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Venezuela: Political Conditions and U.S. Policy

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Summary

An oil-exporting South American nation with a population of about 25 million, Venezuela has been wracked by several years of political turmoil under the rule of President Hugo Chavez who was first elected in 1998. Under Chavez, Venezuela has undergone enormous political changes, with a new constitution in place, a new unicameral legislature, and even a new name for the country, the Bolivarian Republic of Venezuela. Chavez was re-elected President with a new six-year term in July 2000 under the new constitution. Although President Chavez remained widely popular until mid-2001, his popularity has eroded considerably since then amid concerns that he is imposing a leftist agenda on the country and that his government has been ineffective in improving living conditions. In April 2002, massive opposition protests and pressure by the military led to the ouster of Chavez from power for a brief period. However, the military ultimately restored him to power. Political opposition to Chavez's rule continued after his return to office. From early December 2002 until early February 2003, the opposition orchestrated a general strike that severely curtailed Venezuela's oil exports and disrupted the economy but was unsuccessful in getting President Chavez to agree to an early non-binding referendum on his rule or new elections.

After months of negotiations facilitated by the Organization of American States (OAS) and the Carter Center, the government of Hugo Chavez and the political opposition signed an agreement in May 2003 that set forth mechanisms to resolve the political crisis, including the possibility of holding a binding presidential recall referendum pursuant to constitutional provisions. Political polarization between supporters and opponents of President Chavez has hampered implementation of the accord. Nevertheless, Venezuela's National Electoral Council (CNE) has scheduled a presidential recall referendum for August 15, 2004. To recall President Chavez, the number of votes cast against him must exceed the number that he received when last elected in 2000 (3.75 million). If Chavez is recalled, then new presidential elections will be held within 30 days. Whether President Chavez will be allowed to run for re-election is uncertain, but most observers believe that the Supreme Court will rule that he is eligible.

The United States has traditionally had close relations with Venezuela, but there has been friction in relations with the Chavez government. The Bush Administration has expressed strong support for the work of the OAS in resolving the crisis, welcomed the May 2003 political accord, and supports its implementation. A dilemma for U.S. policymakers is how to press the Chavez government to adhere to democratic principles without taking sides in Venezuela's polarized political conflict. Since Venezuela is a major supplier of foreign oil to the United States (the fourth major foreign supplier in 2003, after Saudi Arabia, Canada, and Mexico), a key U.S. interest has been ensuring the continued flow of oil exports at a reasonable and stable price. There also have been long-held suspicions that Chavez has supported leftist Colombian guerrillas, although he denies such support.

This report will be updated periodically to reflect major developments.

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Political Situation

Background

With his election as President in December 1998, Hugo Chavez began to transform Venezuela's political system. The watershed election, in which former coup leader Chavez received 56% of the vote (16% more than his closest rival), illustrated Venezuelans' rejection of the country's two traditional parties, Democratic Action (AD) and the Social Christian party (COPEI), that had dominated Venezuelan politics for much of the past 40 years. Elected to a five-year term, Chavez was the candidate of the Patriotic Pole, a left-leaning coalition of 15 parties, with Chavez's own Fifth Republic Movement (MVR) the main party in the coalition.

Most observers attribute Chavez'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; Chavez asserted that the system in place allowed a small elite class to dominate Congress and that revenues from the state-run oil company, Petroleos de Venezuela (PdVSA), had been wasted.

Chavez Biography

Hugo Chavez Frias was born on July 28, 1954, in a small farming town in the western Venezuelan state of Barinas. The son of school teachers, Chavez was a 1975 graduate of Venezuela's Military Academy. He reached the rank of lieutenant colonel by 1990. In February 1992, Chavez led an unsuccessful attempt to overthrow the government of President Carlos Andres Perez. He was imprisoned for two years for the coup attempt before being pardoned. Chavez founded the nationalistic and left-leaning Bolivarian Revolutionary Movement in 1982 while in the military, which was later transformed into the Fifth Republic Movement in the 1998 elections when Chavez was first elected president.

Source: Current Leaders of Nations, Gale Group. May 20, 2004.

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 Chavez 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.¹ 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 macro-economy began to improve in 1997, a rapid decline in the price of oil brought about a deep recession beginning in 1998.

