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Venezuela: Political Crisis and U.S. Policy

Venezuela, under the authoritarian rule of Nicolás Maduro, remains in a deep economic and humanitarian crisis worsened by the Coronavirus Disease 2019 (COVID-19) pandemic. Maduro has consolidated power over all of Venezuela's institutions since his 2013 election after the death of President Hugo Chávez (1999-2013). Maduro's United Socialist Party of Venezuela (PSUV) took control of the National Assembly, the last independent branch of government, in January 2021. The PSUV and allies won 19 of 23 gubernatorial elections in flawed November elections.

Maduro has quashed dissent and resisted international pressure to step down since his reelection in a 2018 presidential vote that was widely condemned as fraudulent. Support for opposition leader Juan Guaidó, the former National Assembly president once regarded as interim president by nearly 60 other countries, has dissipated, although the Biden Administration continues to recognize Guaidó's government, partially to prevent Venezuelan assets abroad from coming under Maduro's control. Administration officials nevertheless met with Maduro in early March 2022, reportedly to discuss U.S. citizens illegally detained in Venezuela, restarting stalled negotiations with the opposition, and energy issues.

Political Situation

Maduro has used security forces, buoyed by corrupt courts, to quash dissent. His government has rewarded allies, particularly in the security forces, by allowing them to earn income from illegal gold mining, drug trafficking, and other illicit activities. Those forces have detained and abused Maduro's opponents, including military officers, opposition politicians, and civic leaders. As of March 2022, the government had imprisoned 241 political prisoners, according to Foro Penal, a Venezuelan human rights group. The U.N. Office of the High Commissioner for Human Rights has documented, and the International Criminal Court is investigating, extrajudicial killings and other crimes against humanity committed by Venezuela's security forces.

The Venezuelan opposition has been weak and divided, with many of its leaders in exile. Guaidó challenged Maduro's authority in 2019, but Guaidó's support has since faded. After Norway-led negotiations stalled in mid-2019, the Maduro government persecuted Guaidó's supporters.

In April 2021, Guaidó called on opposition parties, labor and civic groups, and business leaders to form a Unity Platform to negotiate with Maduro officials. The Unity Platform seeks better human rights, humanitarian, and electoral conditions; Maduro's team seeks sanctions relief and international recognition. Mediated by Norway, the negotiations began in Mexico in September 2021, but Maduro suspended them after the United States extradited a

top ally, Alex Saab, from Cape Verde to stand trial for money laundering. After the meeting with U.S. officials, Maduro released two unjustly imprisoned Americans and pledged to restart negotiations with the opposition. Even if negotiations restart, it is unclear whether Maduro will make significant concessions without U.S. sanctions relief.

Economic and Humanitarian Crisis

By most accounts, Maduro's government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in oil prices and production. The International Monetary Fund estimates the economy contracted by 74% from 2014 to 2020 and by 5% in 2021. Hyperinflation has abated, and higher oil prices appear to be driving a nascent economic recovery.

Despite that progress, shortages in food and medicine, declines in purchasing power, and a collapse of social services have created a humanitarian crisis. According to the National Survey of Living Conditions (ENCOVI), a May 2021 survey by a group of Venezuelan universities, 94% of Venezuelans live in poverty, with 77% in extreme poverty, and 60% experience moderate to severe food insecurity. In April 2021, the Maduro government allowed the World Food Program to launch a school lunch program. Health indicators, particularly infant and maternal mortality rates, have worsened. Violent clashes between illegally armed groups along the Venezuela-Colombia border have complicated humanitarian relief efforts in that region.

According to data from Johns Hopkins University (JHU), Venezuela reported 5,679 deaths from COVID-19 (as of March 28, 2022), but experts maintain the actual number is much higher. The pandemic has strained Venezuela's hollowed-out health system. According to JHU, 50.1% of Venezuelans were fully vaccinated as of March 28. Venezuela has used Russian and Cuban vaccines and has received Chinese vaccines both bilaterally and through the COVID-19 Vaccines Global Access (COVAX) Facility.

As of February 2022, U.N. agencies estimated 6.1 million Venezuelans had left the country (with 26.9 million remaining). Some 5 million of these migrants fled to other Latin American and Caribbean countries. Migrants have faced obstacles keeping jobs and accessing health care during the pandemic; they are vulnerable to human trafficking and other abuses. In 2021, Colombia and Peru began granting temporary protected status to Venezuelans.

International Response

The international community is divided on policies toward Venezuela, hindering the effectiveness of efforts to restore democratic processes. The United States has encouraged other countries to sanction Maduro officials, hold the Maduro government responsible for human rights abuses,

and provide humanitarian aid to Venezuelans. The United States, European Union (EU), Canada, and 11 Western Hemisphere countries have imposed targeted sanctions and travel bans on Maduro officials. The United Kingdom and some Western Hemisphere countries still recognize Guaidó as interim president, although EU countries have not since January 2021. The EU, Canada, and the United States have issued joint statements, including in February 2022, pledging to review sanctions if negotiations yield improved conditions for the Venezuelan people.

