia Flores; Executive Vice

[116] The White House, "Remarks by President Trump to the Venezuelan American Community," February 18, 2019; Secretary of State Mike Pompeo, interview with Maria Bartiromo, *Mornings with Maria*, May 1, 2019.

[117] U.S. Congress, House Committee on Foreign Affairs, *Hearing on H.R. 1004, Prohibiting Unauthorized Military Action in Venezuela Act*, 116th Cong., 1st sess., March 13, 2019.

[118] This draws from: CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Mark P. Sullivan.

[119] For example, see E.O. 13808, "Imposing Additional Sanctions with Respect to the Situation in Venezuela," 82 *Federal Register* 41155-41156, August 24, 2017; E.O. 13850, "Blocking Property of Additional Persons Contributing to the Situation in Venezuela," 83 *Federal Register* 55243-55245, November 1, 2018.

[120] E.O. 13692, "Blocking Property and Suspending Entry of Certain Persons Contributing to the Situation in Venezuela," 80 *Federal Register* 12747-12751, March 8, 2015.

President Delcy Rodriguez; PSUV First Vice President Diosdado Cabello; eight Supreme Court members; the leaders of Venezuela's army, national guard, and national police; four state governors; the director of the Central Bank of Venezuela; and the foreign minister.

The Trump Administration has also blocked the assets and travel of two high-ranking officials in Venezuela, including then-Vice President Tareck el Aissami and Pedro Luis Martin (a former senior intelligence official) pursuant to Foreign Narcotics Kingpin Designation Act (P.L. 106-120, Title VIII; 21 U.S.C. 1901 *et seq.*). Including those individuals, the Treasury Department has now imposed economic sanctions on at least 22 individuals with connections to Venezuela and 27 companies by designating them as Specially Designated Narcotics Traffickers pursuant to the Kingpin Act.

For a discussion on terrorism-related sanctions related to Venezuela, see "Terrorism" section below.

Sanctions Restricting Venezuela's Access to U.S. Financial Markets

Starting in 2017, President Trump has sought to cut off U.S. sources of financing for the Venezuelan government. In August 2017, President Trump issued E.O. 13808 to prohibit access to U.S. financial markets by the Venezuelan government, including PdVSA, with certain exceptions to minimize the impact on the Venezuelan people and U.S. economic interests.[121] The sanctions restrict the Venezuelan government's access to U.S. debt and equity markets, traditionally an important source of capital for the government and PdVSA.

In 2018, the Trump Administration issued two additional executive orders to further tighten Venezuela's access to U.S. currency. E.O. 13827, issued in March 2018, prohibits U.S. investors from purchasing or transacting in Venezuela's new digital currency, the petro. This is designed to help the government raise funds and circumvent U.S. sanctions.[122] E.O. 13835, issued in May 2018, prohibits U.S. investors from buying debt or accounts receivable with the Venezuelan government, including PdVSA. This is devised to close off an "avenue for corruption" used by Venezuelan government officials to enrich themselves.[123]

Sanctions on Venezuela's Oil and Gold Sectors

Beginning in late 2018, the Trump Administration has rolled out a series of new sanctions focused on Venezuela's oil, gold, financial, defense, and security sectors. In November 2018, President Trump issued E.O. 13850, which blocks the assets of, and prohibits transactions with, those entities operating in Venezuela's gold sector (or any other sector of the economy as determined in the future by the Treasury Secretary) or responsible for or complicit in transactions involving deceptive practices or corruption in the Venezuelan government.[124] Three subsequent

[121] E.O. 13808, "Imposing Additional Sanctions with Respect to the Situation in Venezuela," 82 *Federal Register* 41155-41156, August 24, 2017.

[122] E.O. 13827, "Taking Additional Steps to Address the Situation in Venezuela," 83 *Federal Register* 12469-12470, March 19, 2018.

[123] E.O. 13835, "Prohibiting Certain Additional Transactions with Respect to Venezuela," 83 *Federal Register* 24001-24002, May 21, 2018; Nicholas Casey and Julie Hirschfeld Davis, "As Trump Adds Sanctions on Venezuela, Its Neighbors Reject Election Result," *New York Times*, May 21, 2018.

[124] E.O. 13850, "Blocking Property of Additional Persons Contributing to the Situation in Venezuela," 83 *Federal Register* 55243-55245, November 1, 2018

determinations issued by Secretary of the Treasury Mnuchin expanded the reach of E.O. 13850 to include the other sectors.[125]

Over subsequent months, a number of individuals and entities have been sanctioned pursuant to E.O. 13850, including five individuals involved in a corruption scheme involving Venezuela's currency exchange practices, PdVSA (with general licenses issued by Office of Foreign Assets Control [OFAC] to allow certain transactions and activities related to PdVSA and its subsidiaries), the Moscow-based Evrofinance Mosnarbank (jointly owned by Russia and Venezuela) for helping PdVSA funnel its cash flow from oil sales, Venezuela's state-owned gold sector company—Minerven—for using illicit gold operations to help Maduro financially, state-affiliated Venezuelan Economic and Social Development Bank and five of its subsidiaries that the Maduro government uses to move money outside of Venezuela, 44 vessels and six shipping companies involved in transporting Venezuelan oil, and Venezuela's central bank in order to cut off its access to U.S. currency and limit its ability to conduct international financial transactions.

Debate over the Efficacy of U.S. Sanctions on Venezuela

The Trump Administration has significantly ratcheted up sanctions on Venezuela, hitting key targets including Maduro himself, the state-owned oil and gold companies, and the Venezuelan central bank, among others. The Administration has also started targeting foreign firms doing business with Venezuela ("secondary sanctions") in its sanctions on foreign shipping companies transporting Venezuelan oil. At the same time, the Administration is starting to demonstrate some flexibility in its sanctions policy with the lifting of sanctions against the former head of Venezuela's intelligence service, General Manuel Cristopher Figuera, in May 2019 after he broke ranks with Maduro. To date, the Administration to date has stopped short of more aggressive sanctions, including on companies in other countries that purchase Venezuelan oil, although such sanctions have reportedly been considered.[126]

In terms of economic effects of the sanctions, the results are mixed. The sanctions have contributed to the Maduro government's financial problems, including default on most of its loans and inability to raise new financing.[127] However, the Maduro government has, to some extent, been able to work with Chinese and Russian governments to help fill financing gaps and continue to sell gold reserves to raise funds despite U.S. sanctions.[128] Some analysts are also concerned that the stronger sanctions on PdVSA are further exacerbating Venezuela's difficult humanitarian crisis, already marked by shortages of food and medicines and mass migration, by limiting the country's key source of revenue.[129] This is a particular concern in the event that Maduro remains in power over an extended period of time.