Under President Chavez, Venezuela has undergone enormous political changes, with a new constitution in place and even a new name for the country, the Bolivarian Republic of Venezuela, named after the 19th century South American liberator Simon Bolivar, whom Chavez often invokes. 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 Chavez. The new document revamped political institutions, eliminating the Senate and establishing a unicameral National Assembly, and expanded the presidential term of office from five to six years, with the possibility of immediate re-election 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 Chavez easily won election to a new six-year term, capturing about 60% of the vote while his opponent, fellow former coup leader Francisco Arias, received 38%; Chavez's term will expire in January 2007. Chavez's Patriotic Pole coalition also captured 14 of 23 governorships and a majority of seats in the National Assembly.

From the outset, critics have raised concerns about Chavez and his government. They fear that he is moving toward authoritarian rule and point to his domination of most government institutions. Some argue that Chavez has replaced the country's multiparty democracy with a political system that revolves around himself, in essence a cult of personality; others point to Chavez's open admiration of Fidel Castro and close relations with Cuba as a disturbing sign. Other observers express concern about the increased role of the military in the government, with Chavez appointing dozens of retired and active duty officers to key positions, as well as the mobilization of thousands of army reservists for social projects. Still other critics of Chavez believe that he is trying to politicize the educational system by making changes to school curriculums. They fear Chavez's call for his followers to form political cells in schools, hospitals, and businesses in order to support his revolution and believe that such groups, known as Bolivarian circles, could mirror Cuba's controversial neighborhood committees.²

¹ For example, see M. Delal Baer, "Revenge of the Venezuelan Dinosaurs," *Wall Street Journal*, June 18, 1993.

² For example, see William S. Prillman, "The Castro in Caracas: Venezuelan Strongman Hugo Chavez, in Fidel's Image," *National Review*, April 3, 2003; Stephen Johnson, "Venezuela Erupting," *National Review*, March 5, 2004.

Chavez's Brief Ouster in April 2002

Although President Chavez remained widely popular until mid-2001, his standing eroded considerably after that, amid concerns that he was imposing a leftist agenda on the country and that his government was ineffective in improving living conditions in Venezuela. In late 2001 and early 2002, opposition to Chavez's rule grew into a broad coalition of political parties, unions, and business leaders. Trade union opposition became stronger amid the President's attempt to replace the Venezuelan Workers Confederation (CTV) with a pro-government union. President Chavez's own Fifth Republic Movement also became plagued with internal dissent.

In April 2002, massive opposition protests and pressure by the military led to the ouster of Chavez from power for a brief period. However, he ultimately was restored to power by the military. Chavez was ousted from office on April 11, 2002, after protests by hundreds of thousands of Venezuelans and the death of at least 18 people. Venezuelan military leaders expressed outrage at the massacre of unarmed civilians and blamed President Chavez and his supporters. On April 12, Pedro Carmona of the country's largest business association — the Federation of Associations and Chambers of Commerce and Industry (Fedecamaras) — proclaimed himself interim president, but Carmona quickly lost the support of the military when he took such hardline measures as dismantling the National Assembly, firing the Supreme Court, and suspending the Constitution. Carmona stepped down just a day after he took office, paving the way for Chavez's return to power early in the morning of April 14. The interim government's hardline policies as well as strong support in the streets from Chavez supporters convinced military commanders to back Chavez's return. Moreover, some military factions had continued to support Chavez during his ouster.

Continued Opposition and Strike in 2002 and 2003

After Chavez's return to power, some 40 disparate opposition groups united in a coalition known as the Democratic Coordinator (CD) in an effort to remove Chavez from office, focusing on efforts to hold him accountable for the death of civilian protestors in April 2002 and to push for a national referendum on his presidency. The CD demanded a non-binding referendum on Chavez's rule in early February 2003, which they believed would force the President to resign, but Venezuela's Supreme Court ruled against holding such a referendum. President Chavez maintained that, according to the constitution (Article 72), a binding referendum on his rule could take place after the halfway point of his term, which would occur in August 2003.

