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Venezuela: Background and U.S. Relations

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Summary

While historically the United States has had close relations with Venezuela, a major oil supplier, friction in bilateral relations rose under the leftist populist government of President Hugo Chávez (1999-2013), who died in March 2013 after battling cancer for almost two years. After Chávez's death, Venezuela held presidential elections in April 2013 in which acting President Nicolás Maduro, who had been serving as Chávez's vice president, defeated opposition candidate Henrique Capriles by a margin of just 1.49%, with the opposition alleging significant irregularities. Venezuela's December 2013 municipal elections demonstrated mixed results for the ruling United Socialist Party of Venezuela (PSUV) and the opposition Democratic Unity Roundtable (MUD).

In 2014, the Maduro government has been facing significant challenges, including deteriorating economic conditions (with high inflation and shortages of consumer goods) and high rates of crime and violence. Most significantly, in February, student-led street protests erupted into violence with protestors attacked by Venezuelan security forces and militant pro-government civilian groups. While the protests had largely dissipated by June, at least 42 people were killed on both sides of the conflict, more than 800 injured, and more than 3,000 arrested (while most have been released, some 77 are still being held). A major opposition figure, Leopoldo López, was arrested and imprisoned along with two opposition mayors. Diplomatic efforts to deal with the crisis at the Organization of American States were frustrated in March. The Union of South America Nations (UNASUR) initiated a government/opposition dialogue in April, but the talks broke down in May because of a lack of progress.

U.S. Policy

U.S. policymakers and Members of Congress have had concerns for a number of years about the deterioration of human rights and democratic conditions in Venezuela as well as the Venezuelan government's lack of cooperation on anti-drug and counterterrorism efforts. The United States has imposed financial sanctions on eight current or former Venezuelan officials for allegedly helping the Revolutionary Armed Forces of Colombia with drug and weapons trafficking. The United States has also imposed sanctions on three Venezuelan companies for support to Iran and on several Venezuelan individuals for supporting Hezbollah. Despite tensions in relations, the Obama Administration has maintained that the United States remains committed to seeking constructive engagement with Venezuela.

The Obama Administration strongly criticized the Venezuelan government's heavy-handed response to the student-led protests in 2014, and called on the government to engage in meaningful dialogue with the opposition. In July 2014, the Administration imposed visa restrictions on Venezuelan officials responsible for, or complicit in, human rights abuses against demonstrators. In September, the State Department expressed its concern about the lack of fair trial guarantees to those detained in the protests, and President Obama called for the release of Leopoldo López.

Legislative Initiatives

In recent years, developments in Venezuela and U.S. relations with the country have largely been oversight issues for Congress. Congress has also appropriated funding for democracy projects in Venezuela through the annual foreign aid appropriations measure: for FY2014, an estimated \$4.3

million is being provided through P.L. 113-76; and for FY2015, the Administration has requested \$5 million.

To date in the 113th Congress, three resolutions have been approved regarding the political and human rights situation in Venezuela: S.Res. 213, approved in October 2013, condemned violence and intimidation against the country's political opposition and called for dialogue; H.Res. 488 and S.Res. 365 were approved in March 2014 in the aftermath of Venezuela's crackdown on protests.

There has also been action on legislation to impose targeted sanctions (visa restrictions and asset blocking) on those responsible for human rights abuses associated with the protests. H.R. 4587, passed by the House (voice vote) on May 28, 2014, would impose targeted sanctions on individuals responsible for carrying out or ordering human rights abuses associated with the protests and authorize \$5 million for assistance to civil society in Venezuela. S. 2142, approved by the Senate Foreign Relations Committee on May 20, 2014, would impose targeted sanctions on those responsible for significant acts of violence or serious human rights abuses associated with the protests, or more broadly, anyone that 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; the measure would also authorize \$15 million in support of civil society in Venezuela. Both H.R. 4587 and S. 2142 include provisions providing presidential waiver authority for the sanctions. As Members of Congress potentially turn to final action on these measures, they might consider such questions as the likely effect of the sanctions on efforts to resolve the political conflict, the likelihood that the sanctions will improve the human rights situation, and the views of democracy and human rights activists in Venezuela as well as of other Latin American nations and regional organizations.

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Recent Developments in 2014

On October 1, a ruling PSUV deputy in the National Assembly, Robert Serra, was murdered in his home along with his partner, highlighting Venezuela's high rate of violent crime.

On September 23, President Obama expressed solidarity with imprisoned civil society activists worldwide, including Venezuela's Leopoldo López, and called for him to be released. (See "U.S. Relations and Policy in 2014" below.)

On September 22, the Office of the Special Rapporteur for Freedom of Expression of the Inter-American Commission on Human Rights issued a statement expressing deep concern for the deterioration of freedom of expression in Venezuela in light of continued stigmatization of critical media outlets and journalists by high-level public officials, punitive lawsuits and the dismissal of journalists, and the reported blocking of the Internet signal of media outlets. (See "Threats to Freedom of Expression" below.)

On September 20, former Caracas metropolitan police commission Iván Simonovis was released from prison and moved to house arrest. Simonovis, considered a political prisoner by Venezuela's opposition, had been imprisoned in 2004 and convicted and sentenced in 2009 to 30 years in prison for complicity in deaths of people in 2002 at the time of the failed coup against then-President Chávez. (See "Democracy and Human Rights Concerns" below.)

On September 15, President Obama issued the 10th annual presidential determination pursuant to international drug control certification procedures set forth in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228) that Venezuela had failed demonstrably to adhere to its obligations under international narcotics agreements. (See "Counternarcotics Issues" below.)

On July 30, the State Department announced that Secretary of State John Kerry had decided to impose restrictions on travel to the United States by a number of Venezuelan government officials responsible for, or complicit in, human rights abuses. (See "U.S. Relations and Policy in 2014" below.)

On July 23, Aruban authorities detained retired Venezuelan General Hugo Carvajal at the request of the U.S. government, but he was released on July 27 after Dutch officials ruled that Carvajal was protected by diplomatic immunity. The Treasury Department had sanctioned Carvajal in 2008 for helping the Revolutionary Armed Forces of Colombia with weapons and narcotics trafficking. (See "Counternarcotics Issues" below.)

On July 23, Venezuela reportedly received the endorsement of Latin American and Caribbean nations for a non-permanent seat on the U.N. Security Council (UNSC) when the U.N. General Assembly elects five of 10 non-permanent members in October 2014. (See "Foreign Policy Orientation" below.)

On June 20, the State Department issued its 2014 Trafficking in Persons Report and downgraded Venezuela to Tier 3 for not complying with minimum standards set forth in the Trafficking Victims Protection Act (TVPA, P.L. 106-386) and not making significant efforts to do so. (See "Democracy and Human Rights Concerns" below.)

For developments earlier in 2014 and 2013, see **Appendix B**.

Figure I. Map of Venezuela



Source: Map Resources. Adapted by CRS.

Political and Economic Situation

Background: Chávez's Rule, 1999-2013¹

For 14 years, Venezuela experienced enormous political and economic changes under the leftist populist rule of President Hugo Chávez. Under Chávez, Venezuela adopted a new constitution and a new unicameral legislature and even a new name for the country, the Bolivarian Republic of Venezuela, named after the 19th century South American liberator Simon Bolivar, whom Chávez often invoked. 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 enterprises. The government also funded numerous social programs with oil proceeds that helped reduce poverty. At the same time, democratic institutions deteriorated, threats to freedom of expression increased, and political polarization in the country also grew between Chávez supporters and opponents. Relations with the United States also deteriorated considerably as the Chávez government often resorted to strong anti-American rhetoric.

In his first election as president in December 1998, Chávez received 56% of the vote (16% more than his closest rival), an illustration of Venezuelans' rejection of the country's two traditional parties, Democratic Action (AD) and the Social Christian party (COPEI), which had dominated Venezuelan politics for much of the previous 40 years. Elected to a five-year term, Chávez was the candidate of the Patriotic Pole, a left-leaning coalition of 15 parties, with Chávez's own Fifth Republic Movement (MVR) the main party in the coalition. Most observers attribute Chávez's rise to power to Venezuelans' disillusionment with politicians whom they judge to have squandered the country's oil wealth through poor management and endemic corruption. A central theme of his campaign was constitutional reform; Chávez asserted that the system in place allowed a small elite class to dominate Congress and that revenues from the state-run oil company, *Petróleos de Venezuela, S.A.* (PdVSA), had been wasted.

Although Venezuela had one of the most stable political systems in Latin America from 1958 until 1989, after that period numerous economic and political challenges plagued the country and the power of the two traditional parties began to erode. Former President Carlos Andres Perez, inaugurated to a five-year term in February 1989, initiated an austerity program that fueled riots and street violence in which several hundred people were killed. In 1992, two attempted military coups threatened the Perez presidency, one led by Chávez himself, who at the time was a lieutenant colonel railing against corruption and poverty. Ultimately the legislature dismissed President Perez from office in May 1993 on charges of misusing public funds, although some observers assert that the president's unpopular economic reform program was the real reason for his ouster. The election of elder statesman and former President Rafael Caldera as president in December 1993 brought a measure of political stability to the country, but the Caldera government soon faced a severe banking crisis that cost the government more than \$10 billion. While the economy began to improve in 1997, a rapid decline in the price of oil brought about a deep recession beginning in 1998, which contributed to Chávez's landslide election.

¹ For additional background, including past U.S. congressional action, see the following archived reports: CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*; CRS Report R40938, *Venezuela: Issues for Congress, 2009-2012*; and CRS Report RL32488, *Venezuela: Political Conditions and U.S. Policy, 2003-2009*.

In the first several years of President Chávez's rule, Venezuela underwent huge political changes. In 1999, Venezuelans went to the polls on three occasions—to establish a constituent assembly that would draft a new constitution, to elect the membership of the 165-member constituent assembly, and to approve the new constitution—and each time delivered victory to President Chávez. The new constitution revamped political institutions, including the elimination of the Senate and establishment of a unicameral National Assembly, and expanded the presidential term of office from five to six years, with the possibility of immediate reelection for a second term. Under the new constitution, voters once again went to the polls in July 2000 for a so-called mega-election, in which the president, national legislators, and state and municipal officials were selected. President Chávez easily won election to a new six-year term, capturing about 60% of the vote. Chávez's Patriotic Pole coalition also captured 14 of 23 governorships and a majority of seats in the National Assembly.

Temporary Ouster in 2002. Although President Chávez remained widely popular until mid-2001, his standing eroded after that amid growing concerns by some sectors that he was imposing a leftist agenda on the country and that his government was ineffective in improving living conditions in Venezuela. In April 2002, massive opposition protests and pressure by the military led to the ouster 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 public by taking hardline measures, including the suspension of the constitution.

In the aftermath of Chávez's brief ouster from power, the political opposition continued to press for his removal from office, first through a general strike that resulted in an economic downturn in 2002 and 2003, and then through a recall referendum that ultimately was held in August 2004 and which Chávez won by a substantial margin. In 2004, the Chávez government moved to purge and pack the Supreme Court with its own supporters in a move that dealt a blow to judicial independence. The political opposition boycotted legislative elections in December 2005, which led to domination of the National Assembly by Chávez supporters.

Reelection in 2006. A rise in world oil prices that began in 2004 fueled the rebound of the Venezuelan economy and helped President Chávez establish an array of social programs and services known as "missions" that helped reduce poverty by some 20%.² In large part because of the economic rebound and attention to social programs, Chávez was reelected to another six-year term in December 2006 in a landslide, with almost 63% of the vote compared to almost 37% for opposition candidate Manuel Rosales.³ The election was characterized as free and fair by international observers with some irregularities.

After he was reelected in 2006, however, even many Chávez supporters became concerned that the government was becoming too radicalized. Chávez's May 2007 closure of a popular Venezuelan television station that was critical of the government, Radio Caracas Television (RCTV), sparked significant protests and worldwide condemnation. Chávez also proposed a far-reaching constitutional amendment package that would have moved Venezuela toward a new model of development known as "21st century socialism," but this was defeated by a close margin

² U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America, 2008*, Briefing Paper, November 2008, p. 11.

³ See the official results reported by Venezuela's National Electoral Council (CNE) at http://www.cne.gob.ve/divulgacionPresidencial/resultado_nacional.php.

in a December 2007 national referendum. University students took the lead in demonstrations against the closure of RCTV, and also played a major role in defeating the constitutional reform.

The Venezuelan government also moved forward with nationalizations in key industries including food companies, cement companies, and the country's largest steel maker; these followed the previous nationalization of electricity companies and the country's largest telecommunications company and the conversion of operating agreements and strategic associations with foreign companies in the oil sector to majority Venezuelan government control.

2008 State and Municipal Elections. State and local elections held in November 2008 revealed a mixed picture of support for the government and the opposition. Earlier in the year, President Chávez united his supporters into a single political party—the United Socialist Party of Venezuela (PSUV). In the elections, pro-Chávez candidates won 17 of the 22 governors' races, while opposition parties⁴ won five governorships, including in three of the country's most populous states, Zulia, Miranda, and Carabobo. At the municipal level, pro-Chávez candidates won over 80% of the more than 300 mayoral races, with the opposition winning the balance, including Caracas and the country's second-largest city, Maracaibo. One of the major problems for the opposition was that the Venezuelan government's comptroller general disqualified almost 300 individuals from running for office, including several high-profile opposition candidates, purportedly for cases involving the misuse of government funds.⁵

2009 Lifting of Term Limits. In 2009, President Chávez moved ahead with plans for a constitutional change that would lift the two-term limit for the office of the presidency, and allow him to run for reelection in 2012 and beyond. In a February 2009 referendum, Venezuelans approved the constitutional change with almost 55% support.⁶ President Chávez proclaimed that the vote was a victory for the Bolivarian Revolution, and virtually promised that he would run for reelection.⁷ Chávez had campaigned vigorously for the amendment, and spent hours on state-run television in support of it. The president's support among many poor Venezuelans who had benefited from increased social spending and programs was an important factor in the vote.

2010 Legislative Elections. In Venezuela's September 2010 elections for the 165-member National Assembly, pro-Chávez supporters won 98 seats, including 94 for the PSUV, while opposition parties won 67 seats, including 65 for the 10-party opposition coalition known as the Democratic Unity Roundtable (*Mesa de la Unidad Democrática*, MUD). Even though pro-Chávez supporters won a majority of seats, the result was viewed as a significant defeat for the president because it denied his government the three-fifths majority (99 seats) needed to enact enabling laws granting him decree powers. It also denied the government the two-thirds majority (110 seats) needed for a variety of actions to ensure the enactment of its agenda, such as

⁴ The opposition included newer parties such as *Primero Justicia* (PJ, Justice First), *Proyecto Venezuela* (Project Venezuela), and *Un Nuevo Tiempo* (UNT, A New Era); leftist parties that defected from the Chavista coalition such as the *Movimiento al Socialismo* (MAS, Movement toward Socialism) and *Por la Democracia Social* (*Podemos*, For Social Democracy); and the traditional political parties from the past such as AD and COPEI.

⁵ "Inhabilitaciones a Políticos en Venezuela Se Reducen de 400 a 272," *Agence France-Presse*, July 11, 2008.

⁶ See the results on the website of the CNE, available at http://www.cne.gov.ve/divulgacion_referendo_enmienda_2009/.

⁷ Juan Forero, "Chávez Wins Removal of Term Limits," *Washington Post*, February 16, 2009.

introducing or amending organic laws, approving constitutional reforms, and making certain government appointments.⁸

In December 2010, Venezuela's outgoing National Assembly approved several laws that were criticized by the United States and human rights organizations as threats to free speech, civil society, and democratic governance. The laws were approved ahead of the inauguration of Venezuela's new National Assembly to a five-year term in early January 2011, in which opposition deputies would have had enough representation to deny the government the two-thirds and three-fifths needed for certain actions. Most significantly, the outgoing Assembly approved an "enabling law" that provided President Chávez with far-reaching decree powers for 18 months. Until its expiration in June 2012, the enabling law was used by President Chávez more than 50 times, including decrees to change labor laws and the criminal code, along with a nationalization of the gold industry.⁹

2012 Presidential Election. With a record turnout of 80.7% of voters, President Chávez won his fourth presidential race (and his third six-year term) in the October 7, 2012, presidential election, capturing about 55% of the vote, compared to 44% for opposition candidate Henrique Capriles.¹⁰ Chávez won all but two of Venezuela's 23 states (with the exception of Táchira and Mérida states), including a very narrow win in Miranda, Capriles's home state. Unlike the last presidential election in 2006, Venezuela did not host international observer missions. Instead, two domestic Venezuelan observer groups monitored the vote. Most reports indicate that election day was peaceful with only minor irregularities.

Venezuela's opposition had held a unified primary in February 2012, under the banner of the Democratic Unity Roundtable (MUD) and chose Capriles in a landslide with about 62% of the vote in a five-candidate race. A member of the Justice First (*Primero Justicia*, PJ) party, Capriles had been governor of Miranda, Venezuela's second-most populous state, since 2008. During the primary election, Capriles promoted reconciliation and national unity. He pledged not to dismantle Chávez's social programs, but rather to improve them.¹¹ Capriles ran an energetic campaign traveling throughout the country with multiple campaign rallies each day, while the Chávez campaign reportedly was somewhat disorganized and limited in terms of campaign rallies because of Chávez's health. Capriles's campaign also increased the strength of a unified opposition. The opposition received about 2.2 million more votes than in the last presidential election in 2006, and its share of the vote grew from almost 37% in 2006 to 44%.

Nevertheless, Chávez had several distinct advantages in the election. The Venezuelan economy was growing strongly in 2012 (over 5%) fueled by government spending made possible by high oil prices. Numerous social programs or "missions" of the government helped forge an emotional loyalty among Chávez supporters. This included a well-publicized public housing program. In another significant advantage, the Chávez campaign used state resources and state-controlled media for campaign purposes. This included the use of broadcast networks, which were required to air the president's frequent and lengthy political speeches. Observers maintain that the

⁸ "Venezuela Country Report," *Economist Intelligence Unit (EIU)* November 2010.

⁹ Ezequiel Minaya, "Chávez's Decree Powers Expire, but Not Before Heavy Use," *Dow Jones Newswires*, June 18, 2012.

¹⁰ See the CNE's official results at http://www.cne.gob.ve/resultado_presidencial_2012/r/1/reg_000000.html

¹¹ Michael Shifter, "Henrique Capriles' Moment," *El Colombiano*, February 15, 2012.

government's predominance in television media was overwhelming.¹² There were several areas of vulnerability for Chávez, including high crime rates (including murder and kidnapping) and an economic situation characterized by high inflation and economic mismanagement that had led to periodic shortages of some food and consumer products and electricity outages. Earlier in 2012, a wildcard in the presidential race was Chávez's health, but in July 2012 Chávez claimed to have bounced back from his second bout of an undisclosed form of cancer since mid-2011.

For President Chávez, the election affirmed his long-standing popular support, as well as support for his government's array of social programs that have helped raise living standards for many Venezuelans. In his victory speech, President Chávez congratulated the opposition for their participation and civic spirit and pledged to work with them. At the same time, however, the president vowed that Venezuela would "continue its march toward the democratic socialism of the 21st century."¹³

December 2012 State Elections. Voters delivered a resounding victory to President Chávez and the PSUV in Venezuela's December 16, 2012, state elections by winning 20 out of 23 governorships that were at stake. Prior to the elections, the PSUV had held 15 state governorships with the balance held by opposition parties or former Chávez supporters. The state elections took place with political uncertainty at the national level as President Chávez was in Cuba recuperating from his fourth cancer surgery (see below). The opposition won just three states: Amazonas; Lara; and Miranda, where former MUD presidential candidate Henrique Capriles Radonski was reelected, defeating former Vice President Eliás Jaua. While the opposition suffered a significant defeat, Capriles's win solidified his status as the country's major opposition figure.

Chávez's Declining Health and Death. Dating back to mid-2011, President Chávez's precarious health raised questions about Venezuela's political future. Chávez had been battling an undisclosed form of cancer since June 2011 when he underwent emergency surgery in Cuba for a "pelvic abscess" followed by a second operation to remove a cancerous tumor. After several rounds of chemotherapy, Chávez declared in October 2011 that he had beaten cancer. In February 2012, however, Chávez traveled to Cuba for surgery to treat a new lesion and confirmed in early March that his cancer had returned. After multiple rounds of radiation treatment, Chávez once again announced in July 2012 that he was "cancer free." After winning reelection to another six-year term in October 2012, Chávez returned to Cuba the following month for medical treatment. Once back in Venezuela, Chávez announced on December 8, 2012, that his cancer had returned and that he would undergo a fourth cancer surgery in Cuba.

Most significantly, Chávez announced at the same time his support for Vice President Nicolás Maduro if anything were to happen to him. Maduro had been sworn into office on October 13, 2012. Under Venezuela's Constitution, the president has the power to appoint and remove the vice president; it is not an elected position. According to Chávez: "If something happens that sidelines me, which under the Constitution requires a new presidential election, you should elect Nicolás Maduro."¹⁴ Chávez faced complications during and after his December 11, 2012, surgery, and

¹² "Venezuela Politics: Quick View—Mr. Chávez Maintains Lead Ahead of October Election," *EIU ViewsWire*, July 27, 2012; Genaro Arriagada and José Woldenberg, "The Elections in Venezuela, October 7, 2012, Executive Summary," Wilson Center, September 2012.

¹³ Laurent Thomet, "Chávez Reaches Out to Opposition After Victory," *Agence France Presse*, October 8, 2012.

¹⁴ Juan Forero, "Chávez Heads to Cuba for 4th Surgery," *Washington Post*, December 10, 2012.

while there were some indications of improvement by Christmas 2012, the president faced new respiratory complications by year's end.