In terms of the sanctions' political effects, the imposition of targeted sanctions on individuals in the Maduro government has not encouraged many of those who were not yet sanctioned to

[125] Department of the Treasury determinations issued pursuant to Section 1(a)(1) of E.O. 13850 of January 28, 2019 (relating to oil), March 22, 2019 (relating to the financial sector), and May 9, 2019 (relating to the defense and security sector).

[126] Steve Holland and Roberta Rampton, "Exclusive: Trump Eyeing Stepped-Up Venezuela Sanctions for Foreign Companies—Bolton," Reuters, March 29, 2019.

[127] Dany Bahar, "Chavismo Is the Worst of All Sanctions: The Evidence Behind the Humanitarian Catastrophe in Venezuela," Brookings Institution, May 22, 2019.

[128] Patricia Laya, "Venezuela Sells $570 Million From Gold Reserve Despite Sanctions," *Bloomberg*, May 17, 2019.

[129] Kurmanaev and Krauss, "U.S. Sanctions Are Aimed at Venezuela's Oil;" Jim Wyss, "As U.S. Sanctions Against Venezuela Mount, What's the Human Toll?," *Miami Herald*, March 12, 2019.

abandon Maduro or changed the behavior of the sanctioned individuals. Instead, some officials (such as former vice president Tareck el Aissami and interior minister Nester Reverol) received promotions after being designated for sanctions by the United States, making their futures more dependent on remaining loyal to Maduro. While some have praised the Administration for removing the sanctions on General Figuera after he backed Guaidó, others have questioned how willing or able the U.S. government will be to lift sanctions on others, particularly in cases involving the Kingpin Act or for those who face U.S. criminal indictments.[130] Observers have urged the Administration to coordinate the imposition or removal of future sanctions, including travel restrictions, with allies such as the EU and Canada, which have enacted similar sanctions.[131] Broader U.S. sanctions adopted since 2017 have yet to compel Maduro to leave office despite the country's increasingly dire economic situation. They have also provided a foil on which Maduro has blamed the country's economic problems.

Energy Sector Concerns and U.S. Economic Sanctions[132]

Venezuela's petroleum sector has experienced a general decline since the beginning of 2011, when crude oil production averaged approximately 2.5 million barrels per day (bpd) for the year. Prior to financial sanctions being imposed on PdVSA in August 2017 (E.O. 13808), oil production had already declined to approximately 1.8 million bpd.

Sanctions included in E.O. 13808 place limits on the maturity of new debt that U.S. entities can extend to PdVSA to 90 days. This limitation made it more difficult for PdVSA to pay for oil-related services and acquire certain oil production equipment. PdVSA has dealt with its fiscal problems by delaying payments and paying service providers with promissory notes in lieu of payments.[133] There are concerns that delayed payments and promissory notes would count as new credit and, if their maturity exceeds 90 days, would violate sanctions. These payment issues have contributed to the slowdown in oil production, although they have not halted it.[134] The financial sanctions also prevent PdVSA from receiving cash distributions from its U.S.-based Citgo refining subsidiary. While it is difficult to accurately quantify the impact of E.O. 13808 financial sanctions, data in **Figure 4** suggest that Venezuela's oil production decline accelerated following the imposition of financial access restrictions on PdVSA.

As previously described, the Secretary of the Treasury determined on January 28, 2019 that persons (e.g., individuals and companies) operating in Venezuela's oil sector are subject to sanctions—pursuant to E.O. 13850—the goal being to apply economic pressure on the Maduro government. Subsequently, Treasury's OFAC added PdVSA—including all entities in which PdVSA has a 50% or more ownership position—to its Specifically Designated Nationals list. This designation blocks PdVSA's U.S. assets and prohibits U.S. persons from dealing with the company. These sanctions will affect several areas in which U.S. companies have business interests (e.g., debt/financial transactions and oil field services) and will effectively terminate U.S.-Venezuela petroleum (crude oil and petroleum products) trade. This is significant for Venezuela, as the United States was the primary cash buyer for exported crude oil.

[130] Reuters, "Relief from U.S. Sanctions Will Not Come Easily for Some Venezuelans," May 30, 2019.

[131] Samantha Sultoon, "Spotlight: Next Steps with Venezuela," Atlantic Council, April 25, 2019.

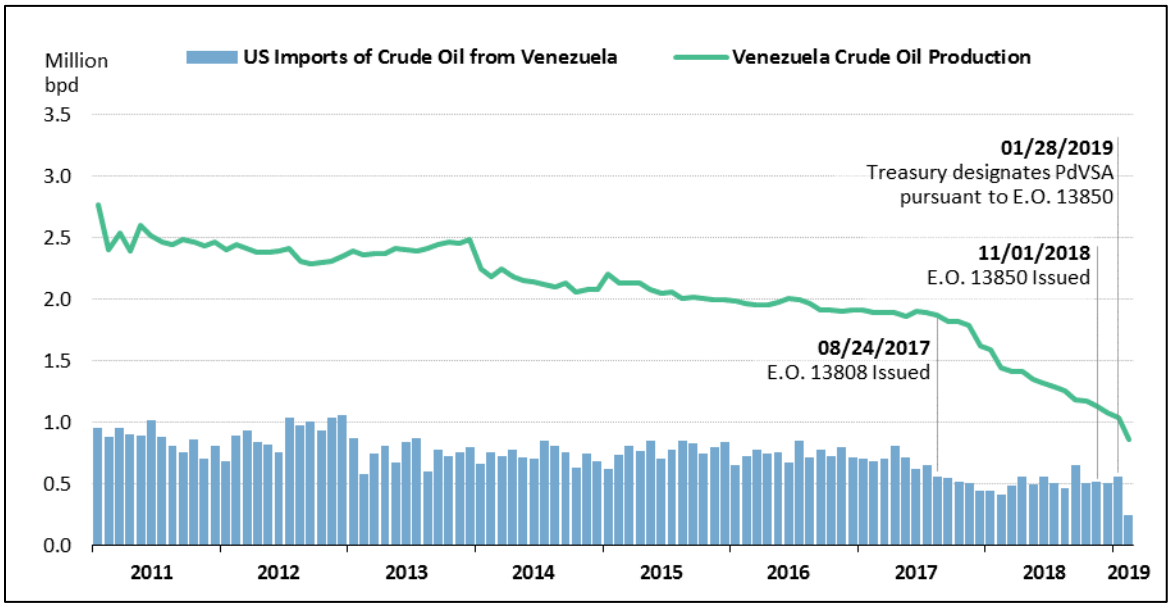
[132] This section was authored by Philip Brown, Specialist in Energy Policy.

