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Venezuela: Background and U.S. Relations

(name redacted)

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(name redacted)

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Summary

Venezuela is in the midst of a political crisis under the authoritarian rule of President Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Narrowly elected to a six-year term in 2013 following the death of populist President Hugo Chávez (1999-2013), Maduro is deeply unpopular. Nevertheless, he has used the courts, security forces, and electoral council to repress and divide the opposition, grouped in the Democratic Unity Roundtable (MUD) coalition.

From March through July 2017, protesters called for President Maduro to release political prisoners, respect the MUD-led National Assembly, and schedule elections. Security forces quashed protests, with more than 130 killed and thousands injured. Maduro then orchestrated the controversial July 2017 election of a National Constituent Assembly (ANC) to rewrite the constitution.

President Maduro has consolidated power over a divided opposition. The PSUV dominated gubernatorial and municipal elections held in 2017, although fraud likely occurred in both contests. In January 2018, the ANC called for presidential elections to be moved up from late 2018 (when they are customarily held) to April and barred many parties from participating. Most MUD parties are boycotting those elections, but Henri Falcón of the Progressive Advance (AP) party broke with the coalition to run against Maduro. After negotiations, the election was moved to May 20, 2018.

Venezuela also is experiencing a serious economic crisis, marked by rapid contraction of the economy, hyperinflation, and severe shortages of food and medicine. President Maduro has blamed U.S. sanctions and corruption for the country's economic problems, while distributing food to critical voter blocks, increasing military control over the economy, and launching a digital currency to try to evade U.S. sanctions. He maintains Venezuela will seek to restructure its debts, although that appears unlikely. The government and *Petróleos de Venezuela, S.A.* (PdVSA), the state oil company, defaulted on some bond payments in November 2017.

U.S. Policy

The United States historically has had close relations with Venezuela, a major U.S. foreign oil supplier, but friction in relations increased under the Chávez government and has intensified under the Maduro regime. For more than a decade, U.S. policymakers have had concerns about the deterioration of human rights and democratic conditions in Venezuela and the lack of bilateral cooperation on counternarcotics and counterterrorism efforts. U.S. funding and political support have bolstered civil society in Venezuela and Organization of American States (OAS) efforts to address the country's crisis.

As the situation in Venezuela has deteriorated, the Trump Administration has employed targeted sanctions against Venezuelan officials responsible for human rights violations, undermining democracy, and corruption. In August 2017, President Trump imposed economic sanctions that restrict the ability of the Venezuelan government and the PdVSA to access U.S. financial markets. Additional sanctions on Venezuela's oil sector are being considered but could hurt the Venezuelan people and U.S. economic interests.

Congressional Action

The 115th Congress has taken actions in response to the situation in Venezuela. In February 2017, the Senate approved S.Res. 35 (Cardin), which, among other provisions, expresses support for targeted sanctions, dialogue, and OAS efforts. In December 2017, the House passed H.R. 2658 (Engel), which would authorize humanitarian assistance for Venezuela (a similar Senate bill, S. 1018 [Cardin], was introduced in May 2017), and H.Res. 259 (DeSantis), which would urge the

Venezuelan government to hold open elections and accept humanitarian aid. Some Members of Congress have called for temporary protected status for Venezuelans in the United States (H.R. 2161 [Curbelo]). S.Res. 363 (Nelson), introduced in December 2017, expresses concern about the humanitarian crisis in Venezuela. S.Res. 414 (Durbin), introduced in February 2018, condemns the undemocratic practices of the Venezuelan government and calls for a free and fair electoral process.

Congress has appropriated funding to support democracy and human rights efforts in Venezuela (\$7 million in FY2017). The Trump Administration did not request FY2018 assistance. However, the House Appropriations Committee's FY2018 State Department and Foreign Operations appropriations bill, H.R. 3362 (H.Rept. 115-253), incorporated into H.R. 3354, recommends \$8 million. The Senate Appropriations Committee's version, S. 1780 (S.Rept. 115-152), recommends \$15 million. The Administration requested \$9 million in FY2019 assistance for Venezuela.

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Recent Developments

On March 8, 2018, Venezuelan opposition activists who recently joined with unionists and university professors and students to form a new movement, the Broad Front for a Free Venezuela, called for protests against the 2018 presidential elections scheduled for May (See “May 20, 2018 Elections,” below.)

On March 6, 2018, the United Nations (U.N.) High Commissioner for Human Rights said that his office had received credible reports of “hundreds of extra-judicial killings [committed by Venezuelan security forces] ... both during protests and security operations.” He urged the U.N. Human Rights Council to launch a Commission to investigate those reports. (See “Repression of Dissent amid Protests,” below.)