After considerable public speculation about the presidential inauguration scheduled for January 10, 2013, Vice President Maduro announced on January 8 that Chávez would not be sworn in on that day. Instead, the vice president invoked Article 231 of the Constitution, maintaining that the provision allows the president to take the oath of office before the Supreme Court at a later date.¹⁵ A day later, Venezuela's Supreme Court upheld this interpretation of the Constitution, maintaining that Chávez did not need to take the oath of office to remain president. According to the court's president, Chávez could take the oath of office before the Supreme Court at a later date when his health improved.¹⁶ Some opposition leaders, as well as some Venezuelan legal scholars, had argued that the January 10 inauguration date was fixed by Article 231, and that since Chávez could not be sworn in on that date, then the president of the National Assembly, Diosdado Cabello, should have been sworn in as interim or caretaker president until either a new election was held or Chávez recovered pursuant to Article 234 of the Constitution.¹⁷

President Chávez ultimately returned to Venezuela from Cuba on February 18, 2013, but was never seen publicly because of his poor health. A Venezuelan government official announced on March 4 that the President had taken a turn for the worse as he was battling a new lung infection. He died the following day.

The political empowerment of the poor under President Chávez will likely be an enduring aspect of his legacy in Venezuelan politics for years to come. Any future successful presidential candidate will likely need to take into account how his or her policies would affect working class and poor Venezuelans. On the other hand, President Chávez also left a large negative legacy, including the deterioration of democratic institutions and practices, threats to freedom of expression, high rates of crime and murder (the highest in South America), and an economic situation characterized by high inflation, crumbling infrastructure, and shortages of consumer goods. Ironically, while Chávez championed the poor, his government's economic mismanagement wasted billions that potentially could have established a more sustainable social welfare system benefiting poor Venezuelans.

Political Situation in the Post-Chávez Era

When the gravity of President Chávez's health status became apparent in early 2013, many analysts had posed the question as to whether the leftist populism of "Chavismo" would endure without Chávez. In the aftermath of the April 2013 presidential election won by acting president Nicolás Maduro and the December 2013 municipal elections (see discussion of both below), it appeared that "Chavismo" would survive, at least in the medium term. Chávez supporters not only control the presidency and a majority of municipalities, but also control the Supreme Court,

¹⁵ "Presidente Chávez Formalizará Juramentación Después el 10-E ante el TSJ," *Agencia Venezolana de Noticias*, January 8, 2013.

¹⁶ "TSJ: Presidente Chávez se Juramentará Cuando Cese la Causa Sobrevvenida," *Agencia Venezolana de Noticias*, January 9, 2013; Jim Mannion, "Venezuela Top Court Upholds Delay of Chávez Swearing-in," *Agence France Presse*, January 9, 2013.

¹⁷ Juan Forero, "Chávez Will Not Return for Oath," *Washington Post*, January 9, 2013; "Los Académicos Venezolanos Advierten: 'El Aplazamiento que Quiere el Chavismo Es Inconstitucional,'" *ABC* (Madrid), January 9, 2013, available at <http://www.abc.es/internacional/20130109/abci-profesores-venezuela-comparencia-chavez-201301092040.html>.

the National Assembly, the military leadership, and the state oil company—PdVSA. Moreover, in November 2013, President Maduro secured a needed vote of three-fifths of the National Assembly to approve an enabling law giving him decree powers over the next year. Maduro said that he would use the powers to take action against corruption and to deal with the country's economic problems. Chávez had been granted such powers for several extended periods and used them to enact far-reaching laws without the approval of Congress.

Nevertheless, without the charismatic Chávez at the helm holding his supporters together, it is likely that over time factions within Chavismo could fracture the unity of the political movement. While Chávez concentrated political power in his presidency and used his charisma to advance his populist “Bolivarian revolution,” most observers contend that few Venezuelan politicians, including President Maduro, have the charisma and popularity that Chávez enjoyed.

In 2014, deteriorating economic conditions, high rates of crime, and, since February 12, street protests that have been met with violence by the Venezuelan state, have posed an enormous challenge to the Maduro government. While most observers do not currently believe that the protests will result in Maduro's resignation, the prospect for continued social unrest is high given the likelihood that the country's poor economic situation and high crime rates will continue. The country's next legislative elections are not due until September 2015, while a recall referendum for President Maduro is not possible until 2016¹⁸ and the next presidential election is not due until December 2018. (See “Protests Challenge the Maduro Government in 2014” below.)

April 2013 Presidential Election

In the aftermath of President Chávez's death, Vice President Maduro became interim or acting president, and took the oath of office on March 8, 2013. A new presidential election, required by Venezuela's Constitution (Article 233), was held on April 14 in which Maduro, the PSUV candidate, narrowly defeated opposition candidate Henrique Capriles by 1.49% of the vote. In the lead-up to the elections, polling consistently showed Maduro to be a strong favorite to win the election by a significant margin, so the close race took many observers by surprise.

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 in 2005-2006 until he was selected by President Chávez to serve as foreign minister. He 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 re-election. He has often been 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.

Before the election campaign began, many observers had stressed the importance of leveling the playing field in terms of fairness. However, just as in the 2012 presidential race between Chávez and Capriles, the 2013 presidential election was characterized by the PSUV's abundant use of state resources and state-controlled media. In particular, the mandate for broadcast networks to cover the president's speeches was a boon to Maduro.

In the aftermath of the election, polarization increased with street violence (nine people were killed in riots) and there were calls for an audit of the results. The National Electoral Council

¹⁸ Article 72 of Venezuela's Constitution provides that any elected official may be subject to recall once half of the term of office to which an official has been elected has elapsed.

(CNE) announced that they would conduct an audit of the remaining 46% of ballot boxes that had not been audited on election day, while the opposition called for a complete recount and for reviewing the electoral registry. In early June, the CNE announced that it had completed its audit of the remaining 46% of votes and maintained that it found no evidence of fraud and that audited votes were 99.98% accurate compared with the original registered totals. Maduro received 50.61% of the vote to 49.12% of the vote for Capriles—just 223,599 votes separated the two candidates out of almost 15 million votes.¹⁹

There were six domestic Venezuelan observer groups in the April election.²⁰ This included the Venezuelan Electoral Observatory (OVE), which issued an extensive report in May 2013 that, among other issues, expressed concern over the incumbent president's advantages in the use of public funds and resources. The OVE also made recommendations for improving future elections, which included changing the composition of the CNE to guarantee and demonstrate neutrality and making improvements in legal norms related to incumbency advantage and the use of public resources, among other measures.²¹

Venezuela does not allow official international electoral monitoring groups, but the CNE invited several international groups to provide “accompaniment” to the electoral process. These included delegations from the Union of South American Nations (UNASUR); the Institute for Higher European Studies (IAEE, *Instituto de Altos Estudios Europeos*), a Spanish nongovernmental organization; and the Carter Center. The UNASUR electoral mission supported the CNE's decision to conduct a full audit, and UNASUR heads of state subsequently met on April 19 to voice their support for Maduro's election. The IAEE report issued a critical report in June 2013 calling for the elections to be voided.²²

The Carter Center issued a preliminary report on the election in July 2013, and maintained that the close election results caused an electoral and political conflict not seen since Venezuela's 2004 recall election. The group also concluded that confidence in the electoral system diminished in the election, with concerns about voting conditions, including inequities in access to financial resources and the media.²³ In May 2014, the Carter Center issued its final report on the 2013 election, which included recommendations to improve the process. These included: more effective enforcement of rules regulating the use of state resources for political purposes and the participation of public officials and civil servants in campaign activities; campaign equity with regard to free and equal access to public and private media; curbs on the use of obligatory radio and television broadcasts and the inauguration of public works during the election period; and

¹⁹ The CNE's results are available at http://www.cne.gob.ve/resultado_presidencial_2013/r/1/reg_000000.html.

²⁰ For background, see Dan Hellinger, “Caracas Connect: July Report,” Center for Democracy in the Americas, July 18, 2013, available at <http://www.democracyinamericas.org/blog-post/caracas-connect-july-report/>; and Hugo Pérez Hernáiz, “Domestic and International Observation Reports on the April 14th Elections,” Venezuela Blog, Washington Office on Latin America, August 12, 2013, available at <http://venezuelablog.tumblr.com/post/58055388244/domestic-and-international-observation-reports-on-the>.

²¹ *Informe Final, Observación Elecciones Presidenciales, 14 de Abril de 2013*, Observatorio Electoral Venezolano, May 2013, at <http://www.oevenezolano.org/images/OEV%20PRESIDENCIALES%202013%20INFORME.pdf>.

²² *Misión de Apoyo Internacional a la Observación de las Elecciones Presidenciales in Venezuela 14 de abril 2013*, Instituto de Altos Estudios Europeos, June 2013, available at http://www.iaee.eu/material/Informe_Final_Observacion_Electoral_Venezuela_14_abril_2013.pdf.

²³ *Preliminary Report, Study Mission of The Carter Center, Presidential Elections in Venezuela April 14, 2013*, The Carter Center, July 2, 2013, pp. 73-77, available at http://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/venezuela-pre-election-rpt-2013.pdf.

limitations on the participation of public officials of members of his or her own party or coalition.²⁴

In early May 2013, the opposition filed two legal challenges before the Supreme Court, alleging irregularities in the elections, including the intimidation of voters by government officials and problems with the electoral registry being inflated because it had not been purged of deceased people. The first challenge, filed May 2 by Henrique Capriles, called for nullifying the entire election, while the second challenge, filed May 7 by the MUD, requested nullification of certain election tables and tally sheets. The Supreme Court rejected the opposition challenges on August 7, and criticized them for being “insulting” and “disrespectful” of the court and other institutions.²⁵ While the Supreme Court action was not unexpected, it contributed to increased political tensions in the country in the lead-up to the December 2013 municipal elections.

December 2013 Municipal Elections

Venezuela’s December 8, 2013, municipal elections were slated to be an important test of support for the ruling PSUV and the opposition MUD, but ultimately the results of the elections were mixed and reflect a polarized country. Some 335 mayoral offices and hundreds of other local legislative councilor seats were at stake in the elections. The PSUV and its allies won 242 municipalities, compared to 75 for the MUD, and 18 won by independents. The opposition won 18 more municipalities than in the previous 2008 elections; nine state capitals, including the large cities of Maracaibo and Valencia and the capital of Barinas state (Hugo Chávez’s home state); and four out of the five municipalities that make up Caracas. On the other hand, the total vote breakdown was 49% for the PSUV and its allies compared to about 42% for the MUD, not as close as the presidential election in April.²⁶ Some observers emphasize that the PSUV did as well as it did because of President Maduro’s orders to cut prices for consumer goods in the lead-up to the elections. For many observers, the elections reflect the continuing polarization in the country and a rural/urban divide, with the MUD receiving the majority of its support from urban areas and the PSUV and its allies receiving more support from rural areas.

Protests Challenge the Maduro Government in 2014

Going into 2014, President Maduro faced a host of significant economic, political, and social challenges. The most significant economic challenges included an overvalued currency, high inflation, falling international reserves, and increasing shortages of consumer goods. Economic growth was forecast to contract more than 2% in 2014 (see “Economic Background and Current Conditions” below). While the country has vast oil reserves, energy production and exports have been declining in recent years because of underinvestment and mismanagement of the state oil company (see “Energy Issues” below).

²⁴ “Carter Center Releases Final Report on Venezuela’s April 2013 Presidential Elections,” The Carter Center, May 22, 2014; *Misión de estudio del Centro Carter, elecciones presidenciales en Venezuela, 14 de abril de 2013, Informe Final*, The Carter Center, May 22, 2014 (English version forthcoming), available at: http://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/venezuela-final-rpt-2013-elections-spanish.pdf

²⁵ William Neuman, “Court Rejects Vote Challenge in Venezuela,” *New York Times*, August 8, 2013.

²⁶ “Reinforced in Power, Maduro Sharpens His Knives,” *Latin American Regional Report, Andean Group*, December 2013.

The government also has faced high levels of crime and violence. The Venezuelan Violence Observatory, a nongovernmental organization, maintains that there were 24,763 murders in 2013, a rate of 79 per 100,000 inhabitants, one of the highest in the world. This was up from 73 per 100,000 in 2012, when there were 21,692 murders.²⁷ The number of murders has been increasing each year since 2005, when there were around 10,000 murders in the country. There has also been an increase in kidnapping in recent years. In 2013, some 625 kidnappings were reported, but the actual number is believed to be much higher since some 80% of kidnappings go unreported.²⁸ President Maduro unveiled a new homeland security plan in 2013 to deploy military troops to patrol the country's largest cities with the local police. In the aftermath of the high-profile murder of former Miss Venezuela Monica Spear and her husband on January 7, 2014, the government introduced a new anti-crime plan focused on increasing patrolling in urban crime hotspots.²⁹ On October 1, 2014, a ruling PSUV deputy in the National Assembly, Robert Serra, was murdered in his home along with his partner, highlighting Venezuela's high rate of violent crime.

It was concern about crime that prompted student demonstrations during the first week of February 2014 in western Venezuela in the city of San Cristóbal, the capital of Táchira state. Students were protesting the attempted rape and robbery of a student, but the harsh police response to the student protests led to follow-up demonstrations that expanded to other cities and intensified with the participation of non-students. There also was a broadening of the protests to include overall concerns about crime and the deteriorating economy.

On February 12, 2014, students planned a large rally in Caracas that ultimately erupted into violence when protestors were reportedly attacked by Venezuelan security forces and militant pro-government groups known as "*colectivos*." Three people were killed in the violence—two student demonstrators and a well-known leader of a *colectivo*. The protests were openly supported by opposition leaders Leopoldo López of the Popular Will party (part of the opposition alliance known as the Democratic Unity Roundtable [MUD]) and María Corina Machado, an opposition member of the National Assembly. President Maduro accused the protestors of wanting "to topple the government through violence" and to recreate the situation that occurred in 2002 when Chávez was briefly ousted from power.

Within Venezuela's political opposition, there were two contrasting views of the movement's appropriate political strategy vis-à-vis the government. Leopoldo López and María Corina Machado advocated a tactic of occupying the streets that they dubbed "*la salida*" (exit or solution). This conjured up the image of Maduro being forced from power. In explaining what is meant by the term, a spokesman for López's Popular Will party maintained that Maduro had many means to resolve the crisis, such as opening a real dialogue with the opposition and making policy changes, or resigning and letting new elections occur.³⁰ (Under Venezuela's Constitution [Article 233], if Maduro were to resign, then elections would be held within 30 consecutive days.) In contrast to the strategy of street protests, former MUD presidential candidate Henrique Capriles, who serves as governor of Miranda state, advocated a strategy of building up support for the opposition, working within the existing system, and focusing on efforts to resolve the

²⁷ "Venezuela's Homicide Rate Still Rising Despite Government Claims to the Contrary, NGO Says," *AP Newswire*, December 26, 2013.

²⁸ U.S. Department of State, "Venezuela Travel Warning," updated June 4, 2014, available at <http://travel.state.gov/content/passports/english/alertswarnings/venezuela-travel-warning.html>

²⁹ In September 2014, three Venezuelans were sentenced in the killings

³⁰ Verashni Pillay, "Why Are Young People Dying in Venezuela?" *Mail & Guardian Online*, February 27, 2014.

nation's problems. He does not see the message of pressing for Maduro's resignation appealing to low-income or poor Venezuelans.

Protests continued in Venezuela in Caracas and other cities around the country, although by June 2014 they had largely dissipated because of the government's harsh efforts of suppression and perhaps to some extent because of protest fatigue. Protestors had resorted to building roadblocks or barricades in order to counter government security and armed *colectivos*. On May 8, 2014, security forces dismantled four student protest camps that had been set up. Overall, at least 42 people on both sides of the conflict were killed (including protestors, government supporters, members of the security forces, and civilians not participating in the protests), more than 800 were injured, and more than 3,000 were arrested. The majority of those detained have been released, but some 77 protestors remain imprisoned as of early October 2014.³¹

Among the detained is opposition leader Leopoldo López. A Venezuelan court had issued an arrest warrant for López on February 13 for his alleged role in inciting riots that led to the killings. López participated in a February 18 protest march and then turned himself in. While initially López was accused of murder and terrorism, Venezuelan authorities ended up charging him with lesser counts of arson, damage to property, and criminal incitement. After several postponed court hearings, a Venezuelan judge ruled in early June 2014 that the case would go forward and that López would remain in prison while awaiting trial. López's trial began on July 23, 2014, although there have been multiple delays and the trial could last for months. The Venezuelan court in the case ruled against the admissibility of much of the evidence submitted by López's defense, including more than 60 witnesses, but it accepted more than 100 witnesses for the prosecution.³² López's defense, human rights organizations, and the U.S. Department of State, have expressed concern about the lack of due process in the case, and President Obama has called for his release.³³ If convicted, López reportedly could face 10 years imprisonment

In addition to López, two opposition mayors, Daniel Ceballos of San Cristóbal in Táchira state and Enzo Scarano of San Diego in Carabobo state, were jailed in March 2014 for not complying with Supreme Court orders to remove street barricades in their cities; notably, the wives of both mayors won May 25, 2014 special elections (by a landslide) to replace their husbands.

While initially there was some discord in the Chavista camp over the harsh government response, the protests did not pose a significant challenge to Maduro's support in the government and ruling party. The PSUV governor of Táchira state, José Vielma Mora, a former military officer who had taken part in the 1992 attempted coup by Hugo Chávez, publicly criticized the military's handling of the protests in his state and called for the release of political prisoners, including Leopoldo López.³⁴ Overall, however, the Maduro government appeared to maintain unity among its supporters and key figures in the face of the protests.

³¹ The Venezuelan human rights group *Foro Penal* (Penal Forum) maintains that, as of September 18, 2014, at least 80 of the more than 3,300 people individuals detained remain imprisoned. See the organization's website at: <http://foropenal.com/>.

³² Nick Miroff, "Venezuelan Opposition Leader Faces Long Odds," *Washington Post*, September 2, 2014.

³³ U.S. Department of State, "Due Process in Venezuela," September 11, 2014; The White House, "Remarks by the President at Clinton Global Initiative," September 23, 2014.

³⁴ "Venezuelan Governor Wants Release of Persons Arrested for 'Political Reasons,'" *BBC Monitoring Americas*, February 28, 2014 (text of report by Venezuelan newspaper *El Nacional* from February 25, 2014).

International human groups criticized the Venezuelan government for its heavy-handed approach in suppressing the protests. Amnesty International (AI) called for Venezuelan authorities to immediately investigate the deaths of people killed during the protests and stated that “the charges brought against Venezuelan opposition leader Leopoldo López smack of a politically motivated attempt to silence dissent in the country.”³⁵ On April 1, 2014, AI released a report documenting allegations of human rights violations in the context of the protests. The group called for the government to commit to a national human rights plan developed through dialogue including all parties and civil society.³⁶

Human Rights Watch maintained that “Venezuelan security forces have used excessive and unlawful force against protestors on multiple occasions since February 12, 2014, including beating detainees and shooting at crowds of unarmed people.”³⁷ In early May 2014, Human Rights Watch issued an extensive report that documented 45 cases involving more than 150 victims in which Venezuelan security forces allegedly abused the rights of protestors and other people in the vicinity of demonstrations and also allowed armed pro-government gangs to attack unarmed civilians. In the report, Human Rights Watch asserted that the security forces severely beat unarmed protestors, shot them at point blank range, subjected detainees to severe physical and psychological abuse, including in some cases torture, and that justice officials failed to safeguard detainees’ due process rights.³⁸

The International Commission of Jurists, an international nongovernmental human rights organization with headquarters in Switzerland, issued a report in early June 2014 highlighting key deficiencies in Venezuela’s legal system that threaten the rule of law, democracy and human rights in the country. The report documented failures by Venezuelan authorities, in addition to interferences, intimidation, arbitrary suspensions and other pressures that have undermined the independence and impartiality of judges and prosecutors and the ability of lawyers to be effective and independent in defending people’s rights.³⁹

For additional background on the human rights situation, see “Democracy and Human Rights Concerns” below. **Table 1** also provides links to human rights organizations and other sources that report on the human rights situation in Venezuela.

Efforts Toward Dialogue

The outbreak of violence, especially the government’s harsh response to the protests, prompted calls for dialogue from many quarters worldwide, including from the Obama Administration and some Members of Congress. Organization of American States (OAS) Secretary General José Miguel Insulza, U.N. Secretary General Ban Ki-moon, and Pope Francis called on efforts to end the violence and engage in dialogue. Secretary General Insulza repeatedly condemned the

³⁵ Amnesty International, “Venezuela: Trial of Opposition Leader and Affront to Justice and Free Assembly,” February 19, 2014.

³⁶ Amnesty International, “Venezuela, Los Derechos Humanos en Riesgo en Medio de Protestas,” April 1, 2014.

³⁷ Human Rights Watch, “Venezuela: Violence Against Protestors, Journalists,” February 21, 2014.

³⁸ Human Rights Watch, *Punished for Protesting, Rights Violations in Venezuela’s Streets, Detention Centers, and Justice System*, May 5, 2014, available at <http://www.hrw.org/node/125192>.

³⁹ International Commission of Jurists, *Strengthening the Rule of Law in Venezuela*, June 2014, available at <http://icj.wpengine.netdna-cdn.com/wp-content/uploads/2014/06/VENEZUELA-Summary-A5-elec.pdf>

violence and maintained that only a broad dialogue between the government and the opposition can resolve the situation.⁴⁰

Many Latin American nations had a restrained response to the situation in Venezuela. While they lamented the deaths of protestors and called for dialogue, most did not criticize the Maduro government for its harsh response to the protests. Panama had called for a special meeting of the Permanent Council of the Organization of American States (OAS) on February 27 regarding Venezuela, but the meeting was postponed on a technicality raised by Venezuela. Subsequently, President Maduro announced on March 5 that Venezuela was breaking its diplomatic and economic relations with Panama, accusing it of meddling in Venezuela's affairs. (Relations ultimately were restored in July 2014 under the new Panamanian government of President Juan Carlos Varela that took office on July 1, 2014.)