[133] Risa Grais-Targow et al., "Venezuela/Oil," Eurasia Group, November 21, 2017.

[134] Grais-Targow et al., "Venezuela/Oil."

Figure 4. Venezuela Crude Oil Production and U.S. Imports

January 2011-February 2019



Source: Venezuela crude oil production data from Energy Intelligence via Bloomberg L.P. U.S. import data from the Energy Information Administration.

Petroleum trade between the United States and Venezuela has been bilateral but has historically been dominated by Venezuela crude oil exports to the United States. Similar to oil production trends in Venezuela, U.S. oil imports of Venezuelan crude oil have been steadily declining since at least 2011 (see **Figure 4**) when import volumes were approximately 1 million bpd during certain months. When sanctions were imposed on PdVSA in January 2019, U.S. oil imports of Venezuelan crude oil were approximately 500,000 bpd. General licenses issued by OFAC allowed for U.S. entities to continue purchasing Venezuelan crude oil until April 28, 2019.[135] However, payments made to PdVSA for imported petroleum during the wind-down period had to be made into a U.S.-based blocked account. This element of the petroleum trade sanctions motivated PdVSA to immediately seek alternative cash buyers.[136] U.S. imports declined by 50% to approximately 250,000 bpd in the first month following the PdVSA designation.

Venezuela's oil production since January 2019 has been further challenged by access to petroleum blending components—referred to as diluents—and ongoing power outages that have affected oil production operations.[137] PdVSA sanctions imposed in January 2019 prohibited U.S. diluent exports to Venezuela immediately. There was no wind-down period for this trade element. The characteristics of a large portion of Venezuela's crude oil—generally a heavy, low-viscosity, high-sulfur crude oil type—requires blending this crude oil with lighter petroleum materials in order to achieve a viscosity sufficient for transportation and processing. Typical diluents used for

[135] General license 12 provides this wind-down period for importing petroleum from Venezuela. A comprehensive list of OFAC general licenses is available at https://www.treasury.gov/resource-center/sanctions/programs/pages/venezuela.aspx.

[136] Ship tracking information from Bloomberg L.P. (subscription required) indicates that Venezuela's crude exports to India and China increased 49% and 34%, respectively, between January 2019 and February 2019.

[137] Energy Information Administration (EIA), "Venezuelan Crude Oil Production Falls to Lowest Level Since January 2003," *Today in Energy*, May 20, 2019.

crude oil blending include naphtha and condensate, both light petroleum liquids that Venezuela has been importing from the United States. There are other non-U.S. diluent sources, and PdVSA will have to source diluent materials from alternative suppliers. However, it may take some time to secure alternative suppliers, and this constraint causes additional difficulty for PdVSA to continue its oil production operations. Furthermore, power outages in Venezuela have been reported since the January sanctions took effect.[138] Limited power access is also creating difficulties for PdVSA oil production activities as pumping and processing equipment require power to operate.[139]

Direct impacts to U.S. oil refineries are somewhat difficult to assess due to the wind-down period provided by general licenses, opportunities to source similar crude oil types from other non-sanctioned countries, and refinery maintenance activities during the first half of 2019 that limited demand for oil import volumes. Mexico, Colombia, Canada, and Iraq are examples of countries that export crude oil with similar quality characteristics to that of Venezuela's heavy crude oil. However, movements in oil price benchmarks since January indicate that the differential between light sweet (low sulfur) and heavy sour (high sulfur) crude oil has narrowed. This price behavior can affect profit margins for refineries optimally configured to process heavy crude oil.[140]

Citgo's Uncertain Future: Multiple Creditors, Legal Claims, and New Management

PdVSA's U.S.-based Citgo subsidiary owns and operates oil refineries in Texas, Louisiana, and Illinois. The company also owns 48 petroleum product terminals and a pipeline network that delivers these products to various customers. Citgo is arguably one of the most valuable assets in the PdVSA portfolio. PdVSA has looked to leverage that value to support its borrowing activities, as described below. All of Citgo's ownership has been used as collateral for two separate debt issuances (bonds and a loan to Rosneft, as described below). Additionally, companies that have sued Venezuela—such as Crytallex, discussed below—for expropriation actions have been awarded legal judgments that include taking possession of and liquidating Citgo assets.[141] Furthermore, the U.S.-recognized Guaidó government appointed a new board of directors in February 2019 to manage Citgo, thereby removing Maduro's PdVSA from management decision-making of the U.S.-based company. Some of the financial and legal challenges facing Citgo are described below.

PdVSA 2020 bonds (50.1% of Citgo as collateral): PdVSA issued bonds totaling approximately $3.4 billion in October 2016 to various creditors.[142] A majority ownership stake in Citgo was pledged as collateral for the bonds, and the creditors could have legal claim to the company should the bonds enter into default.[143] An interest payment for the bonds came due in April 2019.[144] The payment was missed, but there is a 30-day grace period for the missed payment.[145] The Maduro-controlled PdVSA—the original bond issuer—is prevented from making bond payments due to U.S. sanctions on PdVSA. However, a PdVSA board appointed by Guaidó voted to pay the $71

[138] EIA, "Venezuelan Crude Oil Production."

[139] EIA, "Venezuelan Crude Oil Production."

