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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 after flawed parliamentary elections in December 2020; the PSUV and allies also won 19 of 23 gubernatorial races in November 2021 state-level elections.

Maduro has quashed dissent and resisted U.S. and international pressure to step down since his reelection in a 2018 presidential vote widely condemned as fraudulent. Domestic and international support for opposition leader Juan Guaidó, the former National Assembly president once regarded as interim president by nearly 60 other countries, has dissipated. 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 March and June 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 August 24, 2022, the government had imprisoned 244 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 grave crimes 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 for the 2024 presidential elections; Maduro's team seeks relief from U.S. sanctions 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 March 2022 meeting with U.S. officials, Maduro released two unjustly imprisoned Americans and pledged to restart negotiations but has not done so. 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 production. Between 2014 and 2021, Venezuela's economy contracted by 80%, according to estimates by the International Monetary Fund (IMF). According to a February 2021 Government Accountability Office report, sanctions imposed by the United States in response to Maduro's authoritarian actions, particularly sanctions targeting Venezuela's oil industry, contributed to the economic crisis. Since 2021, hyperinflation has abated and higher oil prices driven by Russia's invasion of Ukraine appear to be driving a nascent economic recovery.

Nevertheless, shortages in food and medicine, declines in purchasing power, and a collapse of social services have created a humanitarian crisis. According to the 2022 U.N. Global Humanitarian Overview, some 7 million Venezuelans are in need of humanitarian assistance. 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 5,796 deaths from COVID-19 (as of late August 2022), but experts maintain the actual number is much higher. The pandemic has strained Venezuela's hollowed-out health system. According to JHU, 50.2% of Venezuelans were fully vaccinated as of August 2022. 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 August 2022, U.N. agencies estimated 6.8 million Venezuelans had left the country (with 26.9 million remaining). Some 5.8 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. 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 a few Western Hemisphere countries still recognize Guaidó as interim president. The EU, Canada, and the United States have issued joint statements, including most recently in February 2022, pledging to review sanctions if negotiations yield improved conditions for the Venezuelan people. On the other hand, Colombia, long a staunch Guaidó supporter, has restored diplomatic relations with the Maduro government under leftist President Gustavo Petro, who took office on August 7. Petro backs a negotiated solution to the Venezuela crisis.

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. Venezuela hosted Russia-backed military exercises in July 2022 that included forces from China and Iran. 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, and the countries signed a 20-year economic cooperation agreement in July 2022.

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 initially maintained a similar policy toward Venezuela, although the March 2022 talks noted above signaled a policy shift. Biden officials are considering how potential U.S. sanctions relief could incentivize Maduro to negotiate a path toward free and fair elections. In July 2022, the Administration announced an 18-month extension of the temporary protected status first announced for Venezuelans in March 2021.

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 has been providing assistance and helping coordinate the regional response to the Venezuelan migration crisis. From FY2017 to FY2022, the United States provided \$1.94 billion in humanitarian aid to Venezuela and countries sheltering Venezuelans. U.S. democracy, development, and health support for the Venezuela crisis totaled \$323 million through FY2021 (the last year complete figures are available).

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 (\$7 million more than the FY2021 allocation). The act directs U.S. agencies to continue providing support to other countries hosting Venezuelans. The explanatory statement directs USAID to address violence against Venezuelan women and child migrants and requires a report on how the U.S. government can repatriate illegally stolen assets to the people of Venezuela.

Congress is considering the Administration's FY2023 request of \$55 million for Venezuela. The FY2023 State and Foreign Operations appropriations bill reported by the House Appropriations Committee (H.R. 8282) would provide \$50 million in funds for Venezuela, including democracy funding. The Senate Appropriations Committee's version, S. 4662, would provide \$40 million.

Oversight has focused on the Administration's approach to sanctions and negotiations. While some in Congress support continued pressure on the Maduro government, others assert that broad sanctions have hurt the Venezuelan people. Whereas some Members of Congress expressed support for U.S. talks with Maduro, others opposed those talks and 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. H.R. 6539 and S. 1417 would establish a fund to help repatriate frozen Venezuelan assets in the United States to the Venezuelan people.

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

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