The OAS Permanent Council subsequently met on the issue of Venezuela on March 7, 2014, but only approved a lukewarm resolution expressing condolences for the violence, noting its respect for nonintervention, and support for the efforts of the Venezuelan government and all political, economic, and social sectors to move forward with dialogue toward reconciliation. The United States, Canada, and Panama opposed the resolution while all 29 other countries supported the resolution. In its dissent on the OAS vote, the United States maintained that it supports a peaceful resolution of the situation based on dialogue, but a genuine dialogue encompassing all parties and with a third party that all sides can trust. It maintained that the resolution was not neutral and offered support to a government-sponsored dialogue that already had been rejected by important sectors of the opposition. The United States also rejected the resolution's suggestion that the principle of nonintervention takes priority over the commitment of all OAS member states to promote and protect human rights and democracy.⁴¹

In a subsequent meeting on March 21, 2014, the OAS Permanent Council rejected Panama's attempt to raise the issue of the situation in Venezuela and voted (22 to 11, with 1 abstention) to close the session to the press. Panama had made Venezuelan opposition leader Maria Corina Machado a temporary member of Panama's delegation with the intention of speaking about the situation in Venezuela, but this was rejected (22 to 3, with 9 abstentions).⁴² (Machado subsequently was stripped of her seat in the National Assembly in late March 2014 because she joined Panama's delegation to the OAS.)

UNASUR-Sponsored Dialogue

With diplomatic efforts to help resolve the crisis frustrated in the OAS, attention turned to the work of the 12-member Union of South American Nations (UNASUR). In response to the political unrest in Venezuela, UNASUR foreign ministers had approved a resolution on March 12, 2014, expressing support for dialogue between the Venezuelan government and all political forces

⁴⁰ Organization of American States, Press Releases, "OAS Secretary General Condemns Violence in Venezuela and Calls on All Sides to Avoid Confrontations that Could Result in More Victims," February 13, 2014; "OAS Secretary General Reiterates that Dialogue is the Only Possibility for a Solution to the Situation in Venezuela," March 5, 2014; and "OAS Secretary General Reiterates all for a Broad Dialogue between Government and Opposition Leaders in Venezuela," April 5, 2014.

⁴¹ Organization of American States, Permanent Council, "Solidarity and Support for Democratic Institutions, Dialogue, and Peace in the Bolivarian Republic of Venezuela," CP/DEC.51 (1957/14), adopted March 7, 2014, available at <http://www.oas.org/consejo/resolutions/dec51.asp>.

⁴² "International Body Refuses to Hear Venezuelan Far Right Leader," *BBC Monitoring Americas*, March 24, 2014.

and social sectors and agreeing to create a commission, requested by Venezuela, to accompany, support, and advise a broad and constructive political dialogue aimed at restoring peace. The UNASUR resolution also expressed concern about any threat to Venezuela's independence and sovereignty.⁴³ A UNASUR delegation of nine South American foreign ministers visited the country from March 25-26. The foreign ministers held a broad array of meetings with the government, national peace conference representatives (from the government and private sector), political parties (including those from the MUD and government parties), student representatives, and human rights groups. UNASUR foreign ministers led exploratory meetings with the government and the opposition on April 7 and 8 that ultimately led to an agreement for government-opposition talks to be monitored by the foreign ministers from Brazil (Luiz Alberto Figueiredo), Colombia (María Ángela Holguín), and Ecuador (Ricardo Patiño) and a representative from the Vatican as an observer.

The UNASUR talks began on the evening of April 10 in a nearly six-hour session that was televised nationwide. The Vatican's envoy in Venezuela, Archbishop Aldo Giordano, read a letter from Pope Francis that urged the two sides to reach common ground. The 11 opposition participants included Henrique Capriles; Henri Falcón, the governor of Lara state; and then-Secretary General of the MUD Ramón Guillermo Aveledo. Government participants included President Maduro; speaker of the National Assembly Diosdado Cabello; and Minister of Foreign Affairs Elías Jaua. President Maduro asserted at the talks that "there are no negotiations here," and maintained that "all we're looking for is a model of peaceful coexistence, of mutual tolerance."⁴⁴ Capriles asserted that Venezuela was in a "deeply critical situation" with violence, economic misery, and political polarization.⁴⁵ The opposition called for an amnesty law to free political prisoners and a disarming of the *colectivos* responsible for some of the violence. Before the talks, the MUD also set forth two other goals: an independent national truth commission to examine the recent unrest; and a government commitment to fill senior vacancies in such institutions as the National Electoral Council and the Supreme Court with appointments that demonstrate impartiality.⁴⁶ There was little concrete progress made in the first meeting, but the fact that the talks occurred at all, and were allowed to be televised, was a significant step.

Two additional rounds of private talks between the opposition and the government were held in April, but with only limited progress. At the third round on April 24, the government and the MUD reportedly agreed to create three working groups on such issues as a truth commission to investigate the violence associated with the recent unrest and a potential amnesty for those detained since the outbreak of protests. There was also reported agreement to establish a medical commission to confirm the health state of Iván Simonovis, the former Caracas metropolitan police commissioner who is considered a political prisoner by the opposition. (Ultimately, Simonovis was released from prison in September 2014, but remained under house arrest for medical reasons. See "Democracy and Human Rights Concerns" below.)

⁴³ UNASUR, Resolución No. 2014, March 12, 2014, available at: <http://www.unasursg.org/inicio/centro-de-noticias/archivo-de-noticias/ministras-y-ministros-de-relaciones-exteriores-de-unasur-emiten-resoluci%C3%B3n-sobre-la-violencia-presentada-en-venezuela>.

⁴⁴ "Expectations Low for Venezuela Talks," *LatinNews Daily Briefing*, April 11, 2014.

⁴⁵ "Venezuela's Maduro Meets Opposition as Death Toll from Protests Rises," *Reuters News*, April 11, 2014; Sofía Miselem, and Marcelo Daniel Brusa, "No Progress in Venezuela Meeting to End Protests," *Agence France Presse*, April 11, 2014.

⁴⁶ "UNASUR Forges a Breakthrough," *LatinNews Daily*, April 8, 2014.

On May 13, however, then-MUD Secretary General Aveledo announced that the talks were in crisis and that the opposition was suspending its participation until the government took actions to demonstrate its commitment to the process. The government's continued suppression of protests since the talks began, along with lack of concrete progress at the talks, were the key factors in the MUD's decision to suspend the dialogue.

The UNASUR foreign ministers of Brazil, Colombia, and Ecuador returned to Venezuela on May 18 and held meetings with the opposition as well as the government in an attempt to revive the talks, but the ministers departed on May 20 without success. The foreign ministers and the papal nuncio to Venezuela called on both sides to go back to the negotiating table.⁴⁷ UNASUR issued a statement May 23 reiterating that dialogue between the government and opposition sectors is a priority and necessity for resolving the conflict. In the statement, UNASUR also rejected the imposition of unilateral sanctions on Venezuelan officials, maintaining that the action would violate the principle of nonintervention and negatively affect the prospects for dialogue.⁴⁸

At the OAS General Assembly meeting in Paraguay held in early June 2014, Secretary General José Miguel Insulza expressed concern that the UNASUR-sponsored dialogue had not made headway, but reiterated that dialogue was the only way to resolve the situation. Insulza stated that “we are convinced that it must be Venezuelan society that comes up with the solution, so we ask the international community to show its support for the internal process underway in Venezuela positively and without pressure or sanctions.”⁴⁹

When the UNASUR-sponsored dialogue began, there was disagreement within the MUD coalition over whether to participate in the talks. To some extent, this harkened back to disagreement over the opposition's overall political strategy noted above. More moderate opposition parties supported the decision to participate in the talks while more hardline parties refused to participate as long as protestors and opposition leaders remain jailed. Leopoldo López's Popular Will party maintained that the government was “only offering a political show” and stated that it would not “endorse any dialogue with the regime while repression, imprisonment and persecution of our people continues.”⁵⁰ Other opposition activists refusing to participate included Maria Corina Machado and Antonio Ledezman, the metropolitan mayor of Caracas. Student leaders also opposed dialogue with the government while protestors remain jailed. Before the talks, then-MUD Secretary General Aveledo maintained that students would remain at the center of the opposition's agenda at the talks.⁵¹

Current Political Situation

At this juncture, while large-scale political protests largely subsided by June 2014, smaller-scale protests occur sporadically. For example, Venezuelan security forces arrested 64 people on

⁴⁷ Alexander Ulmer, “Union of South American States Fails to Revive Venezuela Talks,” *Reuters*, May 20, 2014.

⁴⁸ UNASUR, “Comunicado Del Consejo de Ministras y Ministros de Relaciones Exteriores de UNASUR,” May 23, 2014.

⁴⁹ OAS, “Address by OAS Secretary General Jose Miguel Insulza, at the Inauguration of the Forty-Fourth Regular Session of the General Assembly,” Press Release, June 3, 2004.

⁵⁰ Andrew Cawthorne, “Venezuela Reaches Out to Vatican No. 2 to Mediate Crisis,” *Reuters News*, April 9, 2014.

⁵¹ Emilia Diaz-Struck and Nick Miroff, “For Venezuela Opposition, Meeting with President Maduro Could Further Expose Rifts,” *Washington Post*, April 10, 2014; Jim Wyss, “Venezuela Government and Opposition to Begin Peace Talks Thursday On Live TV,” *Miami Herald*, April 9, 2014.

September 12 in the cities of Caracas and Barquisimeto in largely student-led protests. Protestors accuse the government of harsh repression while President Maduro alleges that protestors are responsible for violence and have a hidden agenda to oust him from power.⁵²

While there does not appear to be a risk to President Maduro's rule, at least in the short to medium term, it is likely that social unrest will continue given that many of the same factors that sparked protests in February 2014 – high rates of crime and deteriorating economic conditions – endure. Moreover, the breakdown of the dialogue between the government and the opposition in May 2014 has left many political issues unresolved and the country as politically divided as ever.

In late July 2014, the ruling PSUV held a party congress in which President Maduro appeared to quiet ideological divisions and consolidate his position in the party. Prior to the congress, Maduro had been strongly criticized by the radical left of the PSUV as betraying the legacy of Chávez. At the congress, however, Maduro was designated as party president for the next four years, and he selected Diosdado Cabello, the President of Venezuela's National Assembly, to continue in his role as the party's first vice president.⁵³ Nevertheless, some reports indicate that left-wing factions of the PSUV continued to criticize the leadership after the congress.⁵⁴

In early September, President Maduro announced a Cabinet shuffle that many analysts interpreted as a setback for potential economic reforms. Rafael Ramírez was removed from his positions as head of PdVSA, Minister of Petroleum and Mining, and Vice President for the Economy, and instead was given the position of Minister of Foreign Affairs. Ramírez had been viewed by many as a strong advocate for such as reforms as simplifying the foreign exchange system and reducing gasoline subsidies. His removal was viewed by many observers as a sign that the Maduro government was moving away from taking measures to revamp the ailing economy, although some analysts contend that Maduro still could move ahead with economic reform measures without Ramírez.⁵⁵

In the aftermath of the protests earlier this year and the collapse of dialogue with the government, Venezuela's opposition appeared to have become more divided, with some wanting to continue a confrontational approach of challenging the government through protests and calling for the President's resignation and others advocating a more moderate approach of focusing on the 2015 legislative elections and advancing solutions that appeal to a majority of Venezuelans. Former MUD presidential candidate Henrique Capriles maintains that the strategy of "la salida" (the exit) led by Leopoldo López and Marina Corina Machado was "an absolute failure" that gave oxygen to the government" and "distracted the country." He maintains that divisions within the opposition have prevented it from taking advantage of the government's inability to improve the economy.⁵⁶ At the same time, López's popularity has increased while he has been imprisoned

⁵² Andrew Cawthorne, "Venezuela Arrests 64 for Anti-Maduro Protests; Rights Group," *Reuters*, September 13, 2014.

⁵³ Dimitris Pantoulas, "PSUV Congress Positions Maduro to Push for Reform," *Venezuela Politics and Human Rights*, blog hosted by the Washington Office on Latin America, August 10, 2014; "Venezuela Leader Rallies Socialists at First Post-Chávez Congress," *Reuters*, July 27, 2014.

⁵⁴ "Venezuela Politics: Quick View – Dissatisfaction Rises within the PSUV," *EIU ViewsWire*, August 20, 2014.

⁵⁵ Alexandra Ulmer, "Venezuela Backs Away from Economic Shake-up, Some Oil Optimism," *Reuters*, September 3, 2014; Kejal Vyas and Ezequiel Minaya, "Venezuelan Leader Replaces Top Adviser in Shake-up," *Wall Street Journal*, September 3, 2014; Jim Wyss, "Venezuela's Maduro Shuffles Cabinet Amid Sinking Economy," *Miami Herald*, September 2, 2014; and David Smilde and Dimitris Pantoulas, "Did Maduro Miss His Chance?" *Venezuela Politics and Human Rights*, blog hosted by the Washington Office on Latin America, September 9, 2014.

⁵⁶ Juan Forero, "Opposition Fails to Exploit Venezuela's Woes, Leader Says," *Wall Street Journal*, August 14, 2014.

compared to that of Capriles.⁵⁷ In late September 2014, López's Popular Will party initiated a campaign to collect almost 3 million signatures that would be needed to hold a recall referendum for President Maduro in 2016 (halfway through his term). Analysts reportedly consider the effort a long-shot because of the difficulty of gathering and verifying so many signatures in a country where government supporters dominate all governmental institutions.⁵⁸

The Secretary General of the MUD, Ramón Guillermo Aveledo, resigned at the end of July. Aveledo, who served since the coalition's founding in 2009 and was aligned with the moderate faction of the MUD led by Henrique Capriles, maintained that internal conflicts in the coalition had prompted his departure.⁵⁹ On September 24, 2014, however, the MUD selected a new Secretary General, Jesus Torrealba. Despite differences, the opposition coalition has vowed to stay together and Torrealba received unanimous backing from the MUD's various parties, now numbering 24. Torrealba had founded a nongovernmental organization called *El Radar de los Barrios* (Neighborhoods' Radar) that denounced grassroots problems and he had a television program with the same name. Torrealba vowed to build a new pact between the opposition's political leadership and the poor.⁶⁰

Economic Background and Current Conditions

With an estimated 298 billion barrels of proven oil reserves in 2014 (the largest in the world), Venezuela's major economic sector is petroleum, which accounts for over 96% of exports and half of the government's fiscal revenue.⁶¹ The country is classified by the World Bank as an upper middle income developing country because of its relatively high per capita income of \$12,550 (2013).⁶²

In the 1990s, despite Venezuela's oil wealth, economic conditions in the country deteriorated. The percentage of Venezuelans living in poverty (income of less than \$2 a day) increased from 32.2% to 48.5% of the population between 1991 and 2000, while the percentage of the population in extreme poverty (income of less than \$1 a day) increased from 11.8% in 1990 to 23.5% in 2000.⁶³ In 2002-2003, the country's political instability and polarization between the government of populist President Hugo Chávez and the political opposition contributed to a poor investment climate, capital flight, and declines in gross domestic product (GDP). The national economy contracted by almost 9% in 2002 and 7.8% in 2003.⁶⁴

From 2004 to 2008, however, Venezuela benefitted from the rise in world oil prices. Fueled by the windfall from oil price increases, the Venezuelan economy grew by over 18% in 2004 and averaged 8.6% growth annually from 2005 through 2008 (see **Figure 2**). The economic boom

⁵⁷ Ibid; and Andrew Rosati, "Has Prison Sentence Given Venezuela Opposition Leader López a Leg Up," *Christian Science Monitor*, August 13, 2014.

⁵⁸ "Venezuelans Gather Signatures Against Maduro," *New York Times*, September 27, 2014.

⁵⁹ Alfredo Meza, "Venezuela's Opposition Coalition Leader Resigns," *Elpais.com* (Spain), July 31, 2014.

⁶⁰ Corina Pons, "Venezuela Opposition Names New Head to Fight Maduro," *Reuters*, September 24, 2014.

⁶¹ Worldwide Look at Reserves and Production," *Oil & Gas Journal*, January 6, 2014; and World Bank, "Venezuela Overview," available at <http://www.worldbank.org/en/country/venezuela/overview>.

⁶² World Bank, *Data by Country, Venezuela, RB*, available at <http://data.worldbank.org/country/venezuela-rb>.

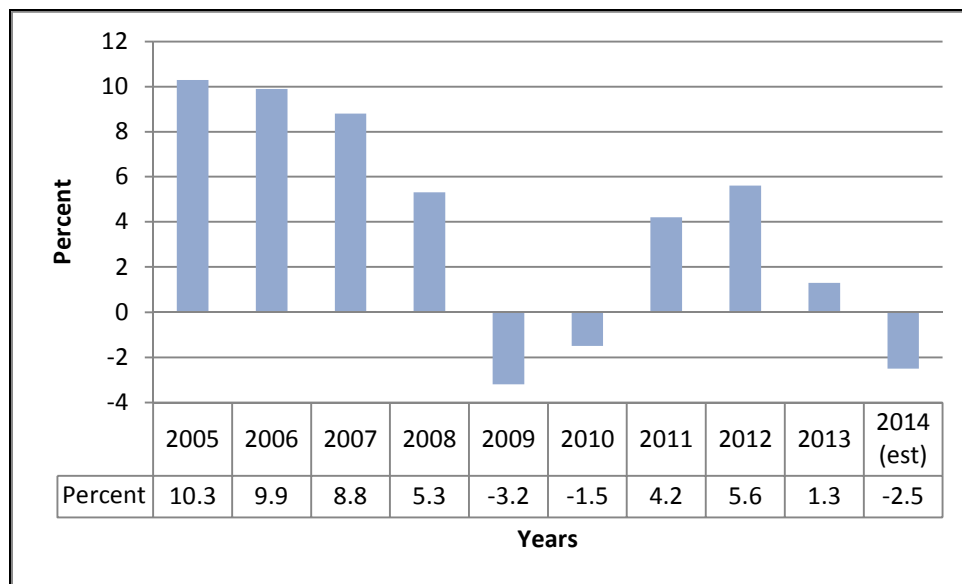
⁶³ World Bank, "Venezuela: Interim Country Assistance Strategy," November 18, 2002, Report No. 25125-VE.

⁶⁴ *EIU*, Country Data Tool.

allowed President Chávez to move ahead with economic goals that fit into his “Bolivarian revolution.” These included the expansion of a state-led development model, renegotiation of contracts with large foreign investors (especially in the petroleum sector) for majority government control, the restructuring of operations at the state oil company, and the nationalization of numerous private companies.

The economic boom also allowed President Chávez to increase expenditures on social programs associated with his populist agenda. The government began implementing an array of social programs known as *misiones* or missions offering services in the fields of education, health, nutrition, the environment, sports, culture, and housing, as well as targeted programs for indigenous rights and services for street children and adolescents. As a result of the flourishing economy and increased social spending, poverty rates in Venezuela declined from 48.6% in 2002 to 27.6% in 2008, with extreme poverty or indigence falling from 22.2% to 9.9% over the same period.⁶⁵

Figure 2. Venezuela: GDP Growth (%), 2005-2014



Source: Economist Intelligence Unit, Country Data Tool, 2014.

The global financial crisis and associated drop in the price of oil had significant negative effects on the Venezuelan economy, which contracted 3.2% in 2009 and 1.5% in 2010. This made Venezuela the only country in South America, and one of the few in the region, to continue to decline economically in 2010. Economic growth returned in 2011, however, with a growth rate of 4.2% because of the rise in oil prices and because of increased central government expenditure. In anticipation of the October 2012 presidential election, the government increased spending further. With this spending and high oil prices, growth increased to 5.6%. In 2013, however, economic growth fell to an estimated 1.3%, and the forecast for 2014 is for the economy to contract by 2.5%.⁶⁶

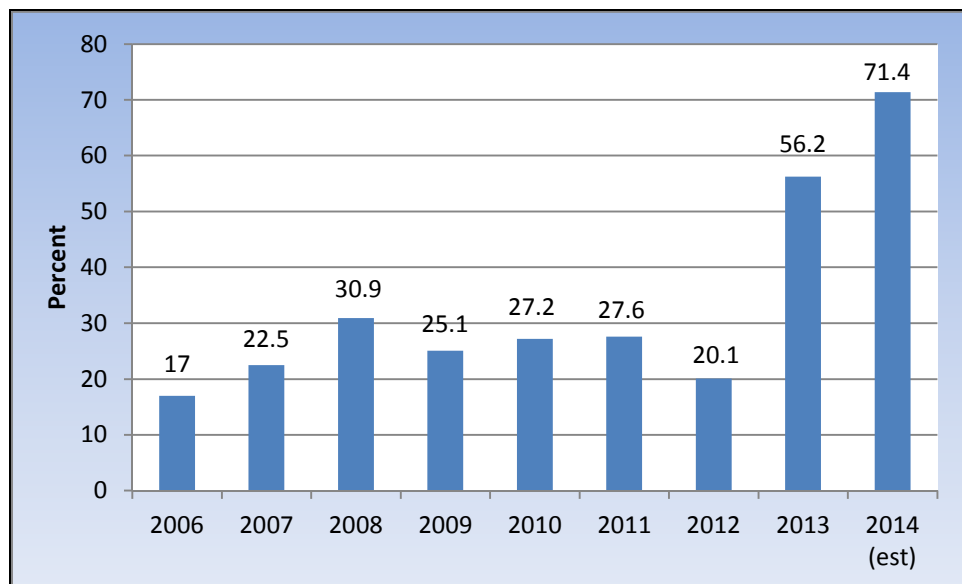
⁶⁵ U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2010, Briefing Paper*, November 2010, p. 13.