[140] The price differential between Louisiana Light Sweet (LLS) and Mars—a U.S.-produced heavy crude oil—ranged from approximately $2.50 to $6.00 per barrel between 2016 and 2018. Mars was less than LLS, which is to be expected given the better quality characteristics of LLS. In March 2019, following the January 2019 sanctions, the price differential turned negative for one day by $0.90 per barrel. Mars, a lower quality crude oil, was more expensive than LLS. The price differential has since recovered to approximately $2.50 per barrel, the lower end of the 2016-2018 range.

[141] Other arbitration awards have been made to companies such as Conoco for their expropriation in 2007 and Canada's Rusoro Mining, whose gold projects were seized by the government of Venezuela in 2011. However, the Crystallex award and judgment allows the company to seize and liquidate Citgo shares as a means of collecting the award.

[142] Bloomberg L.P. (subscription required), Bond description for PdVSA 8 ½ 10/27/20 bonds, accessed May 21, 2019.

[143] PdVSA bond prospectus, October 2016.

[144] Reuters, "Investors Await Payment Decision as PDVSA 2020 Coupon Looms," April 24, 2019.

[145] Reuters, "Investors Await Payment Decision."

million interest payment, thus preserving Citgo ownership in the event that the opposition takes control of the Venezuela government. An additional $913 million payment is due in October 2019.

Rosneft loan to PdVSA (49.9% of Citgo as collateral): PdVSA pledged 49.9% of Citgo ownership as collateral for a $1.5 billion loan from Russian oil company Rosneft that was issued in December 2016.[146] The potential for a Russian company to own a significant portion of the U.S.-based Citgo operation has been noted by Members of Congress as a potential national security concern.[147] In the 116th Congress, S. 1025 has been introduced and includes Section 609, which express concerns about Citgo ownership pledged as collateral for the Rosneft loan and requires the President to prevent Rosneft from taking control of U.S. energy infrastructure.

Crystallex legal judgment ($1.2 billion judgment against PDV Holding, Citgo's parent company): In 2018, a U.S. district court ruled that Canada-based Crystallex could take shares of PDV Holding, the U.S.-based parent company of Citgo, as a means of collecting a $1.2 billion arbitration award made to Crystallex.[148] The award stems from Venezuela's seizure of the Canadian miners' assets in 2011. Crystallex has indicated its intent to take ownership of Citgo shares and sell them for cash as a means of collecting the arbitration award.

U.S. Humanitarian and Related Assistance[149]

The U.S. government is providing humanitarian and emergency food assistance and helping to coordinate and support regional response efforts. As of April 10, 2019 (latest data available), the United States has committed to providing more than $213.3 million since FY2017 for Venezuelans who have fled to other countries and for the communities hosting Venezuelan refugees and migrants, including nearly $130 million to Colombia.[150] (Humanitarian funding is drawn primarily from the global humanitarian accounts in annual Department of State/Foreign Operations appropriations acts.) From October through December 2018, the U.S. Navy hospital ship USNS *Comfort* was on an 11-week medical support deployment to work with government partners in Ecuador, Peru, Colombia, and Honduras, in part to assist with arrivals from Venezuela. The *Comfort* is scheduled to deploy for another five-month deployment in June.[151]

In Colombia, the U.S. response aims to help the Venezuelan arrivals as well as the local Colombian communities that are hosting them. In addition to humanitarian assistance, the United States is providing $37 million in bilateral assistance to support medium and longer-term efforts by Colombia to respond to the Venezuelan arrivals.

In February 2019, the United States responded to Guaidó's request for immediate international humanitarian assistance. To date, along with other partners working in the Western Hemisphere, the U.S. government has pre-positioned nearly 546 metric tons of assistance in Colombia, Brazil, and Curacao to help tens of thousands of Venezuelans, including 208 metric tons in the border city of Cúcuta alone. The aid includes food, medical supplies, hygiene kits, nutrition products, and water purification and storage units. According to the Colombian government, some of that

[146] Reuters, "Venezuela's PDVSA Uses 49.9 Percent Citgo Stake as Loan Collateral," December 23, 2016.

[147] Members of the Senate Finance Committee sent a letter to the Secretary of the Treasury and the Secretary of State in June 2017 expressing concerns about national security implications of the potential for Russia to control a large portion of Citgo. A copy of the letter is available at https://www.finance.senate.gov/imo/ ... / 061917%20Rosneft%20Citgo%20Letter1.pdf.

[148] Oil Daily, "Judge Paves Way for Canadian Firm to Seize Citgo Assets," August 13, 2018.

[149] This is drawn from CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*, by Rhoda Margesson and Clare Ribando Seelke.

[150] U.S. Department of State, "United States Provides Additional Humanitarian Aid to Venezuelans Who Have Fled the Country," April 10, 2019. See also USAID, *Venezuela Regional Crisis*.

[151] Ben Werner, "USNS Comfort Heading to Colombia to Treat Venezuelan Refugees," *USNI News*, May 7, 2019.

assistance is now going to be distributed to Venezuelans and communities sheltering them in Colombia.[152]

U.S. Democracy Assistance

For more than a decade, the United States has provided democracy-related assistance to Venezuelan civil society through the U.S. Agency for International Development (USAID) and the National Endowment for Democracy (NED).

From 2002 through 2010, USAID supported small-grant and technical assistance activities through its Office of Transition Initiatives (OTI) to provide assistance monitoring democratic stability and strengthening the county's democratic institutions. At the end of 2010, USAID's support for such activities in Venezuela was transferred from OTI to USAID's Latin America and Caribbean Bureau. U.S. democracy and human rights assistance to Venezuela amounted to $15 million to civil society groups in Venezuela in FY2018 and $17.5 million in FY2019.

The Administration's proposed FY2020 budget asks for $9 million in democracy aid and authority to transfer up to $500 million to support a transition or respond to a crisis in Venezuela. On May 20, 2019, the House Appropriations Committee reported its version of the FY2020 Department of State and Foreign Operations Appropriations Act (H.R. 2389), which would provide $17.5 million in democracy and human rights aid to Venezuela.