Other countries, including China, Russia, Cuba, Turkey, and Iran, support Maduro. Russia has supported the oil industry in Venezuela, helped Venezuela skirt U.S. sanctions, and sent military personnel and equipment to the country. Sanctions on Russia following its invasion of Ukraine have inhibited Maduro's ability to access assets in Russian banks. China continues to purchase Venezuelan oil and has provided surveillance equipment and other technology. Turkey has purchased Venezuela's illegally mined gold. Since May 2020, Iran has shipped gasoline to Venezuela in exchange for gold.

U.S. Policy

The U.S. government ceased recognizing Maduro as Venezuela's legitimate president in January 2019. The Trump Administration discussed using military force in Venezuela but ultimately sought to compel Maduro to leave office through diplomatic, economic, and legal pressure. The Biden Administration has maintained a similar policy toward Venezuela, although the March 2022 talks noted above could signal a policy shift.

Biden officials have sought to support the Venezuelan people while engaging in multilateral diplomacy to press for a return to democracy and hold corrupt and abusive Maduro officials accountable. On March 8, 2021, the Biden Administration designated Venezuela as a beneficiary country for temporary protected status (TPS). In 2021, Biden Administration officials reviewed and maintained U.S. sanctions on Venezuela. Should negotiations advance, the Administration could provide some sanctions relief (e.g. allowing Chevron to resume joint ventures with *Petróleos de Venezuela* [PdVSA] to export oil to U.S. refineries).

Sanctions and Indictments. Sanctions are key parts of U.S. policy toward Venezuela. They include the following:

- **Individual sanctions** for terrorism, drug trafficking, antidemocratic actions, human rights violations, or corruption (see Executive Order [E.O.] 13692; P.L. 113-278; P.L. 114-194)
- **Financial sanctions** restricting access to U.S. financial markets by the Maduro government and state oil company PdVSA (E.O. 13808); prohibiting transactions using cryptocurrency issued by the Maduro government (E.O. 13827); and prohibiting the purchase of Venezuelan debt (E.O. 13835)
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's central bank, and the state gold mining company, among other entities (E.O. 13850)

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

In March 2020, the Department of Justice indicted Maduro and 14 top officials for narco-terrorism, drug trafficking, and other crimes. U.S. agencies have worked with partner countries to combat drug trafficking, money laundering, and illicit mining in Venezuela. In December 2021, the Treasury Department designated two Revolutionary Armed Forces of Colombia (FARC) dissident groups that operate in Venezuela as foreign terrorist organizations.

U.S. Assistance. The United States is providing assistance and helping coordinate the regional response to the Venezuelan migration crisis. From FY2017 to FY2021, the United States provided \$1.65 billion in humanitarian aid to Venezuela and countries sheltering Venezuelans. Over that period, U.S. democracy, development, and health support related to the Venezuela crisis totaled some \$323 million.

Congressional Action. In March 2022, Congress enacted the FY2022 Consolidated Appropriations Act (P.L. 117-103), which includes \$40 million for democracy programs in Venezuela (\$10 million less than the Administration requested; \$7 million more than the FY2021 estimated allocation). In addition, the act directs U.S. agencies to continue providing support to other countries hosting Venezuelan migrants and refugees. The report to the House appropriations bill approved in July 2021, H.Rept. 117-84, requires a report on how the U.S. government can repatriate illegally stolen assets to the people of Venezuela. Looking ahead, Congress faces consideration of the Biden Administration's FY2023 request of \$55 million for Venezuela. That figure includes \$50 million for democracy programs and \$5 million for health programs (the same level allocated by the Administration in FY2021).

Oversight has focused on the Biden Administration's approach to sanctions, negotiations, and humanitarian relief. Many Members of Congress praised the March 2021 designation of TPS for Venezuela. Although some in Congress support continued pressure on the Maduro government, others favor a more targeted approach, arguing that broad sanctions have hurt the Venezuelan people. Similarly, whereas some Members of Congress expressed support for U.S. talks with Maduro, others opposed engagement with the Maduro regime. Opponents of U.S.-Venezuela energy talks introduced legislation that would prohibit U.S. imports of Venezuelan oil (H.R. 6942, H.R. 7012, H.R. 7023, H.R. 7207, S. 3798).

Among other bills, H.R. 6539 and S. 688 (reported by the Senate Homeland Security and Governmental Affairs Committee in March 2021) would prohibit contracting with persons who do business with the Maduro regime.

See also CRS Report R44841, *Venezuela: Background and U.S. Relations*; CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*.

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