⁶⁶ “Venezuela Country Report,” *EIU*, September 2014.

High inflation has been a significant challenge for the Venezuelan government for several years. From 2008 to 2011, high levels of end year inflation averaging almost 28% annually eroded purchasing power. In 2012, year-end inflation decreased to about 20%, but increased significantly in 2013 to 56% (see **Figure 3**). The forecast for 2014 is for inflation to rise to 71% by year's end.⁶⁷ In addition to inflation, shortages of basic food staples and other products have increased because of price controls that have stifled local production and problems with access to foreign currency for importers.

Since 2002, hundreds of companies, both domestic and foreign, have been nationalized in a variety of economic sectors, including energy, food and agriculture, finance, heavy industry, gold, steel, telecommunications, electricity, transportation, and tourism. Venezuela's private sector has described the business community as being under siege from the government because some companies have been nationalized without compensation and without appropriate legal procedures being followed.

Figure 3. Venezuela Consumer Inflation (% change, end period), 2006-2014



Source: Economist Intelligence Unit, Country Data Tool, 2014.

While the government maintains that it will provide compensation for the nationalizations, foreign companies are often forced to seek settlement through international arbitration.⁶⁸ There are some 28 pending cases against Venezuela at the International Centre for Settlement of Investment Disputes (ICSID) affiliated with the World Bank.⁶⁹ In January 2012, Venezuela began procedures to withdraw from the ICSID, and its withdrawal became effective in July 2012. While no new disputes against Venezuela may be brought before the ICSID, withdrawal does not affect pending cases. In 2012, ExxonMobil won a settlement of some \$900 million and ConocoPhillips was awarded a settlement of almost \$67 million by the International Chamber of Commerce's

⁶⁷ Country Data Tool, *EIU*, 2014.

⁶⁸ U.S. Department of Commerce, "Doing Business in Venezuela: 2013 Country Commercial Guide for U.S. Companies."

⁶⁹ See the ICSID's website at <http://icsid.worldbank.org/ICSID/Index.jsp>.

arbitration tribunal. ConocoPhillips also won a ruling at the ICSID in early September 2013, although the final award amount has not been determined. In late September 2014, ICSID ruled in favor of Gold Reserve Inc. (a Canadian mining company with its corporate office in the United States) and determined that Venezuela must pay \$740 million for terminating the company's concession in the country.⁷⁰ ExxonMobil also has a pending case against Venezuela at the ICSID and a ruling reportedly is expected in early October 2014.⁷¹

Given Venezuela's poor investment climate, capital flight has been a problem that has contributed to a weakening of Venezuela's currency, the *bolívar fuerte*, and to a decline of Venezuela's international reserves. The Maduro government devalued the currency in February 2013 by 32%, with the official rate of BsF6.3/U.S.\$1, but the currency remains significantly overvalued with the black market rate of around BsF70/U.S.\$1. Venezuela's international reserves have continued to decline—in January 2013, they were \$29.9 billion while at the end of 2013 they were down to \$21.4 billion, about a 28% drop for the year.⁷²

As noted above, there had been some expectation that the Maduro government was moving in the direction of economic reforms to deal with the troubled economy, focused on such actions as making the foreign exchange system simpler and reducing gasoline subsidies. However, Maduro's Cabinet shuffle of early September 2014 has led many analysts to conclude that the President has moved away from taking economic reform measures. At this juncture, the economy remains mired in recession with high levels of inflation; shortages of consumer goods, food and medicine; factory closures; and cutbacks of flights by many international airlines because of unpaid ticket revenue by Venezuela.⁷³

Foreign Policy Orientation

Under President Chávez, Venezuela often utilized its foreign relations as means of countering U.S. interests and influence. Particularly in the aftermath of his temporary ouster from power in 2002, in which Venezuela was convinced that the United States had a hand, President Chávez moved Venezuela's foreign and economic relations away from the United States, which he often referred to as "the empire," through intense engagement abroad. Under his presidency, Chávez developed closer relations with China, highlighted by increased oil trade and Chinese investment in Venezuela's energy sector; Russia, characterized by billions of dollars of military purchases, including fighter jets; and Iran, where Chávez developed a personal relationship with then President Mahmoud Ahmadinejad and both leaders reveled in spouting anti-American rhetoric and opposing U.S. foreign policy (see "Relations with Iran" below).

In Latin America, Chávez—buoyed by windfall oil profits because of rising oil prices—moved to export his brand of populism and state-based economic development to other Latin American

⁷⁰ "Venezuela Economy: Quick View – Venezuela Loses International Arbitration Case," *EIU ViewsWire*, September 25, 2014.

⁷¹ U.S. Department of State, "2014 Investment Climate Statement," Venezuela, June 2014, available at <http://www.state.gov/e/eb/rls/othr/ics/2014/229093.htm>; "Venezuela-Exxon Arbitration Rule Due in Days – Newspaper," *Reuters*, September 25, 2014.

⁷² "Venezuela Country Report," *EIU*, September 2014.

⁷³ Eyanir China, "Feature – Recession Looms Over Venezuela, Official Data Wraps," *Reuters News*, September 30, 2014; Mery Mogollon and Chris Kraul, "Venezuela's Maduro Accuses Airlines of Waging 'Economic War,'" *Los Angeles Times*, September 30, 2014.

countries. He strongly supported Bolivia's President Evo Morales, and offered assistance to help Bolivia rewrite its constitution and implement radical reforms to the economy. Under Chávez, Venezuela had close relations with Nicaragua under the presidency of Daniel Ortega, providing substantial assistance, and with Ecuador under the presidency of populist President Rafael Correa, first elected in 2006. Chávez also developed a strong bond with Fidel Castro. As a result, Venezuela became one of Cuba's main sources of outside support by providing it with a majority of its oil needs while in return receiving thousands of Cuban medical personnel and other advisers. Venezuela also established a program for Caribbean and Central American nations dubbed PetroCaribe that provides oil at low interest rates (see "Energy Issues" below).

Chávez launched the Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas) in 2004 with the goals of promoting regional integration, socioeconomic reform, and poverty alleviation. In addition to Venezuela, this nine-member group includes Bolivia, Cuba, Ecuador, and Nicaragua as well as the Caribbean island nations of Dominica, Antigua and Barbuda, St. Vincent and the Grenadines, and most recently St. Lucia, which became a member in July 2013. Many observers maintain, however, that the Venezuelan-led ALBA began to lose energy as oil prices fluctuated and Venezuela's domestic economic problems began to mount. Director of National Intelligence James Clapper maintained in January 2012 congressional testimony that ALBA was "created in part to spread Chávez's influence in the region" but "is only muddling through."⁷⁴ In the aftermath of President Chávez's death in March 2013, some observers questioned the future of the Venezuelan-founded alliance.

Beyond ALBA, Venezuela played an important role in the December 2011 establishment of the Community of Latin American and Caribbean States (CELAC), a hemispheric forum that excludes the United States and Canada with the goal of boosting regional integration and cooperation. Venezuela was also one of the founding members of the Union of South American Nations (UNASUR), established in 2008, and in 2012, it became a member of the Brazil-led Common Market of the South (Mercosur). While Venezuela remains an active member of the Organization of American States, on September 10, 2013, it withdrew from the Inter-American Court of Human Rights one year after it had denounced the American Convention on Human Rights (also see "Democracy and Human Rights Concerns" below).

Venezuela had difficult relations with Colombia during the administration of Colombian President Álvaro Uribe (2002-2010), with tensions over Venezuela's support for leftist Colombian guerrilla groups. Relations have improved markedly, however, under the Colombian government of President Juan Manuel Santos. President Chávez played an important role in encouraging the Revolutionary Armed Forces of Colombia (FARC) to participate in peace talks with the Colombian government to resolve the conflict (see "Colombian Terrorist Groups" below).

Under President Maduro, there has been significant continuity in Venezuela's foreign policy, especially since Maduro had served as foreign minister under President Chávez from 2006 until early 2013. Some analysts, however, contend that the activism of Venezuela's foreign policy under Maduro has been diminished by the country's ailing economy as well as its internal political challenges. Nevertheless, President Maduro has maintained close relations with like-minded leftist populist governments in Latin America and continued engagement with other Latin

⁷⁴ U.S. Senate Select Committee on Intelligence, "Worldwide Threat Assessment of the U.S. Intelligence Community," prepared testimony by James R. Clapper, Director of National Intelligence, January 31, 2012, available at <http://intelligence.senate.gov/120131/clapper.pdf>.

American countries through such organizations as CELAC, UNASUR, and Mercosur. Close relations with China and Russia have continued as Venezuela seeks continued trade and investment. In a July 2014 visit to Venezuela, Chinese President Xi Jinping agreed to provide a new \$4 billion credit line to Venezuela to be paid in future oil shipments from Venezuela – since 2008, China has lent Venezuela some \$45 billion, which PdVSA is supposed to repay in oil shipments.⁷⁵ Some analysts have speculated that the intensity of relations with Iran will decline in the post-Chávez/Ahmadinejad era since relations were driven by that personal relationship. However, the State Department, in its 2013 *Country Reports on Terrorism*, stated that under President Maduro, Venezuela has maintained the economic, financial, and diplomatic cooperation with Iran established under Chávez. (Also see “Relations with Iran” below.)

Venezuela currently is vying for a non-permanent seat on the U.N. Security Council (UNSC), and reportedly received the endorsement of Latin American and Caribbean nations at a meeting at the United Nations on July 23, 2014. There are 10 non-permanent members of the UNSC, with 5 elected each year for two-year terms. While the Latin America and Caribbean region does not formally have designated seats, by tradition two nations from the region are selected by the United Nations General Assembly to sit on the UNSC representing the Group of Latin American and Caribbean States in the United Nations. Argentina and Chile are currently on the council, with Argentina’s term ending this year and Chile’s term ending in 2015.⁷⁶ In October 2014, the UNSC will elect five non-permanent members to two-year terms, and Venezuela is essentially vying for the position being vacated by Argentina. After a contentious race for a UNSC between Venezuela and Guatemala in 2006 (with Panama ultimately successful as a compromise candidate), Latin American nations reportedly agreed privately to alternate representation in a particular order, and it is now Venezuela’s turn.⁷⁷ Some observers have criticized the decision of Latin American and Caribbean nations to support Venezuela for the seat because of its human rights record, while others maintain that Venezuela’s election to the seat will not alter the balance of voting and that its influence in the region overall is waning.⁷⁸

U.S. Relations and Policy

While the United States traditionally has had close relations with Venezuela, a major oil supplier to the United States, there was significant friction with the Chávez government and this largely has continued under the Maduro government. Over the course of Chávez’s tenure, U.S. officials expressed concerns about human rights, Venezuela’s military arms purchases (largely from Russia), its relations with Cuba and Iran, its efforts to export its brand of populism to other Latin American countries, and the use of Venezuelan territory by Colombian guerrilla and paramilitary forces.

Declining Venezuelan cooperation on antidrug and antiterrorism efforts also became a major U.S. concern. Since 2005, Venezuela has been designated annually (by President George W. Bush and

⁷⁵ “Venezuela’s Dependence on Chinese Oil Finance Grows,” *The Oil Daily*, August 5, 2014.

⁷⁶ See information about the UNSC’s membership on its website at <http://www.un.org/en/sc/members/>

⁷⁷ Joshua Goodman, “Venezuela’s UN Security Council Bid Gains Backing,” Associated Press, September 11, 2014

⁷⁸ “Black Eye for the Region,” opinion editorial, *Miami Herald*, September 14, 2015; Christopher Sabatini, “In Venezuela, Hope Sinks,” *Americas Quarterly*, September 15, 2014; and “Venezuela Likely to Win UNSC Seat,” *Bloggings by Boz*, September 11, 2014, available at <http://www.bloggingsbyboz.com/2014/09/venezuela-likely-to-win-unsc-seat.html>

President Obama, as part of the annual narcotics certification process) as a country that has failed to adhere to its international anti-drug obligations. Since 2006, the Department of State has made an annual determination that Venezuela has not been cooperating fully with U.S. antiterrorism efforts, and as a result has imposed an embargo on arms sales to Venezuela. The United States has also imposed financial sanctions on several current or former Venezuelan officials for providing support to the FARC; on several Venezuelan companies for their support of Iran; and on several Venezuelan individuals and companies for their support of the radical Lebanon-based Islamic Shiite group Hezbollah.

Tensions in bilateral relations with Venezuela under the Bush Administration turned especially sour in the aftermath of President Chávez's brief ouster from power in April 2002. Venezuela alleged U.S. involvement in the ouster, while U.S. officials repeatedly rejected charges that the United States was involved. Nevertheless, strong U.S. statements critical of Chávez upon his return to power set the stages for continued deterioration in U.S.-Venezuelan relations and strong rhetoric on both sides. In 2006, however, the tenor of U.S. political rhetoric changed in the second half of the year with U.S. officials refraining from responding to Venezuela's rhetorical attacks. By 2008, U.S. policy had shifted to focusing on advancing a positive U.S. agenda for the hemisphere and refraining from getting into any unneeded conflicts or spats with President Chávez. Nevertheless, U.S. relations took a turn for the worse in September 2008 when Venezuela expelled the U.S. Ambassador in solidarity with Bolivian President Evo Morales, who had expelled the U.S. Ambassador in La Paz after accusing him of fomenting unrest; the United States responded in kind with the expulsion of the Venezuelan Ambassador to the United States.

Obama Administration Policy

U.S. Relations and Policy, 2009-2013

During the 2008 U.S. presidential campaign, Barack Obama maintained that his Administration would use diplomacy to engage with such adversaries in the region as Venezuela under populist President Hugo Chávez. In June 2009, the United States and Venezuela announced that they had agreed to the return of respective ambassadors, which raised hopes for an overall improvement in bilateral relations. Despite the return of ambassadors, such an improvement did not occur, and tensions continued. U.S. officials continued to speak out about the deterioration of democratic institutions and threats to freedom of expression in Venezuela and other concerns. As described by the State Department in 2013, President Chávez "defined himself in opposition to the United States, criticizing the U.S. government and U.S. relations with Latin America."⁷⁹

In late 2010, the Chávez government revoked an agreement for U.S. Ambassador-designate Larry Palmer to be posted to Venezuela. The Obama Administration responded by revoking the diplomatic visa of the Venezuelan Ambassador to the United States. In January 2012, the Department of State declared as *persona non grata* the Venezuelan Consul General in Miami, Livia Acosta. A documentary featured on the Spanish-language network *Univisión* in December 2011 had alleged that Iranian and Venezuelan diplomats in Mexico tried to recruit Mexican students for plotting possible cyberattacks against the United States. Acosta, a Venezuelan diplomat who had been based in Mexico, was reportedly recorded participating in the discussion with the Mexican students.

⁷⁹ U.S. Department of State, "U.S. Relations with Venezuela," August 22, 2013.

In the aftermath of President Chávez's 2012 reelection, the Obama Administration, while acknowledging differences with Chávez, congratulated "the Venezuelan people on the high level of participation, as well as on what was a relatively peaceful process."⁸⁰ A State Department official added, however, that "the views of the more than 6 million people who voted for the opposition should be taken into account going forward."⁸¹

Despite tensions in relations, the State Department has maintained that the United States remains committed to seeking constructive engagement with Venezuela, focusing on such areas as anti-drug and counterterrorism efforts. In November 2012, the State Department's Assistant Secretary of State for Western Hemisphere Affairs, Roberta Jacobson, engaged in a conversation with then-Vice President Maduro about improving bilateral relations, including greater cooperation on counternarcotics issues. In early January 2013, the State Department reiterated that the United States remained open to dialogue with Venezuela on a range of issues of mutual interest. As President Chávez's health deteriorated, a State Department spokesman maintained on January 9 that "regardless of what happens politically in Venezuela, if the Venezuelan government and if the Venezuelan people want to move forward with us, we think there is a path that's possible. It's just going to take two to tango."⁸²

In response to President Chávez's death in March 2013, President Obama issued a statement reaffirming U.S. "support for the Venezuelan people" and "interest in developing a constructive relationship with the Venezuelan government." At the same time, the President maintained that "as Venezuela begins a new chapter in its history, the United States remains committed to policies that promote democratic principles, the rule of law, and respect for human rights."⁸³ A number of statements by Members of Congress also expressed hope for a new era in U.S.-Venezuelan relations.

In June 2013, it appeared that bilateral relations were on a track to improve when Secretary of State John Kerry met with Venezuelan Vice President Elías Jaua in Guatemala on the sideline of an OAS General Assembly meeting. Secretary Kerry expressed hope that the two countries could move quickly to the appointment of ambassadors, and said that the two countries had agreed to continue high-level dialogue. Efforts to engage with Venezuela, however, were complicated by the Maduro government's strong rhetoric and actions. In July 2013, President Maduro publicly offered political asylum to Edward Snowden, accused of leaking classified information regarding National Security Agency programs. The offer put a damper on prospects for improving bilateral relations. Subsequently, Venezuela announced that it was halting efforts to improve relations in response to comments by the Obama Administration's nominee for U.N. Ambassador, Samantha Power, that she would contest the "crackdown on civil society being carried out in countries like Cuba, Russia, Iran, and Venezuela."⁸⁴ President Maduro said that he would be willing to resume dialogue with the United States if it changed its "imperialist attitude toward Latin America" and "its permanent aggression toward Venezuela."⁸⁵

⁸⁰ White House, Office of the Press Secretary, "Press Gaggle by Press Secretary Jay Carney En Route Bakersfield, CA," October 8, 2012.

⁸¹ "U.S.: Venezuelan Opposition Views Should be Considered," *Agence France Presse*, October 8, 2012.

⁸² U.S. Department of State, Daily Press Briefing, January 3 and 9, 2013.

⁸³ White House, Office of the Press Secretary, Statement of President Obama on the Death of Venezuelan President Hugo Chávez, March 5, 2013.

⁸⁴ "U.S.-Venezuela Talks Scotched Again by Maduro," *LatinNews Daily Report*, July 25, 2013.

⁸⁵ "Update, U.S. Senate Panel Oks Samantha Power as U.N. Ambassador," *Reuters News*, July 23, 2013.

In late September 2013, Venezuela expelled three U.S. diplomats in Venezuela, including the U.S. Embassy's Chargé d'Affaires, Kelly Keiderling, and accused the diplomats of attempting to destabilize the country. The State Department, which rejected the allegations of any type of conspiracy to destabilize the Venezuelan government, responded by expelling three Venezuelan diplomats in early October, including Calixto Ortega, the Chargé d'Affaires of the Venezuelan Embassy in Washington, DC. Ortega reportedly would have been nominated as ambassador if bilateral relations had improved. Some analysts maintain that it was likely that the Venezuelan government used the expulsion of the U.S. diplomats to deflect attention from increasing problems in Venezuela and as a means to boost Maduro's support among hardline Chavistas.⁸⁶ Previously in March 2013, the Maduro government had expelled two U.S. military attachés and the United States responded by expelling two Venezuelan diplomats.

In the aftermath of Venezuela's local elections in December 2013, Secretary of State John Kerry indicated in an interview that the United States was ready to resume efforts begun in June 2013 to improve bilateral relations. According to Kerry, "we are ready and willing, and we are open to improving that relationship." He said that "we've been disappointed that the Maduro government has not been as ready to move with us and to engage, and that it seems to take more pleasure in perpetuating the sort of differences that we don't think really exist."⁸⁷

U.S. Relations and Policy in 2014

In mid-January 2014, President Maduro said that his government was ready to resume dialogue with the United States based on "mutual respect" in order to build a positive relationship.⁸⁸ A Department of State spokesman stated that "the United States believes that both countries would be well-served by a functional and productive relationship on areas of mutual interest, including those affecting citizen security such as counternarcotics and counterterrorism, and the commercial relationship, including energy."⁸⁹

When widespread protests broke out in February 2014, U.S. officials spoke out strongly against the Venezuelan government's heavy-handed approach in attempting to suppress the demonstrations.

- Secretary of State Kerry issued a statement on February 15 "condemning" the violence and urging "all parties to work to restore calm and refrain from violence." He called on "the Venezuelan government to provide the political space necessary for meaningful dialogue with the Venezuelan people and to release detained protestors."⁹⁰

⁸⁶ For example, see "Maduro's Latest U.S. Maneuvers," *El Colombiano*, October 6, 2013.

⁸⁷ Andres Oppenheimer, "Secretary of State Kerry Reaches Out to Venezuela After Elections," *Miami Herald*, December 9, 2013.

⁸⁸ "Maduro Dispuesto a Retomar el Diálogo con Estados Unidos," *El Nuevo Herald*, January 15, 2014.

⁸⁹ U.S. Department of State, Daily Press Briefing, January 17, 2014.

⁹⁰ U.S. Department of State, Secretary of State John Kerry, "Recent Violence in Venezuela," Press Statement, February 15, 2014.