NED has funded democracy projects in Venezuela since 1992. U.S. funding for NED is provided in the annual State Department and Foreign Operations appropriations measure, but country allocations for NED are not specified in the legislation. In 2018, NED funded 40 projects in Venezuela totaling roughly $2.0 million as compared to $2.6 million in 2017.[153]

Organized Crime-Related Issues

Venezuela has among the highest crime victimization and homicide rates in Latin America and the Caribbean, the region with the highest homicide rates in the world.[154] According to the Venezuelan Violence Observatory, the homicide rate in Venezuela declined in 2018 (81.4 homicides per 100,000 people) as compared to a rate of 89.1 per 100,000 people in 2017, with part of that decline attributed to migration that has reduced the population.[155] The impunity rate for homicide in Venezuela is roughly 92%.[156] Although many homicides have been committed by criminal groups, extrajudicial killings by security forces and allied armed civilian militias (*colectivos*) have also been rising.[157] In September 2018, Amnesty International published a

[152] Associated Press, "US Emergency Aid for Venezuela to Be Distributed in Colombia," May 30, 2019.

[153] National Endowment for Democracy, "Venezuela 2018," https://www.ned.org/region/latin-america-and-caribbean/venezuela-2018/.

[154] Laura Jaitman, ed., *The Costs of Crime and Violence in Latin America: New Evidence and Insights from Latin America and the Caribbean*, Inter-American Development Bank, 2017.

[155] Reuters, "Venezuela Murder Rate Dips, Partly due to Migration: Monitoring Group," December 27, 2018.

[156] Christopher Woody, "Venezuela Admits Homicides Soared to 60 a day in 2016, Making it one of the Most Violent Countries in the World," *Business Insider*, April 2017.

[157] David Smilde, "Crime and Revolution in Venezuela," *NACLA Report on the Americas*, 2017, vol. 49, no. 3; Amnesty International, September 2018.

report describing how security forces have adopted militarized approaches to public security that have resulted in numerous human rights abuses, including extrajudicial killings.[158]

A May 2018 report by Insight Crime identified more than 120 high-level Venezuelan officials who have engaged in criminal activity, which has blurred the lines between crime groups and the state.[159] Many of those officials have allegedly engaged in drug trafficking (discussed below), but others have reportedly deputized illegal groups in the neighborhoods and prisons, run smuggling operations in border areas, and engaged in illegal gold mining.[160]

Counternarcotics

Venezuela's pervasive corruption and extensive 1,370-mile border with Colombia have made the country a major transit route for cocaine destined for the United States and an attractive environment for drug traffickers and other criminals to engage in money laundering. In 2005, Venezuela suspended its cooperation with the U.S. Drug Enforcement Administration (DEA) after alleging that DEA agents were spying on the government, charges U.S. officials dismissed as baseless. Prior to that time, the governments had negotiated an antidrug cooperation agreement (an addendum to a 1978 Bilateral Counternarcotics agreement) that would have enhanced information-sharing and antidrug cooperation. Venezuela has yet to approve that agreement.

Since 2005, Venezuela has been designated annually as a country that has failed to adhere to its international antidrug obligations, pursuant to international drug-control certification procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228). In September 2018, President Trump designated Venezuela as one of two countries not adhering to its antidrug obligations.[161] At the same time, President Trump waived economic sanctions that would have curtailed U.S. assistance for democracy programs.

The State Department reported in its 2019 *International Narcotics Control Strategy Report* (INCSR) that Venezuela was one of the preferred trafficking routes for the transit of illicit drugs out of South America, especially cocaine, because of the country's porous border with Colombia, economic crisis, weak judicial system, lacking international counternarcotics cooperation, and permissive and corrupt environment. The report notes the following:

- Cocaine is trafficked via aerial, terrestrial, and maritime routes, with most drug flights departing from Venezuelan states bordering Colombia and maritime trafficking that includes the use of large cargo containers, fishing vessels, and "go-fast" boats.
- The vast majority of drugs transiting Venezuela in 2018 were destined for the Caribbean, Central America, the United States, West Africa, and Europe. Colombian drug-trafficking organizations—including multiple criminal bands, the Revolutionary Armed Forces of Colombia (FARC), and the National Liberation Army (ELN)—facilitate drug transshipment through Venezuela. Mexican drug-trafficking organizations also operate in the country.
- Venezuelan officials reported conflicting statistics, with the attorney general asserting that the government had seized 20 metric tons of drugs between August

[158] Amnesty International, *This Is No Way to Live: Public Security and Right to Life in Venezuela*, September 20, 2018.

[159] Insight Crime, *Venezuela: A Mafia State?*, May 2018.

[160] International Crisis Group, *Gold and Grief in Venezuela's Violent South*.

[161] The White House, "Presidential Determination—Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2018," September 11, 2018.

2017 and October 2018 and another official maintaining that seizures from January through September 2018 alone exceeded 22 metric tons.

- Venezuelan authorities "failed to make demonstrable efforts to combat illegal drug activity and prosecute corrupt officials or suspected drug traffickers, including those sanctioned by the United States government."[162]

In addition to State Department reports, a report by Insight Crime entitled *Drug Trafficking Within the Venezuelan Regime: the Cartel of the Suns* describes in detail how the Venezuelan military, particularly the national guard, has been involved in the drug trade since 2002.[163] It names officials who have been sanctioned or accused of drug trafficking-related crimes, as well as others for whom there is significant evidence of their involvement in the drug trade. Insight Crime has also documented how the Cartel of the Suns has interacted with illegally armed groups and drug traffickers in Colombia, trafficked cocaine through the Dominican Republic and Honduras, and engaged in corruption with politicians and businesses in El Salvador.[164]

Recent cases in the United States also demonstrate the involvement of high-level Venezuelan officials or their relatives in international drug trafficking. President Maduro has either dismissed those cases or appointed the accused to Cabinet positions, where they will presumably be protected from extradition. Some observers have maintained that it may therefore be difficult to persuade officials to leave office through democratic means if, once out of power, they would likely face extradition and prosecution in the United States.[165]

In December 2017, two nephews of First Lady Cilia Flores—Franqui Francisco Flores de Freitas and Efraín Antonio Campo Flores—were sentenced to 18 years in a U.S. federal prison for conspiring to transport cocaine into the United States. The two nephews had been arrested in Haiti in November 2015 and convicted in the United States in November 2016.[166]

Money Laundering

In addition to drug trafficking, the 2019 INCSR discusses Venezuela's high level of vulnerability to money laundering and other financial crimes. According to the report, money laundering is widespread in the country and is evident in industries ranging from government currency exchanges to banks to real estate to metal and oil. Venezuela's currency-control system requires individuals and firms to purchase hard currency from the government's currency commission at a fixed exchange rate, which has created incentives for trade-based money laundering.