From early December 2002 until early February 2003, the CD orchestrated a general strike that severely curtailed Venezuela's oil exports and disrupted the economy but was unsuccessful in getting President Chavez to agree to an early non-binding referendum on his rule or new elections. At various junctures, there were violent clashes between Chavez supporters and the opposition, resulting in several deaths. The Chavez government responded to the oil sector strike by firing 13,000-

16,000 PdVSA employees. The six-week strike contributed to a sharp contraction of the national economy by almost 9% in 2002 and 9.2% in 2003.³

August 2004 Presidential Recall Referendum

After months of negotiations facilitated by the OAS and the Carter Center, the government of Hugo Chavez and the opposition signed an agreement on May 29, 2003, that set forth mechanisms to help resolve the political crisis. Implementation of the accord has been difficult at times and hampered by political polarization between supporters and opponents of President Chavez. Nevertheless, Venezuela's National Electoral Council (CNE) announced on June 8, 2004, that a presidential recall referendum is scheduled for August 15, 2004.

For a recall referendum to take place, the constitution required a petition signed by 20% of registered voters (which means 2.4 million signatures out of a registry of 12.3 million). Petition signatures were collected during a four-day period beginning in late November 2003, but on March 2, 2004, the CNE ruled that there were only 1.83 million valid signatures supporting a presidential recall referendum. The CNE subsequently updated this to 1.91 million valid signatures, with almost 1.2 million signatures that could be valid if individuals confirmed their signatures in a *reparo* or "repair" period. This meant that about 525,000 signatures of those under review would need to be validated for a referendum to be required. The CNE's announcement that there were not yet enough valid signatures for a referendum prompted strong opposition protests, but the opposition ultimately agreed to participate in a repair period that was held May 27-31, 2004, in more than 2,600 centers around the country. About 100 observers from the OAS and the Carter Center monitored the repair period; President Carter reported that the overall process was peaceful and orderly, although he did note some initial concern about the temporary suspension of the CNE's tabulation process.⁴

On June 3, 2004, the CNE announced that enough signatures had been secured for a recall referendum, and subsequently scheduled the referendum for August 15. The date of the referendum is significant because under the constitution, if it were held after August 19 (one year after the half-way point of Chavez's term) and Chavez lost the referendum, then Vice President Jose Vicente Rangel (a Chavez ally) would serve the remainder of the President's term through early 2007.

Under the constitution, in order for President Chavez to be recalled, the number of votes cast against him must exceed the number that Chavez received when last elected in July 2000 (3.75 million). If Chavez is recalled, new presidential elections will be held within 30 days. Whether President Chavez will be allowed to run for re-election is uncertain, but most observers believe that the Supreme Court would rule that he is eligible to run.

³ Economist Intelligence Unit, "Venezuela Country Report," June 2004.

⁴ "President Carter's Trip Report on Venezuela, May 29-June 1, 2004," The Carter Center, June 4, 2004.

One of the problems that has plagued the opposition is that it has not had a well organized or coherent political coalition. As a result, it could be difficult for the opposition to present a single candidate who could defeat Chavez in new elections, assuming that he is permitted to run. Nevertheless, in early July 2004, the Democratic Coordinator coalition unveiled a "Consensus Country Plan" focusing on reconciliation and reconstruction. The platform covered such areas as job creation, enhanced security, and health and education improvements. Whether the plan will be able to engender support for the recall of President Chavez is uncertain.

Public opinion polls by various survey firms have yielded significantly different results, with estimates of those who would vote to recall Chavez ranging from 41-57%. A June 2004 poll by Datanálisis, a Venezuelan research firm, showed that 57% of Venezuelans would vote to recall President Chavez, while another poll in June by the U.S.-based Greenberg, Quinlan, Rosner Research firm found that only 44% would vote to recall the president.⁵ Another poll by North American Opinion Research Inc. published in early July 2004 showed that 41% would vote to recall Chavez, compared to 57% favoring the president.⁶

Some analysts maintain that the recall referendum will not necessarily resolve Venezuela's political conflict, which has been fueled by high levels of political polarization between supporters and opponents of President Chavez. According to this view, dialogue, inclusion, and the advancement of national reconciliation will be the keys needed to alleviate political conflict in the country, regardless of who wins the referendum.⁷

Human Rights Concerns

There have been increasing concerns expressed by international human rights organizations about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela under the Chavez government.