- During a trip to Mexico on February 19, President Obama criticized the Venezuelan government's treatment of the protestors and called on it "to engage in real dialogue."⁹¹
- On February 21, Secretary Kerry called "on the Venezuelan government to step back from its efforts to stifle dissent through force and respect human rights." He noted that the Venezuelan government had confronted peaceful protestors with force, in some cases with armed vigilantes claiming to support the government. While Kerry maintained that "all sides, including the opposition protestors, must refrain from violence," he also stated that the "government's use of force and judicial intimidation against citizens and political figures ... is unacceptable and will only increase the likelihood of violence."⁹²
- On February 24, 2014, a White House spokesman maintained that the Venezuelan government has an obligation to protect such universal human rights as freedom of expression and peaceful assembly.⁹³
- At a March 13 hearing before the House Committee on Foreign Affairs, Secretary Kerry asserted that "we are engaged now with trying to find a way to get the Maduro government to engage with their citizens, to treat them respectfully, to end this terror campaign against his own people, and to begin to hopefully respect human rights and the appropriate way of treating people."⁹⁴

Venezuela announced that it was expelling three U.S. diplomats on February 17, accusing them of organizing and financing protesting university students. The State Department, which asserted that Venezuela's allegations were baseless, responded in kind on February 25 by expelling three Venezuelan diplomats. President Obama said that the Venezuelan government, "rather than trying to distract from its own failings by making up false accusations against diplomats from the United States ... ought to focus on addressing the legitimate grievances of the Venezuelan people."⁹⁵

In a strange twist, after expelling several U.S. diplomats, the Venezuelan government announced on February 25 that it would be proposing to send a new ambassador to the United States, Maximilian Sánchez Arveláiz (Venezuela's former Ambassador to Brazil). As discussed above, Venezuela and the United States have not had ambassadors in place since 2010, and efforts in mid-2013 to exchange ambassadors were thwarted by the Maduro government. Secretary of State Kerry indicated on February 28 that the United States "has constantly indicated a willingness to develop a more constructive relationship with Venezuela," but that "Venezuela has decided again and again to move in a different direction." Kerry maintained that "what has to happen now is for the Venezuelan leadership to deal with their own people. They need to reach out and have a dialogue and bring people together and resolve their problems."⁹⁶ Assistant Secretary of State for

⁹¹ White House, "Press Conference by President Obama, President Peña Nieto, and Prime Minister Harper," Toluca, Mexico, February 19, 2014.

⁹² U.S. Department of State, Secretary of State John Kerry, "Situation in Venezuela," February 21, 2014.

⁹³ The White House, "Daily Press Briefing by the Press Secretary," February 24, 2014.

⁹⁴ "House Foreign Affairs Committee Hold Hearing on State Department Budget for FY 2015," *CQ Congressional Transcripts*, March 13, 2014.

⁹⁵ The White House, Office of the Press Secretary, "Press Conference by President Obama, President Peña Nieto, and Prime Minister Harper," Press Release, February 19, 2014.

⁹⁶ U.S. Department of State, Secretary of State John Kerry, "Remarks with Colombian Foreign Minister Maria Holguin After Their Meeting," February 28, 2014.

Western Hemisphere Affairs Roberta Jacobson confirmed in a House congressional hearing on April 9, 2014, that the Administration was not taking action on Venezuela's proposal to send an ambassador, and emphasized that Venezuela needed to concentrate on its own internal situation. (In July 2014, however, Arveláiz began service as Chargé d' Affaires at Venezuela's embassy in Washington D.C., while the United States appointed a Chargé d' Affaires at its embassy in Caracas.)

U.S. officials pressed for Latin American countries to help resolve the situation in Venezuela. After a meeting with Colombia's foreign minister on February 28, Secretary of State Kerry maintained that the United States was working with Colombia and other countries "to try to see how some kind of mediation might be able to take place."⁹⁷ On March 12, 2014, in a hearing before the House Appropriations Committee, Secretary Kerry stressed that it was time for the OAS, regional partners, and other international organizations to assume a greater role in urging the Venezuelan government "to refrain from demonizing opponents, to allow for peaceful protest, and to move towards a meaningful dialogue with the opposition."⁹⁸ U.S. officials expressed support for an inclusive dialogue facilitated by a third party acceptable to all parties, and encouraged the efforts of UNASUR and the mediation process involving the Vatican.⁹⁹

Both Secretary of State Kerry and Assistant Secretary of State Jacobson, however, raised the possibility of imposing U.S. sanctions if diplomatic efforts were not successful in bringing about dialogue. In late February 2014, Secretary of State Kerry stated that "it is not inappropriate for Congress and for others to be debating and thinking" about such measures, and maintained that the Administration "will examine every aspect of what is available to us as an option."¹⁰⁰ According to Assistant Secretary Jacobson on March 27, 2014, "there may come a time when sanctions, in some way or another, might be a very important tool; and, if there is no movement, if there is no possibility of dialogue, or if there is no democratic space for the opposition, of course we would have to think about it."¹⁰¹ At a May 8, 2014 hearing before the Senate Foreign Relations Committee, Jacobson maintained that the State Department was considering sanctions, but "that right now they would be counterproductive," and "would enable the Venezuelan government to go back to that sort of victim mentality." She contended that sanctions "would be a unifying factor in the government, and ... would serve to reinforce the narrative of this being about the Venezuelan government standing up to the United States."¹⁰² In the aftermath of the breakdown of the UNASUR-sponsored dialogue, Secretary of State Kerry stated on May 21, 2014, that "there has just been a total failure by the government of Venezuela to demonstrate good-faith actions to implement those things that they agreed to do approximately a month ago."

⁹⁷ Ibid.

⁹⁸ "House Appropriations Subcommittee on State, Foreign Operations, and Related Programs Holds Hearing on President Obama's Proposed Fiscal 2015 Budget Request for the State Department," *CQ Congressional Transcripts*, March 12, 2014.

⁹⁹ U.S. Department of State, Daily Press Briefing, March 17, 2014; At an April 9, 2014, hearing before the House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, Assistant Secretary of State Roberta Jacobson noted U.S. encouragement for the UNASUR process in Venezuela.

¹⁰⁰ U.S. Department of State, Secretary of State John Kerry, "Remarks with Colombian Foreign Minister Maria Holguin After Their Meeting," February 28, 2014.

¹⁰¹ U.S. Department of State, Roberta S. Jacobson, Assistant Secretary, Bureau of Western Hemisphere Affairs, "Live at State: U.S. Policy in the Western Hemisphere," March 27, 2014.

¹⁰² "Senate Foreign Relations Committee Hold Hearing on Human Rights in Venezuela, Panel 1" *CQ Congressional Transcripts*, May 8, 2014.

He stated that “our hope is that sanctions will not be necessary,” but indicated that “all options remain on the table.”¹⁰³

Ultimately on July 30, 2014, the State Department announced that Secretary of State Kerry had decided to impose restrictions on travel to the United States by a number of Venezuelan government officials responsible for, or complicit in, human rights abuses. According to a State Department press release: “With this step we underscore our commitment to holding accountable individuals who commit human rights abuses. While we will not publicly identify these individuals because of visa record confidentiality, our message is clear: those who commit such abuses will not be welcome in the United States.”¹⁰⁴ Press reports maintained that the visa restrictions applied to about 24 Venezuelan officials, including police and military officials directly involved in the abuse and government officials who played a role or ordered the government’s harsh suppression of the protests.¹⁰⁵

Both the State Department and President Obama have continued to speak out about the human rights situation in Venezuela. The State Department released a press statement on September 11, 2014 expressing deep concern over “the lack of due process or fair trial guarantees for persons detained in relation to protests in Venezuela.” The statement noted the continued incarceration of some 70 protestors as well as opposition leader Leopoldo López and two opposition mayors, Enzo Scarano and Daniel Ceballos.¹⁰⁶ On September 23, during a meeting at the Clinton Global Initiative in New York, President Obama expressed solidarity with imprisoned civil society activists worldwide, including Venezuela’s Leopoldo López, and called for him to be released.¹⁰⁷

Congressional Response to the 2014 Protests

In response to the Venezuelan government’s suppression of protests, both houses of Congress approved resolutions, and there has been action on legislation introduced in each house that would, among other measures, impose targeted sanctions on individuals responsible for violence and human rights violations associated with the protests.

In March 2014, the House and Senate each approved a resolution condemning the violence in Venezuela. The House approved **H.Res. 488** (Ros-Lehtinen) on March 4, which, among its provisions, expressed support for the people of Venezuela in their pursuit of freedom of expression, deplored violence perpetrated against opposition leaders and protestors, and urged nations to actively encourage dialogue. The Senate approved **S.Res. 365** (Menendez) on March 12, which, among its provisions, deplored the violent repression of peaceful demonstrations, called for full accountability for human rights violations, and urged the President to immediately impose targeted sanctions (including visa bans and asset freezes) against those responsible for gross human rights violations against peaceful demonstrators, journalists, and other members of civil society.

¹⁰³ U.S. Department of State, “Remarks with Mexican Foreign Secretary Jose Antonio Meade,” May 21, 2014.

¹⁰⁴ U.S. Department of State, “Visa Restrictions Against Human Rights Abusers in Venezuela,” July 30, 2014.

¹⁰⁵ Jose de Cordoba, “U.S. to Revoke Visas of Venezuela Officials,” *Wall Street Journal*, July 31, 2014; and William Neuman, “U.S. Bars Travel by Top Venezuelan Officials,” *New York Times*, July 31, 2014.

¹⁰⁶ U.S. Department of State, “Due Process in Venezuela,” September 11, 2014.

¹⁰⁷ The White House, “Remarks by the President at Clinton Global Initiative,” September 23, 2014.

In May 2014, the House approved and the Senate Committee on Foreign Relations reported out separate measures, **H.R. 4587** and **S. 2142** respectively, that would go further and impose targeted sanctions on persons in Venezuela responsible for human rights violations associated with the suppression of the protests.

Initially in the House, **H.R. 4229** (Ros-Lehtinen) had been introduced in March 2014, that would have, among its provisions, imposed visa restrictions and asset blocking on officials of the Venezuelan government or those working on their behalf who the President determined were complicit in serious human rights abuses or those engaged in censorship; the measure did not include presidential waiver authority.

In May 2014, however, House action turned to a new measure, **H.R. 4587** (Ros-Lehtinen), that was drafted in a bipartisan fashion and included presidential waiver authority. The House Committee on Foreign Affairs reported the bill, amended, by voice vote on May 9, and the full House approved the measure by voice vote on May 28. As approved, Section 5 of the bill would require the President to impose targeted sanctions (asset blocking and visa restrictions) on individuals responsible for significant acts of violence or serious human rights abuses against those participating in the protests in Venezuela; those who directed or ordered the arrests of an individual because of their exercise of freedom of expression or assembly in relation to the protests; those who knowingly provided material and other support for such acts; or those engaged in censorship in the dissemination of information related to the protests. Section 6 would require the President to impose sanctions on those who knowingly transfer goods or technologies likely to be used by the Venezuelan government to commit serious human rights abuses. Section 10 would authorize \$5 million in FY2015 to provide assistance to civil society in Venezuela, the same amount requested by the Administration. Finally, Section 11, would sunset the bill two years after its enactment.

In the Senate, **S. 2142** (Menendez), introduced in March 2014 and ordered reported by the Senate Foreign Relations Committee on May 20, 2014 (S.Rept. 113-175), would impose targeted sanctions (asset blocking and visa restrictions) on those responsible for significant acts of violence or serious human rights abuses in Venezuela associated with the protests that began in February; those who directed or ordered the arrest or prosecution of a person because of the person's exercise of freedom of expression or assembly; or those providing material and other support, or goods or services in support of the actions just described. Like H.R. 4587, the Senate bill includes presidential waiver authority. The bill, in Section 6, would authorize \$15 million in assistance in FY2015 for support of civil society in Venezuela, three times the amount requested by the Administration.

Also see "Legislative Initiatives in the 113th Congress" below for further description of the provisions of H.R. 4587 and S. 2142.

To some extent, the Administration's July 2014 imposition of visa restrictions on Venezuelan officials for their involvement in human rights abuses could diminish the impetus for final congressional action on the Venezuela sanctions legislation. On the other hand, Venezuela's continued incarceration of some protestors and opposition leaders and its poor human rights record with regard to freedom of expression could impel congressional action on the legislation. Moreover, some Members might see the legislation as a means of pressing the Administration to adopt asset blocking sanctions as opposed to just the visa restrictions that have been imposed.

In general, proponents of targeted sanctions argue that they demonstrate that the United States stands with Venezuela's peaceful demonstrators, punish those responsible for the harsh repression, and send a message that such repression will have consequences. Some maintain that targeted sanctions could have an effect on the behavior of key Venezuelan government, military, and law enforcement officials who may have purchased homes or hold assets in the United States, or who may not want to jeopardize their ability to travel to the United States. Other supporters of the sanctions bills stress that the legislation includes waiver authority that provides flexibility to the President to decide whether and when to impose such sanctions. Some supporters also maintain that it could prod the Administration to take a stronger stand against ongoing human rights violations in Venezuela.

In contrast, those opposed to targeted sanctions caution that their imposition could run the risk of shifting attention to U.S.-Venezuelan relations rather than the political situation in Venezuela and end up shoring up domestic support for the Venezuelan government. Some also emphasize that the sanctions lack any significant support in the region or multilaterally, and could be an impediment to future regional diplomat efforts to help ease political polarization in the country (one that could potentially build on the efforts of the UNASUR-sponsored dialogue in May 2014). Some observers contend that targeted sanctions are unlikely to have the effect of improving the human rights situation or prospects for dialogue in Venezuela and question the efficacy of utilizing a policy tool that is not expected to bring about a change in behavior.

At this juncture, if Congress returns to the consideration of legislation to impose targeted sanctions on Venezuela, they might consider the following questions:

- Are visa restrictions already imposed by the Administration against some 24 Venezuelan officials enough or should additional sanctions be considered to block the assets of such officials?
- How would additional sanctions help improve the human rights situation in the country? Could they help prevent future human rights abuses in Venezuela or support an improvement in the Venezuelan government's human rights practices?
- How might additional sanctions affect the prospects for dialogue in Venezuela and a resolution of the political conflict?
- What are the views among protestors and democracy activists in Venezuela and human rights organizations (in Venezuela as well as international human rights organizations) regarding the use of such U.S. sanctions?
- How would the public at large in Venezuela view the U.S. imposition of targeted sanctions?
- To what extent could the imposition of targeted sanctions help unify or increase Venezuelan public support for the Maduro government?
- What is the view of such sanctions by other Latin American nations, and in particular by UNASUR? Would any Latin American or other nations join the United States in imposing targeted sanctions on Venezuela for human rights purposes?
- What other U.S. policy tools might be utilized to influence the Venezuelan government to improve its human rights record?

- If targeted sanctions do not work in changing the behavior of the Venezuelan government, should stronger economic sanctions be considered to compel the Venezuelan government to improve its treatment of protestors and respect for freedom of expression? If so, what type of sanctions might be appropriate, and what would be the implications of these sanctions for the situation in Venezuela, the United States, and U.S. relations with Latin America?

Democracy and Human Rights Concerns

(For human rights concerns related to the protests in Venezuela in 2014, see “Protests Challenge the Maduro Government in 2014” above; also see **Table 1** below for online reporting on Venezuela by several human rights organizations.)

Human rights organizations and U.S. officials have expressed concerns for several years about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela under the Chávez government. According to Human Rights Watch, Chávez’s presidency was “characterized by a dramatic concentration of power and open disregard for basic human rights guarantees.” The human rights group maintains that in the aftermath of his short-lived ouster from power in 2002, “Chávez and his followers seized control of the Supreme Court and undercut the ability of journalists, human rights defenders, and other Venezuelans to exercise fundamental rights.” By Chávez’s second full term in office (2007-2012), Human Rights Watch maintains that “the concentration of power and erosion of human rights protections had given the government free reign to intimidate, censor, and prosecute Venezuelans who criticized the president or thwarted his political agenda.”¹⁰⁸

Some academics see the growth of leftist populism in Venezuela and several other countries in the region as a threat to democracy because of the tough treatment of political opponents and the dismantling of institutional checks and balances. They contend that a type of competitive or electoral authoritarianism is taking hold in which democratic institutions exist but abuse by the incumbent skews the playing field against opponents.¹⁰⁹ This growing authoritarianism of populist regimes in Latin America, while not characterized by the massive human rights violations of past decades under military regimes, nevertheless is viewed as undermining liberal democracy in the name of satisfying popular aspirations.¹¹⁰

The State Department’s 2013 human rights report for Venezuela (issued in February 2014) maintained that the “principal human rights abuses reported during the year included corruption, politicization in the judicial system, and government actions to impede freedom of expression and restrict freedom of the press.”¹¹¹ According to the State Department report, the Venezuelan government “did not respect judicial independence” and “used the judiciary to intimidate and

¹⁰⁸ Human Rights Watch, “Venezuela: Chávez’s Authoritarian Legacy,” March 5, 2013, available at <https://www.hrw.org/news/2013/03/05/venezuela-chavez-s-authoritarian-legacy>.

¹⁰⁹ See Kurt Weyland, “Latin America’s Authoritarian Drift, The Threat from the Populist Left,” *Journal of Democracy*, July 2013. Also see Sebastián Mazzuca, “The Rise of Rentier Populism,” *Journal of Democracy*, April 2013; Steven Levitsky and James Loxton, “Populism and Competitive Authoritarianism in the Andes,” *Democratization*, January 2013.

¹¹⁰ *Latin American Populism in the Twenty-First Century*, ed. Carlos de la Torre and Cynthia J. Arnson (Washington, DC: Woodrow Wilson Center Press, Baltimore: The Johns Hopkins University Press 2013), pp. 362-363.

¹¹¹ See the full report at <http://www.state.gov/documents/organization/220689.pdf>

selectively prosecute political, union, business, and civil society leaders who were critical of the government policies or actions.” In terms of political prisoners, the State Department cited a Venezuelan nongovernmental organization (NGO), the Due Process Foundation (Fundepro), as reporting that 21 political prisoners remained incarcerated at the end of 2013, most convicted for their alleged actions during the 2002 coup attempt or charged for alleged financial crimes.

As described above, however, the human rights situation has deteriorated significantly in 2014 in the context of the government’s crackdown on student-led protests. Notably, however, on September 20, 2014, former Caracas metropolitan police commission Iván Simonovis, considered a political prisoner by Venezuela’s political opposition, was released from prison and moved to house arrest for medical reasons. Simonovis had been imprisoned in 2004 and convicted and sentenced in 2009 to 30 years in prison for complicity in deaths of people in 2002 at the time of the failed coup against then-President Chávez. Upon his release, Venezuela’s Supreme Court indicated that Simonovis would be returned to prison once his health improved.¹¹² Simonovis’s imprisonment had been an issue discussed during talks between the government and the political opposition in April 2014.

In a prominent human rights case that captured world-wide attention, Judge María Lourdes Afiuni was arrested and imprisoned on charges of corruption in December 2009 after she had ordered the release of businessman Eligio Cedeño, who had been imprisoned without trial since February 2007 on charges of corruption. Afiuni reportedly was held in deplorable conditions and received inadequate health treatment until she was released from prison and placed under house arrest in February 2011. She subsequently said that she had been raped while in prison and then had an abortion after becoming pregnant.¹¹³ International human rights groups continued to call for the charges to be dropped, and the United Nations Working Group on Arbitrary Detention asked Venezuela to release Afiuni from house arrest.¹¹⁴ In June 2013, a Venezuelan court ordered Afiuni to be freed, but also required her to report to court every 15 days.

Inter-American Court on Human Rights. In July 2012, President Chávez announced that Venezuela would withdraw from the jurisdiction of the Inter-American Court of Human Rights. Chávez made the decision because the court had ruled in favor of a Venezuelan citizen, Raúl Díaz Peña, who was found to have been subjected to “inhumane and degrading treatment” while imprisoned for six years. Both the court and the Inter-American Commission on Human Rights (which has not been allowed to visit the country since 2002) were established pursuant to the American Convention on Human Rights and comprise the OAS human rights protection system. Individuals who have exhausted legal avenues in their countries may petition the commission, which then may refer cases to the court. The Venezuelan government officially denounced the convention in September 2012, and on September 10, 2013, it formally withdrew from it. As a result, the court will no longer be able to hear cases involving Venezuela, although Venezuelan citizens will still be able to bring complaints to the commission. Venezuela’s withdrawal from the treaty and the court have been strongly criticized by the United Nations, international human rights groups, and domestic Venezuelan human rights organizations, all whom have urged the

¹¹² William Neuman, “Venezuela Moves Jailed Former Police Official to House Arrest,” *New York Times*, September 21, 2014.

¹¹³ María Eugenia Díaz and William Neuman, “Venezuelan Judge who Angered Chávez Says She Was Raped While in Prison,” *New York Times*, November 27, 2012.

¹¹⁴ “UN Working Group Calls for Judge Afiuni’s Release,” *El Universal (Venezuela)*, March 7, 2012.

Venezuelan government to reconsider its decision.¹¹⁵ President Maduro maintained that the court had become an “instrument for the protection of U.S. geopolitical interests in Latin America and to persecute progressive governments.”¹¹⁶

Trafficking in Persons. Another human rights issue in U.S. relations with Venezuela has been concerns about Venezuela’s efforts to combat trafficking in persons. For 2012 and 2013, the State Department placed Venezuela on its Tier 2 Watch List in its annual mandated report on trafficking in persons pursuant to the Trafficking Victims Protection Act (TVPA, P.L. 106-386). A country on the Tier 2 Watch List may only remain on it for two consecutive years unless its government has a written plan to bring itself into compliance with the minimum standards to combat trafficking in persons. Venezuela does not have such a written plan, and as a result, the State Department downgraded the country to Tier 3 in its *2014 Trafficking in Persons Report*. Countries on Tier 3 are those whose governments do not fully comply with the TVPA’s minimum standards and are not making significant efforts to do so. According to the 2014 State Department report, Venezuela is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor. The report noted that Venezuelan authorities continued to train a significant number of government officials on human trafficking, but that the government did not publicly document progress on prosecutions and convictions of trafficking offenders or on victim identification and assistance.¹¹⁷

Table I. Online Human Rights Reporting on Venezuela

Organization	Document/Link
Amnesty International	Human Rights in Bolivarian Republic of Venezuela, http://www.amnesty.org/en/region/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 2013, April 23, 2014, chapter IV includes an extensive section on Venezuela, http://www.oas.org/en/iachr/docs/annual/2013/docs-en/AnnualReport-Chap4-Venezuela.pdf
Programa Venezolano de Educación-Acción en Derechos Humanos (PROVEA)	http://www.derechos.org/ve/
Reporters without Borders,	http://en.rsf.org/venezuela.html
U.S. State Department	Country Report on Human Rights Practices 2013, February 28, 2014, http://www.state.gov/documents/organization/220689.pdf
Venezuelan Politics and Human Rights	Blog hosted by the Washington Office on Latin America, http://venezuelablog.tumblr.com/

¹¹⁵ Timothy Gill, “Venezuela Exits the Inter-American Court of Human Rights Amidst Criticism,” Venezuela Blog, Washington Office on Latin America, September 10, 2013; Geoffrey Ramsey, “Venezuela Withdraws from American Convention on Human Rights,” The Pan-American Post (blog), September 10, 2013,

¹¹⁶ “Venezuela Quits Regional Human Rights Court,” *Agence France Presse*, September 10, 2013.