Venezuela revised its laws against organized crime and terrorist financing in 2014 but excluded the government and state-owned industries from the scope of any investigations. The unit charged with investigating financial crimes has "limited operational capabilities," and there is a lack of political will in the judicial system to combat money laundering and corruption.[167] The 2019 INCSR concludes that Venezuela's "status as a drug transit country, combined with weak AML

[162] U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2019 INCSR, vol. 1, p. 271.

[163] Insight Crime, *Drug Trafficking Within the Venezuelan Regime: The 'Cartel of the Suns,'* May 17, 2018.

[164] Insight Crime, *Venezuela: A Mafia State?*

[165] U.S. Congress, Senate Committee on Foreign Relations, *Venezuela: Options for U.S. Policy*, 115th Cong., 1st sess., March 2, 2017.

[166] Laura Natalia Ávila, "Game Changers 2016: Venezuela's Cartel of the Suns Revealed," Insight Crime, January 3, 2017.

[167] U.S. Department of State, 2019 INCSR, pp. 193-194.

supervision and enforcement, lack of political will, limited bilateral cooperation, an unstable economy, and endemic corruption" make the country vulnerable to money laundering.[168] As an example, in mid-June 2018, a U.S. district judge sentenced the Florida owners of a construction equipment export company who had been found guilty of laundering and transferring $100 million from Venezuela to bank accounts in the United States and other countries.[169]

On September 20, 2017, the Department of the Treasury's Financial Crimes Enforcement Network advised U.S. financial institutions to report any suspicious financial transactions that could have a nexus with Venezuela.[170] The advisory urges U.S. institutions to exercise increased scrutiny over transactions that may involve lesser-known state-owned enterprises connected to the government. It also warns that recent sanctions against Venezuelan officials could "increase the likelihood that other non-designated Venezuelan senior political figures may seek to protect their assets."

Illegal Mining

Although more than 95% of Venezuela's export revenue comes from oil and gas exports, gold mining, both licit and illicit, has accelerated as the country's economy has collapsed in the face of low global oil prices and an ongoing political crisis. According to the Global Initiative against Transnational Organized Crime, 91% of gold produced in Venezuela was mined illegally—the highest rate in Latin America, even prior to the current crisis.[171] Over the past three years, a boom in illegal mining in Venezuela has reportedly contributed to deforestation and environmental degradation in indigenous areas, clashes between rival criminal gangs and violence committed by those gangs against miners whom they extort, and an outbreak of malaria (a disease that had been eradicated).[172] According to numerous reports, the illegal mining industry also commits various human rights violations, reportedly including the forcible recruitment of child labor from the indigenous Yanomami tribe.[173]

Colombian Illegally Armed Groups Operating in Venezuela

Illegally armed groups are active on both sides of the Colombian-Venezuelan border. Venezuela's instability, weak institutions, and lawlessness have attracted the attention of drug trafficking and illegally armed groups from Colombia. The ELN, which is still engaged in armed conflict in Colombia, and its rival, the Popular Liberation Army (EPL), reportedly recruit Venezuelans to cultivate coca, the basic plant component of cocaine.[174] Colombia's ELN guerrillas have moved from seeking safe haven in Venezuela to taking control of illicit gold mining areas in some parts

[168] U.S. Department of State, 2019 INCSR, pp. 193-194.

[169] Brendan Pierson, "Florida Men Sentenced to Prison for Laundering Funds From Venezuela," Reuters, June 19, 2018.

[170] U.S. Department of the Treasury, Financial Crimes Enforcement Network, "Advisory on Widespread Public Corruption in Venezuela," September 20, 2017.

[171] Global Initiative Against Transnational Organized Crime, *Organized Crime and Illegally Mined Gold in Latin America*, April 2016.

[172] Bram Ebus, "Militarization and Mining a Dangerous Mix in Venezuelan Amazon, " Mongabay, December 7, 2017; Maria Isabel Sanchez, "Inside the Deadly World of Venezuela's Illegal Mines," AFP, March 19, 2017; Stephanie Nebehay, "Malarian on Rise in Crisis-Hit Venezuela, WHO Says," Reuters, April 24, 2018.

[173] Global Initiative Against Transnational Organized Crime, *Organized Crime and Illegally Mined Gold in Latin America*; International Crisis Group, *Gold and Grief in Venezuela's Violent South*.

[174] A May 2018 report by Insight Crime identified more than 120 high-level Venezuelan officials who have engaged in criminal activity. Insight Crime, *Venezuela: A Mafia State?*

of the country. The Rastrojos, a criminal group that contains former paramilitaries, reportedly controls important gasoline smuggling routes between Venezuela and Colombia. Human trafficking and sexual exploitation of Venezuelan migrants is prevalent in Colombia and border regions straddling the countries. Many observers assert that dissident FARC guerrillas are using border areas to regroup.[175]

Violence among these groups and between the groups and the Venezuelan government has escalated, threatening security on both sides of the border. Conflict between the ELN and the EPL over control of the cocaine trade led to an August 2018 daytime shootout in a town on the Colombian side of the border in which eight people died.[176] Since early 2018, Freddy Bernal, an official on the U.S. Kingpin List who allegedly supplied arms to the FARC, has served as head of security in Táchira state bordering Colombia. After Bernal ordered an elite police unit to arrest members of the Rastrojos, the group attacked a Venezuelan military base in October 2018, killing three soldiers.[177] The ELN reportedly killed three Venezuelan national guardsmen in Amazonas state in November 2018.[178] As this violence has occurred, Colombia has also protested periodic crossings into its territory by Venezuelan troops.[179]

Terrorism

The Secretary of State has determined annually, since 2006, that Venezuela has not been "cooperating fully with United States antiterrorism efforts" pursuant to Section 40A of the Arms Export Control Act (AECA). Per the AECA, such a designation subjects Venezuela to a U.S. arms embargo, which prohibits all U.S. commercial arms sales and retransfers to Venezuela. The most recent determination was made in May 2019.[180]

In 2008, the Department of the Treasury imposed sanctions (asset freezing and prohibitions on transactions) on two individuals and two travel agencies in Venezuela for providing financial support to Hezbollah, which the Department of State has designated a Foreign Terrorist Organization. The action was taken pursuant to E.O. 13224, aimed at impeding terrorist funding.