The Inter-American Commission on Human Rights (IACHR) issued a report in March 2004 expressing concerns about growing concentration of power in the executive branch of government, the tendency to militarize public administration, attacks and intimidation against human rights activists and organizations, the government's tendency to confront and disparage the political opposition and its constant attacks on journalists and the media. While Venezuela has vigorous print and electronic media, the IACHR report maintained that draft legislation on social responsibility in radio and television could severely constrain the full exercise of freedom of expression.

Other groups such as the Committee for the Protection of Journalists and Reporters Without Borders have expressed concerns about President Chavez's

⁵ "Battle of the Polls is Engaged," *Latin American Weekly Report*, July 6, 2004.

⁶ "Venezuela's Recall Referendum," *BBC Worldwide Monitoring*, July 8, 2004.

⁷ For example, see Marifeli Pérez-Stable, "Venezuela: Only Dialogue Can Restore Shattered Trust," *Miami Herald*, June 10, 2004.

condemnation of Venezuela's private press and attacks against journalists during street protests. Human Rights Watch issued a public letter to President Chavez documenting the use of torture and excessive force against protestors that occurred in late February and early March. Amnesty International issued a report in May 2004 criticizing the Venezuelan security forces' excessive use of force and the ill-treatment and torture of detainees.

Observers also have expressed concern about legislation approved by the National Assembly to enlarge Venezuela's Supreme Justice Tribunal from 20 to 32 justices and giving the Assembly the power to dismiss judges with a simple majority vote. Some fear that this amounts to an effort by President Chavez to stack the court with his supporters and to influence the court in potential future rulings related to the recall referendum.

Economic Conditions

Venezuela's major economic sector is petroleum, which accounts for one-third of its gross domestic product and 80% of exports. While the country is classified by the World Bank as an upper middle income developing country because of its relatively high per capita income of \$4,080 (2002), economic conditions in the country have deteriorated over the past decade. The percentage of Venezuelans living in poverty (income of less than \$2 a day) increased from 12.2% to 23.8% of the population between 1991 and 2000.⁸ Over the past two years, the country's political instability and polarization between the government and the opposition have contributed to a poor investment climate, capital flight, and declines in GDP. The national strike orchestrated by the opposition from late 2002 to early 2003 contributed to a contraction of the national economy by almost 9% in 2002 and 9.2% in 2003. The forecast for 2004 and 2005 is for growth rates of 9.8% and 2.6% respectively, because of increased government expenditures, although even these growth rates would still leave per capita income levels 19% lower than in 1998.⁹

U.S. Policy

Although the United States has traditionally had close relations with Venezuela, characterized by an important trade and investment relationship and cooperation in combating the production and transit of illegal narcotics, there has been friction and tension in relations with the Chavez government. In the aftermath of the September 11 terrorist attacks, U.S. officials became far less tolerant of President Chavez's anti-American rhetoric.

After Chavez's brief ouster in April 2002, the United States expressed solidarity with the Venezuelan people, commended the Venezuelan military for refusing to fire on peaceful demonstrators, and maintained that undemocratic actions committed or

⁸ World Bank, "Venezuela Country Brief," May 2003.

⁹ Economist Intelligence Unit, "Venezuela Country Report," June 2004.

encouraged by the Chavez administration provoked the political crisis.¹⁰ With Chavez's return to power, the United States called on President Chavez to heed the message sent by the Venezuelan people by correcting the course of his administration and "governing in a fully democratic manner."¹¹ In contrast, many Latin American nations condemned the overthrow of Chavez, labeling it a coup. Venezuelan allegations of U.S. involvement in the attempted overthrow of President Chavez have contributed to strained relations. U.S. officials have repeatedly rejected the charges that the United States was involved.¹² In the aftermath of Chavez's temporary ouster, the Department of State's Office of the Inspector General undertook a review of U.S. policy toward Venezuela and concluded that the Department of State had not played any role in President Chavez's overthrow.¹³

The Bush Administration has expressed strong support for the work of the OAS to bring about a resolution to the crisis. With U.S. support, the OAS approved a resolution on December 16, 2002, that rejected any attempt at a coup or interruption of the constitutional democratic order in Venezuela, fully supported the work of the Secretary General in facilitating dialogue, and urged the Venezuelan government and the Democratic Coordinator "to use good faith negotiations to bring about a constitutional, democratic, peaceful, and electoral solution..." Beginning in January 2003, the United States joined with five other nations — Brazil, Chile, Mexico, Spain, and Portugal, in establishing a group known as the "Friends of Venezuela" — to lend support to the OAS Secretary General's efforts. U.S. officials welcomed the May 2003 accord ultimately signed, and maintained that the United States would continue to work to facilitate a peaceful, constitutional, democratic, and electoral solution to Venezuela's political impasse.