¹¹⁷ U.S. Department of State, *2014 Trafficking in Persons Report*, June 20, 2014.

Threats to Freedom of Expression

The Venezuelan government has taken actions in recent years that have undermined the right to free expression. While vibrant political debate in Venezuela is still reflected in some print media, the government has discriminated against media that offer views of political opponents. It has used laws and regulations regarding libel and media content as well as legal harassment and physical intimidation that, according to human rights groups, have effectively limited freedom of speech and the press.

The Chávez government also expanded state-owned media, including radio and television stations, newspapers, and websites, in order to counter what it viewed as imbalance in the media environment. In August 2012, the Committee to Protect Journalists issued a special report documenting the Chávez government's attacks on private media and its establishment of a large state media that disseminates government propaganda and often is used to launch smear campaigns against critics.¹¹⁸ With regard to television broadcasting, the government targeted two prominent stations—RCTV and *Globovisión*—that had been strongly critical of the government and its policies (see discussion of these cases below).

- **RCTV Case.** President Chávez's May 2007 closure of RCTV sparked significant protests and worldwide condemnation. The Venezuelan government maintained that it did not renew RCTV's broadcast license because of the station's actions in support of the April 2002 coup that temporarily removed Chávez from power. The 2007 closure shut down RCTV's general broadcast station that was available nationwide, but allowed RCTV to operate with a more limited audience as a subscription-based cable station known as *RCTV-Internacional*. In January 2010, however, the Venezuelan government took *RCTV-Internacional* off the air (along with five other stations that were subsequently allowed to resume broadcasting). Many observers believe that the government's actions were taken to silence *RCTV-Internacional*, which had continued to broadcast criticism of the Chávez government.
- **Globovisión Case.** In 2009, the Venezuelan government also began targeting the operation of *Globovisión*, a Caracas-area television news station that was often critical of the government in a combative style. In March 2010, the president of *Globovisión*, Guillermo Zuloaga, was arrested for making remarks deemed offensive to President Chávez at a meeting in Aruba of the Inter-American Press Association. After strong domestic and international criticism, Zuloaga was released, but in June 2010, he fled the country after another arrest warrant charged him with hoarding cars in an effort to capitalize on future price increases at his car dealership. In October 2011, the Venezuelan government fined *Globovisión* about \$2.1 million for extensive coverage of a month-long standoff between prisoners and government troops at a large prison outside Caracas. The government claimed that the coverage had stirred public anxiety and included false accusations against the government. Mounting fines and harassment by the government ultimately led *Globovisión*'s owners to sell the station in May 2013. The station immediately took a new editorial line and promised "impartial

¹¹⁸ Joel Simon, "Chávez's Decade of Media Repression," *Miami Herald*, August 28, 2012; Committee to Protect Journalists, *Venezuela's Private Media Wither Under Chávez Assault*, August 2012, available at <http://cpj.org/reports/venezuela2012-english.pdf>.

coverage.” A number of high-profile journalists and shows critical of the government were taken off the air, leading media rights observers to lament the loss of independent critical television media in the country.¹¹⁹

When street protests against the government erupted in February 2014, television stations controlled by or allied with the government largely ignored the protests. A Colombian news channel that was providing live coverage, NTN24, was taken off the air for its coverage of the protests.¹²⁰ More than 60 journalists were reportedly attacked by security forces or armed civil groups during the protests, according to the union representing press journalists in Venezuela.¹²¹ As discussed above, international human rights groups strongly criticized the government’s heavy-handed efforts to curb protests that began in February 2014.

Additional concerns in 2014 regarding freedom of expression in Venezuela have included a paper shortage that has affected the publication of numerous newspapers; the shutting down of a radio station critical of the government in August; and the September 2014 firing of a cartoonist from Venezuelan newspaper, *El Universal*, for a caricature on the state of healthcare that used President Chávez’s signature (the newspaper had been sold in July, some observers have raised concern that it will lose its independence and become less critical of the government). The Office of the Special Rapporteur for Freedom of Expression of the Inter-American Commission on Human Rights issued a statement on September 22, 2014, expressing deep concern for the deterioration of freedom of expression in Venezuela in light of continued stigmatization of critical media outlets and journalists by high-level public officials, punitive lawsuits and the dismissal of journalists, and the reported blocking of the Internet signal of media outlets.¹²²

U.S. Funding to Support Democracy and Human Rights

For a number of years, the United States has provided democracy-related assistance to Venezuela through the U.S. Agency for International Development (USAID) and the National Endowment for Democracy.

From 2002 through December 2010, USAID supported democracy projects in Venezuela through its Office of Transition Initiatives (OTI) to provide assistance to monitor democratic stability and strengthen the country’s democratic institutions. More than 600 small-grant and technical assistance activities were funded by OTI from 2002 through 2010. The objectives of the assistance, according to USAID, were to enhance access to objective information and peaceful debate on key issues, and to promote citizen participation and democratic leadership.¹²³ At the end of December 2010, USAID’s support for such activities for Venezuela was transferred from OTI to USAID’s Latin America and Caribbean Bureau.

¹¹⁹ Maria Isabel Sanchez and Valeria Pacheco, “Voice of Venezuelan Anti-Government TV Station Down to a Whimper,” *Agence France Presse*, August 20, 2013.

¹²⁰ Committee to Protect Journalists, “Journalists Under Fire Covering Protests in Venezuela,” February 20, 2014

¹²¹ “Últimas Noticias, SNTP: 62 Periodistas Han Sido Víctimas de Represión Durante Protestas,” Sindicato Nacional de Trabajadores de la Prensa, 23 Febrero 2014.

¹²² Organization of American States, Inter-American Commission on Human Rights, Office of the Special Rapporteur for Freedom of Expression, “Office of the Special Rapporteur Expresses Concern Over the Situation of the Freedom of Expression in Venezuela,” September 22, 2014.

¹²³ U.S. Agency for International Development, USAID/OTI Venezuela Annual Summary Report, October 2009-September 2010.

In recent years, U.S. democracy assistance to Venezuela implemented by USAID amounted to \$5 million in FY2011, \$6 million in FY2012, and almost \$5.8 million in FY2013 (\$2.8 million more than the \$3 million originally requested) provided through the Economic Support Fund (ESF) foreign aid funding account. For FY2014, the Administration requested \$5 million in ESF to provide support to Venezuela's civil society, and ultimately an estimated \$4.3 million is being provided for such activities through the FY2014 omnibus appropriations measure approved in January 2014 (P.L. 113-76).

For FY2015, the Administration has requested \$5 million in ESF to "help defend and strengthen democratic practices, institutions and values that support human rights, and Venezuelan civic engagement." According to the request, the assistance will support activities to help civil society "promote institutional transparency, engage diverse constituencies in the democratic process, and defend human rights." The report to the House Appropriations Committee version of the FY2015 Department of State, Foreign Operations, and Related Programs Appropriations bill, H.R. 5013 (H.Rept. 113-499), would provide a total of \$8 million for democracy promotion in Venezuela, \$3 million above the request. Legislative initiatives that would impose targeted sanctions on individuals in Venezuela for human rights violations also include an authorization of U.S. assistance for FY2015 to support civil society in the country. House-approved H.R. 4587 would authorize not less than \$5 million to provide such assistance, while in the Senate, S. 2142, as approved by the Senate Foreign Relations Committee, would authorize \$15 million for such assistance for a broad range of activities to support civil society.

NED has funded democracy projects in Venezuela since 1992, but the level of funding increased under the Chávez government. In recent years, NED funding for Venezuela amounted to \$1.53 million in FY2011, \$1.34 million in FY2012, and \$1.75 million in FY2013.¹²⁴ U.S. funding for the NED is provided in the annual State Department and Foreign Operations appropriation measure. Generally, funds for Venezuela have not been earmarked in annual appropriations measures that provide funding for the NED. For FY2015, however, the Senate Appropriations Committee report to the Senate version of the FY2015 foreign aid appropriations measure, S. 2499 (S.Rept. 113-195), would recommend \$3 million in NED funding for Venezuela, Bolivia, and Ecuador combined.

Energy Issues

Venezuela has proven reserves of 298 billion barrels of oil in 2014, the largest in the world, according to the *Oil and Gas Journal*. This is up from previously reported figures of 211 billion barrels in proven reserves in 2012, and 99.4 billion barrels in 2009. The increase results from including the extra-heavy oil in Venezuela's Orinoco belt region. Venezuela's proven natural gas reserves are estimated to be 196 trillion cubic feet (the second largest in the hemisphere after the United States).¹²⁵ Most of Venezuela's proven natural gas reserves are associated gas linked to its oil production. Moreover, the petroleum industry consumes the majority of Venezuela's natural gas production to aid crude oil extraction. As a result, Venezuela actually imports gas to meet its demand.

¹²⁴ See NED's website for a description of Venezuelan projects in FY2012, available at <http://www.ned.org/where-we-work/latin-america-and-caribbean/venezuela>.

¹²⁵ "Worldwide Look at Reserves and Production," *Oil & Gas Journal*, January 6, 2014.

Despite its vast oil reserves, production in Venezuela has been declining in recent years. According to the U.S. Energy Information Administration (EIA), Venezuela's total oil production fell from 2.87 million barrels per day (bbl/d) in 2005 to 2.49 million bbl/d in 2013 (its peak was 3.52 million bbl/d in 1997).¹²⁶ Reasons for the decline, according to the EIA, include the loss of human capital during the 2002-2003 strike when PdVSA fired some 18,000 workers and the lack of reinvestment in petroleum production.¹²⁷ Some energy analysts maintain that the government's hostility toward foreign investment and mismanagement of PdVSA have been the main reasons for production decline.¹²⁸

As noted above, the Venezuelan economy remains highly dependent on oil, which accounts for some 96% of its exports. Yet like its production, Venezuela's net oil exports have declined in recent years. According to the EIA, Venezuela was the world's ninth-largest net exporter of oil in 2013, with 1.7 million bbl/d. This compares to 2005, when Venezuela's net oil exports were almost 2.3 million bbl/d of oil and the country was the fifth-largest net oil exporter worldwide.

Venezuela remains a major oil supplier to the United States, even though the amounts and share of U.S. oil imports from the country have been declining because of Venezuela's decreasing production and the overall decline in U.S. oil imports worldwide. In 2013, Venezuela provided the United States with about 806,000 barrels of total crude oil and products per day, about 8.2 % of total such U.S. imports, making Venezuela the fourth-largest foreign supplier of crude oil and products to the United States in 2012 (after Canada, Saudi Arabia, and Mexico). This is down from 2005, when the United States imported 1.53 million bbl/d of total crude oil and products from Venezuela, accounting for 11% of total U.S. imports.¹²⁹ According to U.S. trade statistics, Venezuela's oil exports to the United States were valued at almost \$31 billion in 2013, accounting for 97% of Venezuela's exports to the United States.¹³⁰ U.S. Gulf coast refineries are specifically designed to handle heavy Venezuelan crude oil. Venezuela's state-run oil company, PdVSA, owns CITGO, which operates three crude oil refineries in the United States (Louisiana, Texas, and Illinois). PdVSA also owns a 50% share of another refinery in Louisiana.

While Venezuela exports a significant portion of its petroleum products to the United States, the country also has diversified its oil export markets. One of the fastest-growing destinations for Venezuelan crude oil exports has been China. In 2005, China imported 19,000 bbl/day of oil from Venezuela, while that rose to an estimated 260,000 bbl/d by 2013, according to the EIA; some energy analysts estimate higher amounts of some 500,000 bbl/d being exported to China, although they point out that a large portion is tied to the repayment of loans provided by China to Venezuela.¹³¹ India is also a large market for Venezuelan oil products, with PdVSA exporting more than 400,000 bbl/d in 2013, according to the EIA.

¹²⁶ U.S. Energy Information Administration (EIA), International Energy Statistics, "Petroleum Production, Total Oil Supply," statistics available at <http://www.eia.gov/countries/data.cfm>.

¹²⁷ EIA, "Country Analysis Brief, Venezuela," June 20, 2014.

¹²⁸ Clifford Krauss, "Dwindling Production Has Led to Lesser Role for Venezuela as Major Oil Power," *New York Times*, March 8, 2013.

¹²⁹ Oil statistics are from the U.S. Energy Information Administration.

¹³⁰ Global Trade Atlas, which uses Department of Commerce statistics.

¹³¹ Takeo Kumagai, "Venezuela Maps Ambitious Production Plan," *Platts Oilgram News*, June 7, 2013; and "Venezuela's Dependence on Chinese Oil Finance Grows," *The Oil Daily*, August 5, 2014.

The Venezuela government also provides a significant amount of oil under favorable terms to Cuba and other Caribbean Basin nations, which altogether reportedly amounts to more than 400,000 bbl/day.¹³² Venezuela signed an agreement with Cuba in 2000 that currently provides the island nation with some 100,000 barrels of oil per day. In payment for the oil, Cuba has provided extensive services to Venezuela, including thousands of medical personnel and advisers in a number of other areas. Since 2005, Venezuela has provided oil to other Caribbean Basin nations with preferential financing terms in a program known as PetroCaribe. Most Caribbean nations are members of PetroCaribe, with the exception of Barbados and Trinidad and Tobago. In Central America, Belize, Guatemala, and Honduras have participated in the program, although in November 2013 Guatemala announced that it was withdrawing from PetroCaribe because of increased financing terms. El Salvador became a member of PetroCaribe in June 2014. Some analysts have expressed concern about the increasing debt owed to Venezuela by Caribbean nations, many of which are already saddled with high levels of public debt. Others maintain that Cuba, which is dependent on Venezuela's preferential oil program, and some other Caribbean nations would face difficult economic situations without the Venezuelan program. The EIA reports many analysts believe that Venezuela will need to redefine the terms offered under PetroCaribe given PdVSA's difficult financial circumstances and the country's shrinking international reserves.

A domestic subsidy makes gasoline almost free for Venezuelans; at the official exchange rate, gasoline cost about five U.S. cents per gallon, and it is even cheaper at the black market exchange rate. The subsidy has increased consumption, spurred smuggling operations at the border with Colombia, and reduced government revenue that could be used toward building infrastructure or providing services.¹³³ Raising the price of gasoline, however, is sensitive politically in Venezuela; in 1989, austerity measures that included gas price increases led to riots in which several hundred people were killed. The Maduro government has been considering raising the price of gasoline, but the departure of Rafael Ramirez (a key proponent of such a strategy) from his posts as oil minister and head of PdVSA in early September 2014 has left doubts about whether the government will make that policy move.¹³⁴

Under President Chávez, the Venezuelan government asserted greater control over the country's oil reserves. By 2006, it had completed the conversion of its 32 operating agreements with foreign oil companies to joint ventures, with the Venezuelan government now holding a majority share of between 60% and 80% in the ventures. In 2007, the government completed the conversion of four strategic associations involving extra-heavy oil Orinoco River Basin projects. Six foreign companies had been involved in the projects—U.S.-based ConocoPhillips, Chevron, and ExxonMobil; Norway's Statoil-Hydro; Britain's BP; and France's Total. In the conversion to Venezuelan government majority ownership, Chevron and BP maintained their previous investments, Total and Statoil-Hydro reduced their holdings, and ConocoPhillips and ExxonMobil chose to leave the projects. Subsequent bilateral agreements for the development of additional Orinoco Belt resources have involved PdVSA partnering with a number of foreign oil companies, including Chevron.

¹³² EIA, "Country Analysis Brief, Venezuela," June 20, 2014.

¹³³ Angel Gonzalez, "In Venezuela, Almost-Free Gas Comes at a High Cost," *Wall Street Journal*, April 12, 2013.

¹³⁴ Jim Wyss, "In Venezuela, Cheap Gasoline Prices Stir Debate," *Miami Herald*, August 28, 2014; and Diego Ore, "Venezuela in Dilemma over Hiking World's Cheapest Fuel," *Reuters News*, September 10, 2014.

In August 2014, Venezuelan officials indicated that they would sell U.S.-based CITGO if PdVSA received a good offer. Reportedly, Venezuela is seeking to sell the assets in order to raise some \$8 to \$10 billion, although some reports indicate that it could be difficult to sell all of CITGO's assets as a package. As noted above, CITGO owns three U.S. Gulf coast refineries as well as 48 petroleum product terminals and three pipelines while it jointly owns another six pipelines. Its brand is also carried on thousands of gas stations that are independently owned.¹³⁵

Counternarcotics Issues

Because of Venezuela's extensive 1,370-mile border with Colombia, it is a major transit route for cocaine and heroin destined for the United States. Venezuela suspended its cooperation with the U.S. Drug Enforcement Administration (DEA) in August 2005 because it alleged that DEA agents were spying on the Venezuelan government. U.S. officials maintained that the charges were baseless. From 2005 to 2008, President Bush annually made a determination that Venezuela, pursuant to international drug control certification procedures set forth in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228), had failed demonstrably to adhere to its obligations under international narcotics agreements. At the same time, the President waived economic sanctions that would have curtailed U.S. assistance for democracy programs in Venezuela. President Obama has taken the same action over the past several years, most recently in September 2014, marking the tenth consecutive year for Venezuela's designation as a country not adhering to its anti-drug obligations.¹³⁶ (Also see the shaded text box below on information on Venezuela in the State Department's 2014 International Narcotics Control Strategy Report (INCSR)).

The United States and Venezuela were on the verge of signing an anti-drug cooperation agreement in 2006 that had been negotiated in 2005 (an addendum to the 1978 Bilateral Counternarcotics Memorandum of Understanding or MOU), but Venezuelan approval of the agreement has still not taken place. The issue has been repeatedly raised by the United States as a way to improve bilateral antidrug cooperation.

The Treasury Department has imposed sanctions on at least 15 Venezuelans for narcotics trafficking, freezing the assets of these individuals subject to U.S. jurisdiction and blocking U.S. persons from engaging in any transactions with these individuals. These include eight current or former Venezuelan officials.

- In September 2008, the Treasury Department froze the assets of two senior Venezuelan intelligence officials—General Hugo Carvajal and General Henry Rangel—and the former interior minister, Ramón Rodríguez Chacín, for allegedly helping the FARC with drug and weapons trafficking.¹³⁷ General Rangel was subsequently appointed Venezuela's defense minister in January 2012. He stepped down in October 2012, and went on to win the governorship of

¹³⁵ Mike Stone, "Exclusive: PDVSA Seeks Bids for Citgo in Potential \$10 Billion Deal – Sources," *Reuters*, September 9, 2014; "New Crude Game Erodes Luster of Most Citgo Refineries," *Reuters*, September 25, 2014.

¹³⁶ The White House, "Presidential Determination – Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2015," September 15, 2014, available at <http://www.whitehouse.gov/the-press-office/2014/09/15/presidential-determination-major-drug-transit-or-major-illicit-drug-prod>

¹³⁷ Phil Gunson, "U.S. Slams Venezuelan Hugo Chávez Top Intelligence Men," *Miami Herald*, September 13, 2008; *Federal Register*, September 19, 2008, pp. 54453-54454.

the Venezuelan state of Trujillo in December 2012 elections. Rodríguez Chacín also was elected as governor of the state of Guárico in December 2012. Former General Carvajal, the former head of military intelligence, was detained by Aruban authorities in late July 2014 at the request of the United States, but after a few days, he was released and allowed to return to Venezuela (see discussion below).

- In September 2011, the Treasury Department sanctioned four Venezuelan officials for supporting the weapons and drug-trafficking activities of the FARC. These included Major General Cliver Antonio Alcala Cordones; Freddy Alirio Bernal Rosales, a PSUV representative to Venezuela's National Assembly; Amilicar Jesus Figueroa Salazar, a former alternative president of the Latin American Parliament; and Ramon Isidro Madriz Moreno, an officer with the Venezuelan Intelligence Service (SEBIN, *Servicio Bolivariano de Inteligencia*).¹³⁸
- In August 2013, the Treasury Department sanctioned a former captain in Venezuela's National Guard, Vassyly Kotosky Villarroel Ramirez, for his role in international narcotics trafficking in both Colombia and Venezuela. Villarroel Ramirez had been indicted in U.S. federal court in New York on multiple cocaine trafficking charges.¹³⁹

The FARC and the Venezuelan military are reported to have a major role in the use of Venezuela as a drug transit country.¹⁴⁰ Some reports allege that Venezuela's military leaders involved in drug trafficking pressed President Chávez in 2010 to negotiate with Colombia for the extradition of Walid Makled García, a Venezuelan drug trafficker who alleged that he had paid off numerous Venezuelan military and government officials.¹⁴¹ Colombia extradited him to Venezuela in May 2011 on charges of murder and drug trafficking. In a media interview before his extradition, Makled maintained that five current Venezuelan legislators and 40 generals had been on his payroll, including General Hugo Carvajal, the director of Military Intelligence. The United States had wanted Makled to be extradited to the United States, but the Administration maintained that it respected Colombia's extradition process. Before his extradition, however, Makled reportedly was questioned by U.S. officials.¹⁴²

On July 23, 2014, Aruban authorities detained retired General Hugo Carvajal at the request of the U.S. government on drug trafficking charges, but he was released on July 27 after Dutch officials ruled that Carvajal was protected by diplomatic immunity. As noted above, the Treasury Department sanctioned Carvajal in September 2008 for involvement in drug trafficking. Before his detainment in Aruba, Carvajal had been named as Venezuela's consul general, but had not yet been confirmed. U.S. officials expressed deep disappointment with the decision of the

¹³⁸ U.S. Department of the Treasury, Office of Foreign Assets Control, "Recent OFAC Actions, Specially Designated Nationals Update," September 8, 2011; and Fabiola Sanchez, "U.S. Accuses 4 Chávez Allies of Aiding Leftist Rebels," *Washington Post*, September 9, 2011.