The State Department's most recent annual terrorism report, issued in September 2018, stated that "country's porous borders offered a permissive environment to known terrorist groups."[181] Unlike in years past, the report did not identify any specific terrorist groups or sympathizers present in the country.[182] This designation would trigger an array of sanctions, including aid restrictions, requirement for validated export licenses for dual-use items, and other financial restrictions.[183]

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[175] Fundación Ideas para la Paz, "Inseguridad y Violencia en las Fronteras, los Desafíos del Nuevo Gobierno," November 7, 2018.

[176] Ronna Rísquez and Victoria Dittmar, " ELN and EPL Conflict Intensifies at Colombia-Venezuela Border," Insight Crime, August 2, 2018.

[177] "Rastrojos Demonstrate Power with Attack on Venezuela Military Base," Insight Crime, November 5, 2018.

[178] "Mueren Tres GNB en Enfrentamientos con Grupos Irregulares Colombianos en Amazonas," *Crónica Uno*, November 4, 2018.

[179] Reuters, "Colombia Protests New Border Crossing by Venezuelan Troops," November 7, 2018.

[180] U.S. Department of State. Public Notice 10781, "Determination and Certification of Countries Not Cooperating Fully with United States Antiterrorism Efforts," 84 *Federal Register* 24856, May 29, 2019.

[181] U.S. Department of State, "Western Hemisphere Overview," in *Country Reports on Terrorism 2017*, September 2018.

[182] The report covering 2016 stated that individuals linked to the FARC, the ELN, and Basque Fatherland and Liberty (a Basque terrorist organization), as well as Hezbollah supporters and sympathizers, were present in Venezuela. U.S. Department of State, "Western Hemisphere Overview," in *Country Reports on Terrorism 2016*, June 2017.

[183] CRS Report R43835, *State Sponsors of Acts of International Terrorism—Legislative Parameters: In Brief*, by

Critics caution there is a lack of evidence to conclude that the Venezuelan government has "repeatedly provided support for acts of international terrorism," as required by law.[184]

Outlook

For years, analysts have debated how long Maduro can retain his grip on power amid a deepening economic and humanitarian crisis and how best to help hasten a return to democracy in Venezuela. With his second term widely regarded as illegitimate within Venezuela and by large parts of the international community, Maduro faces increasing threats to his control over the country. Under the leadership of Juan Guaidó, the opposition has come closer to ousting Maduro than ever before. Maduro still controls the top echelon of the military, but arrests of high-level military officials and a few recent defections suggest there is considerable dissent within the forces. Although nascent efforts at dialogue have gotten underway in Norway, the situation in the country remains volatile, and the current stalemate appears untenable due to the country's rapidly deteriorating economic and humanitarian conditions.[185]

The Trump Administration has worked bilaterally and multilaterally to increase pressure on Maduro and support the interim government led by Guaidó. In the aftermath of a failed April 30 uprising, U.S. options to hasten a transition to democracy in Venezuela appear limited. Experts have suggested that maintaining concerted and coordinated international pressure is required to compel Maduro to leave office.[186] While some observers have urged the Administration to take even more aggressive measures despite the risk that they could contribute to increased unrest, others have maintained that support for a negotiated solution is the best course of action. In the absence of a political transition, the deteriorating humanitarian situation could increase pressure on the United States to reassess its sanctions on the Venezuelan economy.

The 116th Congress has closely followed developments in Venezuela, Trump Administration's policy responses, and international efforts to broker a solution to the crisis. Congress has held hearings on the political crisis in Venezuela and U.S. policy responses, the humanitarian crisis in Venezuela, the regional migration crisis that Venezuela's unrest has wrought throughout Latin America and the Caribbean, the influence of Russia and China in Venezuela, and the role of Congress in authorizing the possible use of U.S. military force in Venezuela. Congress is also considering a range of legislative initiatives to require, authorize, or constrain certain Administration actions regarding Venezuela (e.g., H.R. 920, H.R. 1477, S. 1025, H.R. 1004, and S.J.Res. 11). For more information on legislative initiatives on Venezuela in the 116th Congress, see **Appendix A**.

International perspectives—particularly from UNHCR, IOM, and the Lima Group—may influence oversight of the $213 million in U.S. humanitarian assistance allocated thus far to help support Venezuelans in the region. They may also inform decisions about the amounts and types of U.S. funds most needed to support international organizations and U.N. agencies working inside Venezuela both now and in the future. The Administration's proposed FY2020 budget requests $9 million in democracy aid through the Economic Support and Development Fund account and the authority to transfer up to $500 million to support a transition or respond to a crisis in Venezuela. Should Maduro leave office, the Administration proposes that such funds

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[184] Amanda Erickson, "Venezuela Is a Tragedy, Not a Terrorist Threat," *Washington Post*, November 21, 2018.

[185] Moises Rendón, "What Happens Next in Venezuela?," CSIS, May 10, 2019.

[186] Samantha Sultoon, "Spotlight: Next Steps with Venezuela," Atlantic Council, April 25, 2019.

could support international election observers, increased humanitarian assistance inside Venezuela, and/or a potential IMF package.

Appendix A. Legislative Initiatives in the 116th Congress

Enacted Legislation

P.L. 116-6 (H.J.Res. 31). Consolidated Appropriations Act, 2019. Introduced January 22, 2019. House passed (231-180) January 24; Senate passed, amended, by voice vote January 25. Conference report (H.Rept. 116-9) filed February 13, 2019. House approved conference (300-128) February 14; Senate approved conference (83-16) February 14. Signed into law February 15, 2019. The measure provides $17.5 million for democracy and rule of law programs for civil society groups in Venezuela. H.Rept. 116-9 requires a strategy of how U.S. agencies are supporting communities that are sheltering Venezuelans throughout Latin America and the Caribbean.