Comments by Venezuelan and some U.S. officials have at times exacerbated tensions in the bilateral relationship. In the lead-up to the "repair" period held in late May 2004, Assistant Secretary of State for Western Hemisphere Affairs Roger Noriega maintained that it was already clear that "the requisite number of people supported the [recall] petition."¹⁴ Venezuelan Vice President Jose Vicente Rangel strongly criticized Noriega's statement as prejudging the outcome of the "repair" period. President Chavez, who has often used anti-American rhetoric to shore up his domestic support, maintains that President Bush will be his greatest rival in the recall

¹⁰ U.S. Dept. of State, "Venezuela: Change of Government," Press Statement, Apr. 12, 2002.

¹¹ U.S. Dept. of State, International Information Programs, "White House Calls on Venezuela's Chavez to Preserve Peace, Democracy," *Washington File*, Apr. 14, 2002.

¹² U.S. Dept. of State, International Information Programs, *Washington File*, "U.S. Again Rejects Charges of Meddling in Venezuelan Affairs," April 19, 2004.

¹³ U.S. Department of State and the Broadcasting Board of Governors, Office of Inspector General, "A Review of U.S. Policy Toward Venezuela November 2001 — April 2002," Report Number 02-OIG-003, July 2002.

¹⁴ David R. Sands, "U.S. Casts Wary Eye on Venezuela Vote; Action Promised if Vote is Rigged," *Washington Times*, May 26, 2004.

referendum, and that the United States would “govern” in Venezuela if the opposition wins the recall referendum and subsequent election.¹⁵

U.S. Funding for Democracy Projects

The United States provides funding for democracy projects in Venezuela through the National Endowment for Democracy (NED) (funded by the Commerce, Justice, and State appropriations measure) and through Economic Support Funds for democracy-related projects (funded through the Foreign Operations appropriations measure). The NED has been funding democracy projects for Venezuela since 1992, but has increased its funding over the past several years under the Chavez government. To date in FY2004, the NED has funded six Venezuela projects with \$589,000 while in FY2003, it funded 15 democracy projects with \$1.05 million. In previous years, the NED’s funding for Venezuela projects amounted to \$1.1 million in FY2002, \$877,000 in FY2001, \$258,000 in FY2000, and \$1.1 million in FY1999. ESF assistance for democracy-related projects in Venezuela amounted to \$470,000 in FY2003 and an estimated \$1.497 million in FY2004 (including \$1 million in reprogrammed funds to support political reconciliation). For FY2005, the Administration has requested \$500,000 in ESF assistance.

The Venezuelan government and some other critics have criticized NED’s funding of opposition groups.¹⁶ They maintain that the NED has funded groups headed by people involved in the overthrow of Chavez in April 2002 as well as a group, Súmate, involved in the signature collecting process for the recall referendum campaign. Critics argue that Súmate led the signature drive for the recall referendum, and question whether the NED should be funding such a group. More recently, President Chavez and other U.S. critics have maintained that the NED helped fund the Democratic Coordinator coalition’s “Country Consensus Plan” issued in early July 2004.¹⁷

U.S. officials have strongly defended the NED’s activities in Venezuela and have criticized the Venezuelan government’s efforts to intimidate the leaders of Súmate by charging them with conspiring against the government. Assistant Secretary of State for Western Hemisphere Affairs Roger Noriega maintains that “the Venezuelan governments efforts against Súmate are intended to intimidate and dissuade participation in the referendum process.”¹⁸

¹⁵ Alice M. Chacon, “Venezuelan President Says His Greatest Rival is George W. Bush,” *Associated Press*, June 12, 2004.