¹³⁹ U.S. Department of the Treasury, "Treasury Targets Venezuelan Narcotics Trafficker," Press Release, August 21, 2013; *Federal Register*, p. 53007, August 27, 2013.

¹⁴⁰ Jeremy McDermott and Geoffrey Ramsey, "Is Venezuelan Military Stepping up Role in Drug Trafficking?" *InSight, Organized Crime in the Americas*, January 30, 2012; "Cocaine Flow Is Unchecked in Venezuela," *New York Times*, July 27, 2012.

¹⁴¹ Antonio Maria Delgado, "Cables: Chávez Betrayed the FARC to Appease Generals," *Miami Herald*, March 9, 2012.

¹⁴² Jim Wyss, "Alleged Venezuelan Kingpin Raises Stakes for U.S. Prosecutors," *Miami Herald*, April 4, 2011.

government of the Netherlands to release Carvajal, and concern about credible reports that the Venezuelan government threatened Aruba and the Netherlands to gain Carvajal's releases. Press reports alleged that Venezuela threatened Aruba economically and militarily. After Carvajal's arrest, Federal indictments against him in Miami and New York were unsealed detailing allegations of his involvement in cocaine trafficking with Colombian narcotics traffickers.¹⁴³

On a positive note, there has been increased counternarcotics cooperation between Venezuela and Colombia since 2010 under the government of Colombian President Juan Manuel Santos, with several top Colombian drug traffickers arrested in Venezuela. For example, in July 2012, Venezuela deported to Colombia Diego Pérez Henao, the alleged leader of a Colombian paramilitary group involved in cocaine trafficking known as "Los Rastrojos." In November 2012, Venezuela deported alleged drug traffickers Jorge Milton Cifuentes Villa, Eduardo Acosta Mejia, and most significantly, Daniel Barrera (also known as "El Loco"). Barrera, who had been captured in September, reportedly was based in Venezuela since 2008 overseeing the flow of drugs from Colombia through Venezuela to outside markets; he had been on the U.S. Treasury Department's drug kingpin list (Specially Designated Narcotics Trafficker) since March 2010, and was indicted in September 2011 for cocaine trafficking to the United States.¹⁴⁴ The arrest of Barrera, who ultimately was extradited to the United States from Colombia in July 2013, reportedly resulted from cooperation among law enforcement and intelligence officials from Colombia, Venezuela, Britain, and the United States.¹⁴⁵ In another case in May 2013, Venezuela deported to Colombia three alleged drug traffickers that were part of the criminal group known as "Los Urabeños" involved in drug trafficking and kidnapping.

On September 17, 2014, Assistant Secretary of State for International Narcotics Affairs and Law Enforcement Affairs, William Brownfield, acknowledged that Venezuela had made serious efforts to control narcotics trafficking in its territory for over a year.¹⁴⁶ Just two days earlier, however, on September 15, President Obama had issued the tenth annual presidential determination that Venezuela had failed demonstrably during the past 12 months to adhere to their obligations under international counternarcotics agreements.

State Department 2014 INCSR Report

In its March 2014 *International Narcotics Control Strategy Report* (INCSR), the State Department contended that Venezuela was one of the most frequently used trafficking routes for the transit of illicit drugs out of South America, especially cocaine, because of the country's porous border with Colombia, weak judicial system, sporadic international counternarcotics cooperation, and permissive and corrupt environment. According to the report, "the vast majority of suspected narcotics trafficking flights departing South America originate from Venezuela, typically from states bordering Colombia." The State Department maintained that Venezuelan authorities do not effectively prosecute drug traffickers, in part due to corruption, but also noted that "Venezuelan law enforcement officers lack the equipment, training, and resources required to inhibit the operations of major drug-trafficking organizations."

¹⁴³ U.S. Department of State, Daily Press Briefing, July 28, 2014; Kejal Vyas and Juan Forero, "U.S. Indicts Three Top Ex-Venezuelan Officials," *Wall Street Journal*, July 25, 2014; Kejal Vyas and Jose de Cordoba, "Aruba Says Venezuela Pressured it Militarily," *Wall Street Journal*, July 29, 2014; and William Neuman, "Venezuelan Officers Tied to Colombia Traffickers," *New York Times*, July 29, 2014.

¹⁴⁴ U.S. Drug Enforcement Administration, "Three High-Level Colombian Narcotics Traffickers Indicted," September 12, 2011, available at <http://www.justice.gov/dea/divisions/mia/2011/mia091211.shtml>.

¹⁴⁵ William Neuman and Jenny Carolina Gonzalez, "Unlikely Joint Effort by U.S. and Venezuela Leads to a Drug Lord's Arrest," *New York Times*, September 23, 2012.

¹⁴⁶ "U.S. Official: Venezuela Fighting Drug Trafficking," *Associated Press*, September 17, 2014; "Funcionario de EEUU Destaca 'Esfuerzos Serios' de Venezuela Contra Narcotráfico," *Agence France Presse*, September 17, 2014.

According to the INCSR, the vast majority of the illicit drugs transiting Venezuela were reported to be destined for the Eastern Caribbean, Central America, United States, Western Africa, and Europe. Colombian drug trafficking organizations were reported to facilitate drug transshipment through Venezuela, and media reports indicated that some Venezuelan military and law enforcement personnel directly assisted these operations. The report also noted that media reports indicated that Mexican drug trafficking organizations, including the Sinaloa Cartel and Los Zetas, operate in the country.

The State Department report noted that there has been limited bilateral counternarcotics cooperation since 2005, but that in 2013 Venezuelan and U.S. counternarcotics authorities increased regular cooperation and some case-by-case cooperation on seizures. Because of such cooperation, Venezuelan authorities seized more than 12 metric tons of cocaine and 17 private aircraft. As in prior years, the State Department maintained in the 2014 INCSR that “the United States remains committed to cooperating with Venezuela to counter the flow of cocaine and other illegal drugs transiting Venezuelan territory.”

The State Department reiterated that cooperation could be deepened by Venezuela’s signing of the outstanding addendum to the 1978 bilateral counternarcotics MOU that was negotiated in 2005. It also called for Venezuela to permit more Venezuelan law enforcement personnel to participate in U.S. counternarcotics training programs. According to the INCSR, “such cooperative activities could increase the exchange of information and ultimately lead to more drug-related arrests, help dismantle organized criminal networks, aid in the prosecution of criminals engaged in narcotics trafficking, and stem the flow of illicit drugs transiting through Venezuela.”

Source: U.S. Department of State, *International Narcotics Control Strategy Report*, Volume I Drug and Chemical Control, March 2014, see the Venezuela chapter at: <http://www.state.gov/j/inl/rls/nrcrpt/2014/vol1/223094.htm>.

Terrorism Issues

U.S. officials have expressed concerns over the past several years about Venezuela’s lack of cooperation on antiterrorism efforts, President Hugo Chávez’s past sympathetic statements for Colombian terrorist groups, and Venezuela’s relations with Iran. Since May 2006, the Secretary of State has made an annual determination that Venezuela has not been “cooperating fully with United States antiterrorism efforts” pursuant to Section 40A of the Arms Export Control Act (AECA). The most recent determination was made in May 2014.¹⁴⁷ As a result, the United States imposed an arms embargo on Venezuela in 2006, which ended all U.S. commercial arms sales and retransfers to Venezuela. (Other countries currently on the Section 40A list include Cuba, Eritrea, Iran, North Korea, and Syria, not to be confused with the “state sponsors of terrorism” list under Section 6(j) of the Export Administration Act of 1979.) The United States also has imposed various sanctions on Venezuelan individuals and companies for supporting the FARC, Iran, and Hezbollah. The State Department’s *Country Reports on Terrorism 2013* issued in April 2014 (hereafter referred to as the “terrorism report”), stated that “there were credible reports that Venezuela maintained a permissive environment that allowed for support of activities that benefited known terrorist groups.”¹⁴⁸

Colombian Terrorist Groups

Two leftist Colombian guerrilla groups—the FARC and the National Liberation Army (ELN)—have long been reported to have a presence in Venezuelan territory. The United States has imposed sanctions on several current and former Venezuelan government and military officials

¹⁴⁷ Department of State, “Determination and Certification Under Section 40A of the Arms Export Control Act,” 79 *Federal Register* 32357, June 4, 2014.

¹⁴⁸ U.S. Department of State, *Country Reports on Terrorism 2013*, Chapter 2, Western Hemisphere Overview, April 30, 2014, available at <http://www.state.gov/j/ct/rls/crt/2013/224825.htm>

for providing support to the FARC with weapons and drug trafficking (see “Counternarcotics Issues”). As described in the State Department’s 2010 terrorism report, the previous Colombian government of President Álvaro Uribe publicly accused the Venezuelan government several times of harboring members of the FARC and ELN in its territory.¹⁴⁹ In July 2010, the Uribe government presented evidence at the OAS of FARC training camps in Venezuela. In response, Venezuela suspended diplomatic relations on July 22, 2010. Yet less than three weeks later, new Colombian President Juan Manuel Santos met with Venezuelan President Chávez and the two leaders agreed to reestablish diplomatic relations and to improve military patrols along their common border.

Since then, Venezuelan-Colombian relations on border security have improved. Venezuela has captured and returned to Colombia several members of the FARC and ELN. Nevertheless, as noted in the State Department’s 2013 terrorism report, the FARC and ELN use Venezuela for incursions into Colombia and Venezuelan territory is used for safe haven, with individuals linked to both the FARC and ELN present in the country. Moreover, the terrorism report noted that Venezuela has taken no action against senior Venezuelan government officials sanctioned by the U.S. Treasury Department for directly supporting the narcotics and arms trafficking activities of the FARC. Colombian peace talks with the FARC officially have been ongoing since October 2012 and have made significant progress. President Chávez had been highly supportive of the peace talks, and President Maduro has continued Venezuela’s support. (For additional information, see CRS Report R42982, *Peace Talks in Colombia*, by June S. Beittel.)

Relations with Iran¹⁵⁰

Over the past several years, there has been concern among policy makers about Iran’s growing interest and activities in Latin America, particularly its relations with Venezuela, although there has been disagreement over the extent and significance of Iran’s relations with the region. The 112th Congress approved the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220) in December 2012 that required the Secretary of State to conduct an assessment within 180 days of the “threats posed to the United States by Iran’s growing presence and activity in the Western Hemisphere” and a strategy to address these threats.

On June 27, 2013, the State Department submitted its required report to Congress pursuant to P.L. 112-220. The State Department maintained in the unclassified portion of the report that “Iranian influence in Latin America and the Caribbean is waning” because of U.S. diplomatic outreach, the strengthening of allies’ capacity to disrupt illicit Iranian activity, international nonproliferation efforts, a strong sanctions policy, and Iran’s poor management of its foreign relations. The report also stated that current U.S., European Union, and U.N. Security Council sanctions have limited the economic relationship between the region and Iran.¹⁵¹ The State Department’s 2013 *Country Reports on Terrorism* (issued in April 2014) stated that “Iran’s influence in the Western Hemisphere remained a concern,” but also noted that “due to strong sanctions imposed on the

¹⁴⁹ U.S. Department of State, *Country Reports on Terrorism 2010*, August 18, 2011, available at <http://www.state.gov/jct/rls/crt/2010/index.htm>.

¹⁵⁰ For further background on Iran’s expanded relations with Latin America, see CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel. Also see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

¹⁵¹ U.S. Department of State, “Annex A, Unclassified Summary of Policy Recommendations,” included in report to Congress required by the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220), June 2013.

country by both the United States and the EU, Iran has been unable to expand its economic and political ties in Latin America.” As noted above, the report also maintained that under President Maduro, Venezuela has maintained the economic, financial, and diplomatic cooperation with Iran established under Chávez.

The personal relationship between Chávez and Iranian President Mahmoud Ahmadinejad (2005-2013) drove the strengthening of bilateral ties in recent years, although Iran’s ties to the region predate that relationship. Venezuela and Iran signed numerous accords over the past decade, including agreements on construction projects (including housing, agricultural and food plants, and corn processing plants), car and tractor factories, energy initiatives (including petrochemicals and oil exploration in the Orinoco region of Venezuela), banking programs, and nanotechnology. A major rationale for this increased focus on Latin America has been Iran’s efforts to overcome its international isolation and to circumvent international sanctions.

Venezuela also has played a key role in the development of Iran’s expanding relations with other countries in the region. This outreach has largely focused on leftist governments—Bolivia, Ecuador, and Nicaragua—that share the goal of reducing U.S. influence in the region. While Iran has promised significant assistance and investment to these countries, observers maintain that there is little evidence that such promises have been fulfilled. In a July 2012 press interview, President Obama expressed general concern about “Iran engaging in destabilizing activity around the globe,” but indicated that his “sense is that what Mr. Chávez has done over the past several years has not had a serious national security impact on us.”¹⁵²

In March 2013, the current SOUTHCOM head, General John Kelly, testified before the House and Senate Armed Services Committees that “Iran is struggling to maintain influence in the region,” and that “its efforts to cooperate with a small set of countries with interests that are inimical to the United States are waning.” According to General Kelly, while “the Iranian regime has increased its diplomatic and economic outreach across the region with nations like Venezuela, Bolivia, Ecuador, and Argentina,” the “outreach has only been marginally successful ... and the region as a whole has not been receptive to Iranian efforts.”¹⁵³

Some critics maintain that the State Department is playing down the threat posed by Iran in the region, while other observers contend that although Iran’s involvement in the region is a concern, its level and significance are being exaggerated. In the aftermath of President Chávez’s death and the departure of Ahmadinejad from office, many analysts contend that Iranian relations with the region have diminished. Current Iranian President Hassan Rouhani, who took office in August 2013, campaigned as a pragmatist seeking to reduce Iran’s international isolation, and his government has not placed a priority on relations with those Latin American nations that Ahmadinejad had cultivated as allies. Nevertheless, some observers contend that Iran has increased its diplomatic and cultural presence in the region to an extent that it could stay active there.

¹⁵² “The Situation Room,” Transcript, *CNN*, July 11, 2012; and Patricia Massei and Erika Bolstad, “Mitt Romney, GOP Howl Over President Barack Obama’s Remark About Hugo Chávez,” *Miami Herald*, July 11, 2012.

¹⁵³ General John F. Kelly, Commander, United States Southern Command, Posture Statement, Senate Armed Services Committee, March 19, 2013, available at <http://www.armed-services.senate.gov/statemnt/2013/03%20March/Kelly%2003-19-13.pdf>.

Venezuela Sanctions Related to Iran

The United States has imposed sanctions on three Venezuelan companies because of their alleged support for Iran, and also has imposed sanctions on Venezuelan individuals because of their support for Hezbollah, which is supported by Iran.

- In August 2008, the State Department imposed sanctions on the Venezuelan Military Industries Company (CAVIM) pursuant to the Iran, North Korea, and Syria Nonproliferation Act (P.L. 109-353) for allegedly violating a ban on technology that could assist Iran in the development of weapons systems. The sanctions, which prohibit any U.S. government procurement or assistance to the company, were renewed in May 2011 and in February 2013.¹⁵⁴
- In October 2008, the U.S. Treasury Department imposed sanctions on an Iranian-owned bank based in Caracas, the Banco Internacional de Desarrollo, C.A., under Executive Order 13382 that allows the President to block the assets of proliferators of weapons of mass destruction and their supporters. The bank is linked to the Export Development Bank of Iran (EDBI), which the Treasury Department asserts has provided or attempted to provide services to Iran's Ministry of Defense and Armed Forces Logistics.¹⁵⁵
- In May 2011, the United States imposed sanctions on Venezuela's state oil company, PdVSA, pursuant to the Comprehensive Iran Sanctions, Accountability, and Disinvestment Act of 2010 (P.L. 111-195), because the company provided \$50 million worth of reformate, an additive used in gasoline, to Iran between December 2010 and March 2011. Specifically, the State Department imposed three sanctions on PdVSA to prohibit it from competing for U.S. government procurement contracts, securing financing from the Export-Import Bank, and obtaining U.S. export licenses. The sanctions specifically exclude PdVSA subsidiaries (Citgo) and do not prohibit the export of oil to the United States.¹⁵⁶
- With regard to Hezbollah, in June 2008, the Treasury Department imposed sanctions on two Venezuelans—Ghazi Nasr al Din (a Venezuelan diplomat serving in Lebanon) and Fawzi Kan'an—for providing financial and other support to the radical group. U.S. citizens are prohibited from engaging in any transactions with the two Venezuelans, including any business with two travel agencies in Caracas owned by Kan'an.¹⁵⁷ In June 2012, the Treasury Department sanctioned three dual Lebanese-Venezuelan citizens and a Venezuelan company for involvement in the Lebanese Ayman Joumaa drug money laundering network that has links to Hezbollah.¹⁵⁸

¹⁵⁴ Although the sanction became effective in August 2008, it was not published in the *Federal Register* until October 2008. See *Federal Register*, pp. 63226-63227, October 23, 2008, pp. 30986-30987, May 27, 2011, and pp. 9768-9769, February 11, 2013.

¹⁵⁵ U.S. Department of the Treasury, Press Release, "Export Development Bank of Iran Designated as a Proliferator," October 22, 2008.

¹⁵⁶ U.S. Department of State, "Seven Companies Sanctioned Under the Amended Iran Sanctions Act," Fact Sheet, May 24, 2011.

¹⁵⁷ "Treasury Targets Hizballah in Venezuela," *States News Service*, June 18, 2008.

¹⁵⁸ U.S. Department of the Treasury, "Treasury Targets Major Money Laundering Network Linked to Drug Trafficker Ayman Joumaa and a Key Hizballah Supporter in South America," Press Release, June 27, 2012, available at (continued...)

Outlook

In 2014, the government of President Nicolás Maduro is confronting its most significant challenges to date. The government faces a contracting economy, shortages of consumer goods, high inflation, and an oil sector that has been in decline because of underinvestment and mismanagement. The high level of violent crime, with Venezuela having one of the highest murder rates in the world, is also a major challenge that has eroded government support. At least 42 people were killed and more than 800 injured in student-led street protests in the first half of the year. Venezuela's heavy-handed approach in suppressing the protests, which has been criticized by international human rights groups, focused international attention on the continued polarization in the country between government and opposition supporters and the need for meaningful dialogue. After diplomatic efforts were frustrated at the OAS in March 2014, attention turned to the efforts of UNASUR. While several rounds of talks were held beginning in April, the opposition MUD suspended its participation in May because of lack of progress and UNASUR foreign ministers were unable to restart the dialogue.

The prospects for continued social unrest are high given the likelihood that the country's poor economic situation and high crime rates are continuing. (The October 1, 2014 murder of National Assembly Deputy Robert Serra in his home along with his partner highlighted the continued plague of violent crime in Venezuela.) The country's next legislative elections are not due until September 2015, a recall referendum for President Maduro is not possible until 2016, and the next presidential election is not due until December 2018.

Just as under the Chávez government, U.S. relations with Venezuela under the Maduro government have remained strained. The Obama Administration has stated on numerous occasions that it is open to engagement with Venezuela, focusing on such areas as anti-drug and counterterrorism efforts. The Maduro government has largely rebuffed attempts to improve relations, although bilateral cooperation on anti-drug efforts increased in 2013. With the onset of street protests in 2014, the Obama Administration strongly criticized the Venezuelan government for its harsh response, called on it to engage in meaningful dialogue with the opposition, and expressed support for the UNASUR mediation process. In late July 2014, however, the Administration imposed visa restrictions against a number of Venezuelan officials responsible for, or complicit in, human rights abuses against protestors.

In response to the situation in Venezuela, Congress approved two resolutions (H.Res. 488 in the House and S.Res. 365 in the Senate) deploring the Venezuelan government's use of violence against protestors and calling for dialogue. The House also approved legislation (H.R. 4587) on May 28, 2014, that would imposed targeted sanctions (asset blocking and visa restrictions) against those individuals responsible for human rights violations, while the Senate Foreign Relations Committee approved sanctions legislation (S. 2142) on May 20. While the bills are not identical and have numerous contrasting provisions, they both include provisions providing presidential waiver authority for the targeted sanctions.

The Administration maintains that it already has the authority to impose such sanctions and that it would consider the use of targeted sanctions in the future if it became clear that a genuine

(...continued)

<http://www.treasury.gov/press-center/press-releases/Pages/tg1624.aspx>

dialogue was not possible. As noted above, the Administration took action in late July to impose visa restrictions on Venezuelan officials deemed to be responsible for or complicit in human rights abuses, but it has not imposed any sanctions blocking the assets of such individuals.