Select Legislative Initiatives

The Venezuela TPS Act of 2019, H.R. 549 (Soto), would allow certain Venezuelan nationals residing in the United States to qualify for Temporary Protected Status, which prevents their removal from the United States and allows them to obtain employment and travel authorization. Introduced January 15, 2019; amended and reported out of the House Judiciary Committee May 22, 2019.

The Humanitarian Assistance to the Venezuelan People Act of 2019, H.R. 854 (Murcarsel-Powell), would require a strategy within 180 days of its enactment from the Department of State and USAID on the delivery of humanitarian assistance within Venezuela and for Venezuelans throughout Latin America and the Caribbean and authorize up to $150 million in humanitarian assistance to be provided in FY2020 and in FY2021. Introduced January 29, 2019; amended and reported out of the House Foreign Affairs Committee March 14, 2019; approved by the House, as amended, March 25, 2019.

The Venezuela Arms Restriction Act, H.R. 920 (Shalala), would restrict the transfer of defense articles, defense services, and crime control articles to any element of the security forces of Venezuela under the authority of a government of Venezuela that is not recognized as the legitimate government of Venezuela by the government of the United States (i.e. the Maduro government). Introduced January 30, 2019; reported out of the House Foreign Affairs Committee March 14, 2019; approved by the House March 25, 2019.

The Prohibiting Unauthorized Military Action in Venezuela Act, H.R. 1004 (Cicilline), would prohibit funds made available to federal departments or agencies from being used to introduce the armed forces of the United States into hostilities with Venezuela, except pursuant to (1) a declaration of war, (2) a specific statutory authorization that meets the requirements of the War Powers Resolution and is enacted after the enactment of this bill, or (3) a national emergency created by attack upon the United States or the armed forces. Introduced February 6, 2019; referred to the House Foreign Affairs Committee and the House Armed Services Committee; reported out of the House Foreign Affairs Committee, as amended, April 9, 2019.

The Russian-Venezuelan Threat Mitigation Act, H.R. 1477 (Wasserman Schultz), would require the Secretary of State to submit an assessment within 120 days of its enactment on Russian-Venezuelan security cooperation and the potential threat such cooperation poses to the United States and countries in the Western Hemisphere. Introduced February 28, 2019; reported

out of the House Foreign Affairs Committee March 14, 2019; approved by the House March 25, 2019.

The Venezuelan Contracting Restriction Act, H.R. 2204 (Waltz)/**S. 1151**(Scott), would prohibit an executive agency from entering into a contract for the procurement of goods or services with any person that has business relations with an authority of the Maduro government. Introduced in the House April 10, 2019; referred to the House Committee on Government Reform. Introduced in the Senate April 11, 2019; referred to the Senate Homeland Security and Government Affairs Committee.

The Department of State, Foreign Operations, and Related Programs Appropriations Act, FY2020, H.R. 2839 (Lowey), would provide $17.5 million in democracy and human rights aid to Venezuela. The report (H.Rept. 116-78) would direct Migration and Refugee Assistance and International Disaster Assistance to addressing the Venezuela migration crisis. Introduced and reported out of the Appropriations Committee May 20, 2019 (H.Rept. 116-78).

The Venezuela Temporary Protected Status Act of 2019, S. 636 (Menendez), would designate Venezuela under Section 244 of the Immigration and Nationality Act to permit nationals of Venezuela to be eligible for Temporary Protected Status under such section. Introduced February 28, 2019; referred to the Judiciary Committee.

The VERDAD Act of 2019, S. 1025 (Menendez), would establish as U.S. policy the pursuit of a peaceful, diplomatic solution to the Venezuelan crisis; authorize $400 million in new humanitarian assistance; prohibit visas for the family members of sanctioned individuals but establish a waiver with conditions to lift visa restrictions; remove sanctions on designated individuals not involved in human rights abuses if they recognize Venezuela's interim president; require the State Department to work with Latin American and European governments to implement their own sanctions; require the Departments of State, Treasury, and Justice to lead international efforts to freeze, recover, and repurpose the corrupt financial holdings of Venezuelan officials; and accelerate planning with international financial institutions on the economic reconstruction of Venezuela contingent upon the restoration of democratic governance. Introduced April 22, 2019; reported with an amendment in the nature of a substitute to include three House measures (H.R. 854, H.R. 920, and H.R. 1477) out of the Senate Foreign Relations Committee May 22, 2019.

Resolutions

The Prohibiting Unauthorized Military Action in Venezuela Resolution of 2019, S.J.Res. 11 (Merkley), would prohibit U.S. department or agency funding from being used to introduce armed forces into hostilities with Venezuela, except pursuant to a specific statutory authorization by Congress enacted after this joint resolution. Introduced February 28, 2019.

Appendix B. Online Human Rights Reporting on Venezuela

Table B-1. Online Human Rights Reporting on Venezuela

Organization	Document/Link
Amnesty International	*The State of the World's Human Rights*, https://www.amnesty.org/en/countries/americas/venezuela/report-venezuela/
Committee to Protect Journalists	http://www.cpj.org/americas/venezuela/
Foro Penal Venezolano	http://foropenal.com/
Human Rights Watch	http://www.hrw.org/en/americas/venezuela
Inter-American Commission on Human Rights (IACHR)	http://www.cidh.oas.org/DefaultE.htm; *Annual Report of the IACHR 2018*, 2019, chapter IV includes a special report on Venezuela, http://www.oas.org/en/iachr/docs/annual/2018/TOC.asp
Programa Venezolano de Educación-Acción en Derechos Humanos (PROVEA)	http://www.derechos.org.ve/
Reporters Without Borders	https://rsf.org/en/venezuela
U.S. State Department	*Country Report on Human Rights Practices 2018*, March 13, 2019 https://www.state.gov/reports/2018-country-reports-on-human-rights-practices/
Venezuelan Politics and Human Rights	Blog hosted by the Washington Office on Latin America, http://venezuelablog.tumblr.com

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