¹⁶ Testimony of Mark Weisbrot, Center for Economic and Policy Research, at a hearing of the Senate Foreign Relations Committee on “The State of Democracy in Venezuela,” June 24, 2004.

¹⁷ “Venezuela’s Opposition’s New ‘Consensus Plan’ Was Financed and Drafted by U.S.,” Eva Golinger, *Venezuelanalysis.com*, July 9, 2004.

¹⁸ U.S. Department of State, International Information Programs, “U.S. Official Outlines Challenges Facing Venezuela,” *Washington File*, June 24, 2004.

According to the NED, its program in Venezuela “focuses on promoting citizen participation in the political process, civil and political rights, freedom of expression and professional journalism, and conflict mediation.” The NED asserts that all of the Venezuelan programs that it funds operate on a non-partisan basis. It maintains that Súmate, which received a grant of \$53,400 in September 2003, mobilized a citizen campaign to monitor the signature collection process and that the money was used “in developing materials to educate citizens about the constitutional referendum process and to encourage citizens to participate.”¹⁹ NED officials also assert that they did not fund the Democratic Coordinator for the development of its July 2004 consensus platform. The NED points out that it did fund a consensus building project in 2002 for one of the NED’s core institutions, the Center for International Private Enterprise (CIPE). For the project, CIPE partnered with a Venezuelan group, the Center for the Dissemination of Economic Information (CEDICE) to work with several Venezuelan nongovernmental organizations and the business sector for the development of a broad-based consensus.²⁰

Oil Issues

Since Venezuela is a major supplier of foreign oil to the United States (the fourth major foreign supplier in 2003, after Saudi Arabia, Canada, and Mexico), a key U.S. interest has been ensuring the continued flow of oil exports at a reasonable and stable price. The December 2002 strike orchestrated by the opposition reduced Venezuela’s oil exports, but by May 2003, Venezuelan officials maintained that overall oil production had returned to the pre-strike level. Despite the friction in U.S.-Venezuelan relations and Venezuela’s opposition to the U.S. war in Iraq, the Chavez government announced before the military conflict that it would be a reliable wartime supplier of oil to the United States. At various junctures, Chavez has threatened to stop selling oil to the United States; in April 2004, he threatened to do so if the United States did not stop “intervening in Venezuela’s domestic affairs.”²¹ Many observers believe that Chavez’s threats are merely part of his rhetoric that is designed to divert attention from the country’s political crisis.

Counternarcotics

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. Cocaine seizures by the Venezuelan government increased significantly from 15 metric tons in 2002 to over 32 metric ton in 2003. Despite the friction in U.S.-Venezuelan relations, cooperation between the two countries at the law enforcement agency level continues to be excellent, according to the State Department’s 2003 *International Narcotics Control Strategy Report*. Venezuela has received small amounts of U.S. assistance under the Administration’s Andean Counterdrug Initiative: \$5 million in

¹⁹ National Endowment for Democracy, “NED Venezuela Programs FAQ,” available at [<http://www.ned.org/grants/venezuelaFacts.html>].

²⁰ Telephone conversation with NED official July 15, 2004; also see Andres Oppenheimer, U.S. Group’s Funds Aid Democracy, *Miami Herald*, July 15, 2004.

²¹ “Chavez Threatens to Halt Oil to U.S.,” *Miami Herald*, April 19, 2004.

FY2002; \$2.075 million in FY2003; an estimated \$5 million in FY2004; and a request of \$3 million for FY2005. ACI programs in Venezuela focus on counternarcotics cooperation and judicial reform support. (For further information, see CRS Report RL32337, *Andean Counterdrug Initiative (ACI) and Related Funding Programs: FY2005 Assistance*, by Connie Veillette.)