As Members of Congress further consider the passage of legislation imposing targeted sanctions in Venezuela for human rights purposes, they might consider a number of questions, including the potential effect of the sanctions efforts to resolve the political conflict in Venezuela, the likelihood that the sanctions will improve the human rights situation in the country, the views of opposition leaders and democracy and human rights activists in Venezuela, and the views of Latin American nations and regional organizations (for more, see “Congressional Response to the 2014 Protests” above).

Legislative Initiatives in the 113th Congress

Approved

P.L. 113-76 (H.R. 3547). Consolidated Appropriations Act, 2014. Signed into law January 17, 2014. The Administration requested \$5 million in Economic Support Funds for Venezuela democracy and human rights projects, and ultimately an estimated \$4.3 million in appropriations is being provided. In addition, the Senate Appropriations Committee State Department and foreign operations bill reported in July 2013, S. 1372 (S.Rept. 113-81), had recommended \$3 million in funding for the National Endowment for Democracy (NED) for projects in Venezuela, Bolivia, and Ecuador combined. The joint explanatory statement to the FY2014 omnibus measure, P.L. 113-76, stated that federal agencies should comply with the allocations contained in the Senate and House Appropriations Committee reported bills and their reports unless specifically directed to the contrary. (Joint explanatory statement available from the House Committee on Rules, <http://rules.house.gov/bill/113/hr-3547-sa>.)

S.Res. 213 (Menendez). Introduced August 1, 2013; marked up and reported favorably by the Senate Committee on Foreign Relations September 30, 2013; Senate approved, amended, October 4, 2013, by unanimous consent. Expresses support for the free and peaceful exercise of representative democracy in Venezuela, condemns violence and intimidation against the country’s political opposition, and calls for dialogue between all political actors in the country.

H.Res. 488 (Ros-Lehtinen). Introduced and referred to the House Committee on Foreign Affairs on February 25, 2014; marked up by the Subcommittee on the Western Hemisphere February 28, 2014. House approved (393-1) March 4, 2014. As passed by the House, the resolution (1) supports the people of Venezuela in their pursuit of freedom of expression and freedom of assembly to promote democratic principles in Venezuela; (2) deplors acts which constitute a disregard for the rule of law, the inexcusable violence perpetrated against opposition leaders and protestors, and the growing efforts to use politically motivated criminal charges to intimidate the country political opposition; (3) urges responsible nations throughout the international community to stand in solidarity with the people of Venezuela and to actively encourage a process of dialogue between the Venezuelan government and the political opposition to end the violence; (4) urges the Department of State to work in concert with other countries in the Americas to take meaningful steps to ensure that basic fundamental freedoms in Venezuela are in accordance with the Inter-American Democratic Charter and to strengthen the ability of the OAS to respond to the erosion of democratic norms and institutions in Venezuela; (5) urges the OAS

and its Inter-American Commission on Human Rights to utilize its good offices and all mechanisms at its disposal to seek the most effective way to expeditiously end the violence in Venezuela in accordance with the Inter-American Democratic Charter; and (6) supports efforts by international and multilateral organizations to urge the Venezuelan government to adopt measures to guarantee the rights to life, humane treatment, and security, and the political freedoms of assembly, association, and expression to all of the people of Venezuela.

S.Res. 365 (Menendez). Introduced February 27, 2014; reported by the Committee on Foreign Relations March 11, 2014, without a written report. Senate approved by unanimous consent March 12, 2014. As approved, the resolution (1) reaffirms U.S. support for the people of Venezuela in their pursuit of the free exercise of representative democracy as guaranteed by the Venezuelan constitution and defined under the Inter-American Democratic Charter of the OAS; (2) deplores the use of excessive and unlawful force against peaceful protestors and the use of violence and politically motivated criminal charges to intimidate the country's political opposition; (3) calls on the Venezuelan government to disarm the "*colectivos*" and any other government-affiliated or supported militias or vigilante groups; (4) calls on the Venezuela government to allow an impartial, third-party investigation into the excessive and unlawful force against peaceful demonstrations on multiple occasions since February 4, 2014; (5) urges the President to immediately impose targeted sanctions, including visa bans and asset freezes, against individuals planning, facilitating, or perpetrating gross human rights violations against peaceful demonstrators, journalists, and other members of civil society in Venezuela; and (6) calls for the U.S. government to work with other countries in the hemisphere to actively encourage a process of dialogue between the Venezuelan government and the political opposition through the good offices of the OAS so that the voices of all Venezuelans can be taken into account through their country's constitutional institutions as well as free and fair elections.

Active Sanctions Legislation

H.R. 4587 (Ros-Lehtinen). Venezuelan Human Rights and Democracy Protection Act. Introduced May 7, 2014; referred to the Committee on Foreign Affairs and to the Committee on the Judiciary. House Committee on Foreign Affairs marked up and ordered the amended bill to be reported by voice vote on May 9, 2014. House approved by voice vote May 28, 2014.

Among the significant policy provisions of the bill:

- Section 5 would require the President to impose sanctions (asset blocking and visa restrictions) on any person, including a current or former Venezuelan government official, that the President determines has perpetrated or is responsible for ordering, controlling, or otherwise directing significant acts of violence or serious human rights abuses against individuals participating in protests in Venezuela that began February 12, 2014; has directed or ordered the arrest or prosecution of a person primarily because of the person's legitimate exercise of expression or assembly in relation to the protests; has knowingly materially assisted, sponsored, or provided significant financial, material, or technological support for, or goods or services in support of the acts just described; or has engaged in censorship against individuals or media outlets disseminating information in relation to the protests. This section includes a presidential waiver for U.S. national security interests or if conditions in Venezuela have improved with regard to respect for peaceful protests and basic human rights.

- Section 6 would require the President within 90 days to transmit to the appropriate congressional committees a list of persons who the President determines knowingly transfers or facilitates the transfer of good or technologies (including firearms or ammunition, rubber bullets, police batons, pepper or chemical sprays, stun grenades, electroshock weapons, tear gas, water cannons, or surveillance technology; or sensitive technology, meaning hardware, software telecommunications equipment, or any technology that the President determines is to be used specifically to restrict the free flow of unbiased information in Venezuela or to disrupt, monitor, or restrict speech of the people of Venezuela) that the President determines are likely to be used by the Venezuelan government or any person on behalf of the Venezuelan government to commit serious human rights abuses. The President would be required to impose sanctions (asset blocking and visa restrictions) with respect to each person on the list, although the President may waive the application of the sanctions section if he determines it is in the national security interests of the United States or if conditions in Venezuela have improved with regard to respect for peaceful protests and basic human rights.
- Section 7 would require the Secretary of State to submit a comprehensive strategy to promote Internet freedom and access to information to the House Committee on Foreign Affairs and the Senate Committee on Foreign Relations.
- Section 8 would require the Secretary of State to submit to the same two committees a comprehensive strategy to encourage Venezuela to abide by the principles enshrined in the Inter-American Democratic Charter.
- Section 10 would authorize not less than \$5 million to USAID for FY2015 to provide assistance to civil society in Venezuela (the same amount requested by the Administration).
- Section 11 would provide for the sunset of the law two years after enactment.

S. 2142 (Menendez). Venezuela Defense of Human Rights and Civil Society Act of 2014. Introduced March 13, 2014; referred to the Committee on Foreign Relations. The Senate Foreign Relations considered and ordered the bill reported, amended, on May 20, 2014 by voice vote, although Senators Corker and Udall asked to be recorded as voting no (S.Rept. 113-175).

Among the significant policy provisions of the Senate bill, as reported out of committee, are:

- Section 5 would impose sanctions (asset blocking and visa restrictions) against any person, including a current or former Venezuelan government official or a person acting on behalf of that government, that the President determines (1) has perpetrated or is responsible for ordering, controlling, or otherwise directing, significant acts of violence or serious human rights abuses in Venezuela associated with antigovernment protests that began on February 4, 2014; (2) has directed or ordered the arrest or prosecution of a person because of the person's exercise of freedom of expression or assembly; or (3) has materially assisted, sponsored, or provided significant financial, material, or technological support for, or goods or services in support of, the actions just described in (1) and (2). The bill includes, in Section 5(c), a presidential waiver of the sanctions if the President determines that it is in the national security interests of the United

States and, when or before the waiver takes effect, submits a notice and justification to four congressional committees.

- Section 6 would authorize \$15 million in FY2015 for the Secretary of State to carry out activities in support of civil society in Venezuela, directly or indirectly through nongovernmental organizations for a range of activities, including to “strengthen the organizational and operational capacity of democratic civil society in Venezuela” and “provide support for democratic organizing and election monitoring in Venezuela.”

Other Legislative Initiatives

H.R. 1687 (Ros-Lehtinen). Countering ALBA Act of 2013. Would, among other provisions, provide for the imposition of visa and financial sanctions against certain listed officials of four governments belonging to the Bolivarian Alliance for the Americas (ALBA)—Bolivia, Ecuador, Nicaragua, and Venezuela. Introduced April 23, 2013; referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Ways and Means, and the Judiciary.

H.R. 944 (Garcia). Venezuelan Liberty Act. Would provide for the adjustment to permanent resident status of a national of Venezuela who has maintained a required physical presence in the United States during the period beginning on February 2, 1999, and ending on March 4, 2013, who during such period, applied for asylum and was placed in exclusion, deportation, or removal proceedings. Introduced March 4, 2013; referred to the House Committee on the Judiciary.

H.R. 4229 (Ros-Lehtinen). Venezuelan Liberty and Democratic Solidarity Act. As introduced, the measure would, among other provisions, impose sanctions (visa restrictions, freezing of assets, and prohibition of financial transactions) on officials of the Venezuelan government or working on behalf of the Venezuelan government who the President determines are responsible for or complicit in serious human rights abuses committed against citizens of Venezuela or their family members (Section 5); impose sanctions on persons who the President determines are engaged in the transfer of goods or technologies to Venezuela that are likely to be used to commit serious human rights abuses (Section 6); impose sanctions with respect to persons who the President determines engage in censorship or other related activities (Section 7); call for the United States to reduce petroleum imports from Venezuela in order to prevent its leader from using the profits from the sale of petroleum to fund oppression and human rights violations (Section 8); require the Secretary of State to submit to the appropriate congressional committees a comprehensive strategy to promote Internet freedom and access to information (Section 9); require the Secretary of State to submit to the appropriate congressional committees to ensure that the government of Venezuela will uphold democratic principles (Section 10); and authorize \$3 million that had been authorized to be appropriated in Ecuador for environmental programs to be made available for assistance to civil society in Venezuela (Section 12). Introduced March 13, 2014; referred to the Committee on Foreign Affairs and addition to the Committees on the Judiciary, Ways and Means, and Financial Services. This bill was superseded by H.R. 4587 discussed above.

H.R. 5013 (Granger)/ S. 2499 (Leahy). FY2015 Department of State, Foreign Operations, and Related Programs Appropriations Act. H.R. 5013 introduced and reported (H.Rept. 113-499) by the House Committee on Appropriations June 27, 2014. S. 2499 introduced and reported (S.Rept. 113-195) June 19, 2014. The report to the House bill would provide a total of \$8 million for

democracy promotion in Venezuela, \$3 million above the Administration's request. The report to the Senate bill would recommend \$3 million in National Endowment for Democracy funding for Venezuela, Bolivia, and Ecuador combined.

Appendix A. Links to U.S. Government Reports

U.S. Relations with Venezuela, Fact Sheet, State Department

Date: December 2, 2013

Full Text: <http://www.state.gov/r/pa/ei/bgn/35766.htm>

Congressional Budget Justification, Department of State, Foreign Operations and Related Programs, FY2015, State Department

Date: March 4, 2014

Full Text: <http://www.state.gov/documents/organization/222898.pdf>

Congressional Budget Justification for Foreign Operations FY2015, Annex3: Regional Perspectives (p. 708), State Department

Date: April 18, 2014

Full Text: <http://www.state.gov/documents/organization/224070.pdf>

Country Reports on Human Rights Practices 2013, Venezuela, State Department

Date: February 27, 2014

Full Text: <http://www.state.gov/documents/organization/220689.pdf>

Country Reports on Terrorism 2013 (Western Hemisphere Overview), State Department

Date: April 2014

Full Text: <http://www.state.gov/j/ct/rls/crt/2013/224825.htm>

Doing Business in Venezuela: 2013 Country Commercial Guide for U.S. Companies, Commerce Department

Date: 2013

Full Text: http://www.buyusainfo.net/docs/x_7857292.pdf

International Religious Freedom Report for 2013, Venezuela, State Department

Date: July 2014

Full Text: <http://www.state.gov/j/drl/rls/irf/religiousfreedom/index.htm?year=2013&dliid=222415>

International Narcotics Control Strategy Report 2014, Vol. I, State Department

Date: March 2014

Full Text: <http://www.state.gov/j/inl/rls/nrcrpt/2014/vol1/223094.htm>

International Narcotics Control Strategy Report 2014, Vol. II, State Department

Date: March 2014

Full Text: <http://www.state.gov/j/inl/rls/nrcrpt/2014/vol2/222957.htm>

Investment Climate Statement, 2014, Venezuela, State Department

Date: June 2014

Full Text: <http://www.state.gov/e/eb/rls/othr/ics/2014/229093.htm>

National Trade Estimate Report on Foreign Trade Barriers 2014, Office of the United States Trade Representative

Date: March 31, 2014

Full Text:

<http://www.ustr.gov/sites/default/files/2014%20NTE%20Report%20on%20FTB%20Venezuela.pdf>

Trafficking in Persons Report 2014, State Department

Date: June 20, 2014

Full Text: <http://www.state.gov/j/tip/rls/tiprpt/countries/2014/226847.htm>

Appendix B. Earlier Developments in 2013 and 2014

On June 5, 2014, a Venezuelan judge ruled that the case against imprisoned opposition leader Leopoldo López would go forward, and that López would remain in prison until trial, reportedly scheduled to take place in August.

On June 3, 2014, OAS Secretary General José Miguel Insulza, speaking at the OAS General Assembly session in Paraguay, expressed concern that the UNASUR-sponsored dialogue was not making headway, but reiterated that dialogue was the only way to resolve the situation.

On May 28, 2014, the House approved by voice vote H.R. 4587 (Ros-Lehtinen), a bill that, among other provisions, would impose targeted sanctions (visa restrictions and asset blocking) on individuals involved in carrying out human rights violations in Venezuela associated with the protests that began in February. The measure had been marked up and reported out of the House Foreign Affairs Committee by voice vote on May 9.

On May 21, 2014, Secretary of State Kerry stated that “there has just been a total failure by the government of Venezuela to demonstrate good-faith actions to implement those things that they agreed to do approximately a month ago.” He said that “our hope is that sanctions will not be necessary,” but indicated that “all options remain on the table.”

On May 20, 2014, the Senate Foreign Relations Committee considered and reported, with amendments, S. 2142 (Menendez), a measure introduced in March that would, among other provisions, impose targeted sanctions (asset blocking and visa restrictions) on individuals in Venezuela responsible for human rights violations associated with protests that began in February. The measure was reported favorably by voice vote, although Senators Corker and Udall asked to be recorded as voting no.

On May 20, 2014, the UNASUR foreign ministers of Brazil, Colombia, and Ecuador departed Venezuela after attempting to revive the government-opposition dialogue. The foreign ministers and the papal nuncio to Venezuela called on both sides to go back to the negotiating table. UNASUR subsequently issued a statement on May 23 rejecting unilateral sanctions imposed on Venezuelan officials as violating the principle of nonintervention and negatively affecting prospects for dialogue.

On May 13, 2014, the Secretary General of the Democratic Unity Roundtable announced that the opposition was suspending its participation in the government/opposition talks until the government takes actions to demonstrate its commitment to the process.

On May 8, 2014, the Senate Committee on Foreign Relations held a hearing on Venezuela, “Assessing Venezuela’s Political Crisis: Human Rights Violations and Beyond,” featuring State Department witnesses who contended that the imposition of sanctions at this time would be counterproductive.

On May 8, 2014, security forces dismantled four student protest camps, arresting some 240 students. Another 100 students were arrested on May 14.

On May 5, 2014, Human Rights Watch issued a report documenting cases involving more than 150 victims in which Venezuelan security forces allegedly abused the rights of protestors and others in the vicinity of demonstrations.

On April 10, 2014, representatives of the Venezuelan government and a major segment of the political opposition participated in a nearly six-hour meeting, televised nationwide, which was monitored by the foreign ministers of Brazil, Colombia, and Ecuador and the Vatican's diplomatic envoy to Venezuela. The talks resulted from the diplomatic efforts of UNASUR.

On May 9, 2014, the House Foreign Affairs Committee marked up and reported out H.R. 4587 (Ros-Lehtinen) by voice vote, a bill that would impose targeted sanctions on Venezuela.

On April 1, 2014, Amnesty International released a report documenting allegations of human rights violations in the context of the protests.

On March 21, 2014, the Permanent Council of the Organization of American States rejected Panama's attempt to raise the issue of the situation in Venezuela and voted to close the session to the press. Panama had made Venezuelan opposition leader Maria Corina Machado a temporary member of Panama's delegation with the intention of speaking about the situation in Venezuela, but this was rejected by the Permanent Council. Machado was stripped of her seat in Venezuela's National Assembly because she accepted Panama's invitation to address the OAS.

On March 12, 2014, the Senate approved by unanimous consent S.Res. 365 (Menendez), which deplored the violent repression of peaceful demonstrations, called for full accountability for human rights violations, and urged the President to impose targeted sanctions (including visa bans and asset freezes) against those responsible for gross human rights violations against peaceful demonstrators, journalists, and other members of civil society.

On March 4, 2014, the House approved (393-1) an amended version of H.Res. 488 (Ros-Lehtinen) "supporting the people of Venezuela as they protest peacefully for democracy, a reduction in violent crime and calling for an end to recent violence."

On March 3, 2014, the State Department released its 2014 *International Narcotics Control Strategy Report*. According to the report, while there has been limited bilateral counternarcotics cooperation with Venezuela since 2005, regular cooperation increased in 2013 along with case-by-case cooperation on drug seizures.

On February 27, 2014, the State Department issued its 2013 human rights report. The report maintained that Venezuela's "principal human rights abuses reported during the year included corruption, politicization in the judicial system, and government actions to impede freedom of expression and restrict freedom of the press."

On February 21, 2014, Secretary of State Kerry called "on the Venezuelan government to step back from its efforts to stifle dissent through force and respect human rights."

On February 18, 2014, Venezuelan authorities arrested Leopoldo López, an opposition leader who supported the protests, and charged him with arson, damage to property, and criminal incitement.

On February 17, 2014, Venezuela announced that it was expelling three U.S. diplomats, accusing them of organizing and financing protesting university students. The State Department asserted that Venezuela's allegations were baseless and responded by expelling three Venezuelan diplomats on February 25.

On February 15, 2014, Secretary of State Kerry issued a statement "condemning" the violence and urging "all parties to work to restore calm and refrain from violence." He called on "the

Venezuelan government to provide the political space necessary for meaningful dialogue with the Venezuelan people and release detained protestors.”

On February 12, 2014, three people were killed when a large student-led demonstration held in Caracas was met with violence by Venezuelan security forces and militant pro-government groups known as “*colectivos*.”

On December 8, 2013, Venezuela held municipal elections that demonstrated mixed results for the ruling United Socialist Party of Venezuela (PSUV) and the opposition Democratic Unity Roundtable (MUD); while the PSUV and its allies won over 70% of mayoral positions, the MUD won many in major cities.

On November 19, 2013, Venezuela’s National Assembly approved an enabling law giving President Maduro decree powers over the next year. Maduro said he would use the power to take action against corruption and to address the country’s economic problems.

On October 4, 2013, the Senate approved S.Res. 213, expressing support for the free and peaceful exercise of representative democracy in Venezuela, condemning violence and intimidation against the country’s political opposition, and calling for dialogue among all political actors.

On September 13, 2013, President Obama issued the ninth annual U.S. determination that Venezuela had “failed demonstrably” to meet its obligations under international counternarcotics agreements.

On September 13, 2013, Amnesty International (AI) issued an urgent action appeal for human rights activist Luis Rafael Escobar Ugas, detained since March 2001, who reportedly was tortured and threatened.

On September 10, 2013, Venezuela’s withdrawal from the American Convention on Human Rights and the Inter-American Court of Human Rights became official. The action was criticized by Venezuelan and international human rights groups and the United Nations.

On September 3, 2013, an electricity outage left almost 70% of Venezuela without power for several hours. President Maduro blamed the outage on sabotage while opposition leader Henrique Capriles maintained that the government’s incompetence was to blame.

On August 21, 2013, the U.S. Treasury Department sanctioned a former captain in Venezuela’s National Guard, Vassyly Kotosky Villarroel Ramirez, for his role in international narcotics trafficking in both Colombia and Venezuela.

On August 2, 2013, Venezuela’s Supreme Court rejected two legal challenges to the April 2013 presidential elections alleging irregularities and calling for the election to be nullified.

On August 1, 2013, S.Res. 213 (Menendez) was introduced and referred to the Senate Foreign Relations Committee. The resolution expresses support for the free and peaceful exercise of representative democracy in Venezuela and condemns violence and intimidation against the country’s political opposition.

On July 19, 2013, Venezuela announced that it was halting efforts to improve relations in response to comments by the Obama Administration’s nominee for U.N. Ambassador, Samantha

Power, that she would contest the “crackdown on civil society being carried out in countries like Cuba, Russia, Iran, and Venezuela.”

On July 6, 2013, President Maduro publicly offered political asylum to Edward Snowden, accused of leaking classified information regarding National Security Agency programs.

On June 27, 2013, the State Department submitted a required report to Congress pursuant to the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220). The State Department maintained in the report that “Iranian influence in Latin America and the Caribbean is waning.” There have been concerns in Congress for several years about Venezuela’s increasing relations with Iran.

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