Concerns About Venezuela's Involvement in Latin America

There have been long-held suspicions that Chavez has supported leftist Colombian guerrillas, although Chavez denies such support. In the 108th Congress, the conference report (H.Rept. 108-401) on the FY2004 Consolidated Appropriations Act, H.R. 2673 (P.L. 108-199), requested the Secretary of State to provide (within 90 days of enactment and in a classified form if necessary) "a description of the extent to which, if any, the Government of Venezuela has supported or assisted groups designated as terrorist organizations in Colombia."²²

The State Department's April 2004 *Patterns of Global Terrorism* report maintains that the Revolutionary Armed Forces of Colombia (FARC) and the Colombian National Liberation Army (ELN) often cross into neighboring Venezuela, regarding it as a safehaven, and that weapons and ammunition continue flowing from Venezuelan suppliers to these guerrilla groups. The report also maintained, however, that "it is unclear to what extent the Government of Venezuela approves of or condones material support to Colombian terrorists and at what level."

Recent press reports assert that the lack of aggressive Venezuelan border patrols since Chavez took office has led to increased Colombian guerrilla movements.²³ In addition to Colombia, there have been concerns about President Chavez's close relationship with Cuba's Fidel Castro, and allegations that he has financed leftist groups in Ecuador and Bolivia; Chavez has denied such allegations.²⁴

Policy Approaches

A dilemma for U.S. policymakers is how to press the Chavez government to adhere to democratic principles without appearing to interfere in Venezuelan domestic affairs or taking sides in the country's polarized political conflict. The appearance of U.S. interference in Venezuela could result in increased popular support for the Chavez government, which has attempted to portray the opposition as supported by the U.S. government and to portray the United States as Venezuela's main adversary. As noted above, for the most part, the Bush Administration has worked through the OAS and the Carter Center to bring about a resolution to the

²² No such report has been submitted, according to the Department of State.

²³ Alfonso Chardy, "Fear of Violence Spreads Across Border; Reduced Patrols by Venezuelan Soldiers Along the Border with Colombia Have Led to Increased Kidnappings, Murders, and Incursions by Leftist Colombian Guerrillas," *Miami Herald*, June 15, 2004.

²⁴ Phil Gunson, "Chavez's 'Revolution' Seen as Different From Castro's," *Miami Herald*, June 13, 2004.

crisis. At the same time, U.S. officials have not refrained from criticizing the Chavez government on various occasions for its anti-democratic actions.

There are other schools of thought about the appropriate U.S. policy toward Venezuela. Some maintain that the United States should work to normalize relations with the Chavez government and ensure that no U.S. funding goes to any groups headed by individuals who participated in the April 2002 temporary ouster of President Chavez or to any partisan groups working to recall the president.²⁵ Others argue that the United States should do even more than it is doing now to increase the level of world attention to the upcoming referendum to ensure that it is conducted fairly. Another longer-term policy approach advocated by some is that the United States should work to address the circumstances that led to the rise to power of Chavez. This policy approach pertains not just to Venezuela, but to other countries in Latin America struggling with high levels of unemployment, crime, and political corruption.²⁶

Members of Congress have expressed concerns about the political situation in Venezuela. The Senate Foreign Relations Committee held hearing in June 2004 on the status of democracy in Venezuela and the upcoming recall referendum.²⁷ H.Res. 716, introduced by Representative Elton Gallegly on July 14, 2004, would, among other provisions, encourage Venezuelans to participate in a constitutional, peaceful, democratic, and electoral solution to the political crisis in Venezuela, and appeal to the Venezuelan government and the opposition to support a recall referendum vote that is free, fair, transparent, and in accordance with the Venezuelan Constitution. In a letter to President Chavez on July 12, 2004, the House International Relations Committee expressed serious concern about the treatment of the leaders of Súmate, a Venezuelan nongovernmental organization involved in voter education and electoral observation that received funding from the National Endowment of Democracy (see above for further discussion of Súmate).

²⁵ Testimony of Mark Weisbrot, Center for Economic and Policy Research, at a hearing of the Senate Foreign Relations Committee on “The State of Democracy in Venezuela,” June 24, 2004.

²⁶ Testimony of Miguel Diaz, Center for Strategic and International Studies, at a hearing of the Senate Foreign Relations Committee on the “The State of Democracy in Venezuela,” June 24, 2004.

²⁷ Senate Foreign Relations Committee, Subcommittee on Western Hemisphere, Peace Corps, and Narcotics Affairs, “The State of Democracy in Venezuela,” Hearing, June 24, 2004.

Figure 1. Map of Venezuela



Source: Map Resources. Adapted by CRS. (K.Yancey 7/15/04)