On March 1, 2018, Venezuela’s National Electoral Council (CNE) announced that the 2018 presidential elections would be postponed from April 22, 2018 (as previously announced), until May 20, 2018, and could be monitored by international observers. The Democratic Unity Roundtable (MUD) coalition is still boycotting the elections. (See “Maduro Consolidating Power Ahead of May 2018 Elections,” below.)

On February 27, 2018, Henri Falcón, former governor of the state of Lara and head of the Progressive Advance (AP) party, broke with the MUD coalition, which had announced an election boycott on February 22, by registering his presidential candidacy.

On February 21, 2018, three prominent Venezuelan universities released the 2017 national survey on living conditions in Venezuela. According to the survey, the percentage of Venezuelans living in poverty had increased from 48.4% in 2014 to 87% in 2017 (61.2 % of whom were living in extreme poverty). (See “Humanitarian Concerns,” below.)

On February 20, 2018, the Venezuelan government launched a digital currency known as the “petro” that is to be backed by its oil reserves as a way of trying to avoid U.S. sanctions. (See “Economic Crisis,” below.)

On February 12, 2018, U.S. prosecutors unsealed an indictment against five former executives in Venezuela’s energy ministry and the *Petróleos de Venezuela, S.A.* (PdVSA), the state oil company, accused of offering priority contracts in exchange for millions of dollars in bribes. (See “Energy Sector Concerns,” below.)

On February 4, 2018, Secretary of State Rex W. Tillerson held a press conference in Argentina in which he discussed the possibility of sanctioning Venezuela’s oil industry. (See “U.S. Policy,” below.)

On January 22, 2018, the European Union (EU) imposed targeted sanctions on seven Venezuelan officials accused of human rights violations and undermining the rule of law. (See “Foreign Relations and Responses to the Maduro Government,” below.)

On January 5, 2018, the U.S. Treasury Department imposed sanctions on four Venezuelan military officials alleged to have engaged in corruption and repression. (See “Targeted Sanctions Related to Antidemocratic Actions, Human Rights Violations, and Corruption,” below.)

Introduction¹

Venezuela, long one of the most prosperous countries in South America with the world's largest proven oil reserves, continues to be in the throes of a deep political and economic crisis. Whereas populist President Hugo Chávez (1998-2013) governed during a period of generally high oil prices, his successor, Nicolás Maduro of the United Socialist Party of Venezuela (PSUV), has exacerbated an economic downturn caused by low global oil prices with mismanagement and corruption. According to Freedom House, Venezuela has fallen from “partly free” under Chávez to “not free” under Maduro, an unpopular leader who has violently quashed dissent and undermined the National Assembly, then illegally replaced it with a National Constituent Assembly (ANC) elected under controversial circumstances on July 30, 2017.² President Maduro is seeking to consolidate power by convening an early presidential election on May 20, 2018, despite international criticism of the lack of guarantees provided to the opposition.

Venezuela at a Glance

Population: 31.4 million (2017 est., IMF)
Area: 912,050 square kilometers (slightly more than twice the size of California)
GDP: \$215.3 billion (2017, current prices, IMF est.)
GDP Growth -16.5% (2016); -12% (2017, IMF est.)
GDP Per Capita: \$6,850 (2017, current prices, IMF est.)
Key Trading Partners: Exports—U.S. 38%, India 19.6%, China 16.7%. Imports—U.S. 29%, China, 18.5%, Brazil, 12% (2015, EIU)
Unemployment: 26.4% (2017, IMF)
Life Expectancy: 74.4 years (2015, UNDP)
Literacy: 95.4% (2015, UNDP)
Legislature: National Assembly (unicameral), with 167 members
Sources: Economist Intelligence Unit (EIU); International Monetary Fund (IMF); United Nations Development Programme (UNDP).

U.S. relations with Venezuela, a major oil supplier, deteriorated during the 14 years of Chávez's rule, which undermined human rights, the separation of powers, and freedom of expression in the country. U.S. and regional concerns have deepened as the Maduro government has manipulated democratic institutions; cracked down on the opposition, media, and civil society; engaged in drug trafficking and corruption; and refused humanitarian aid. Regional efforts to hasten a return to democracy in Venezuela have occurred through the Organization of American States (OAS) and, more recently, through dialogue efforts held in the Dominican Republic; they have yet to advance. President Maduro's convening of the ANC and subsequent actions have triggered international criticism, targeted sanctions by Canada and the EU, and broader U.S.

sanctions. Should President Maduro convene a non-competitive election in May, analysts predict that U.S. sanctions could be imposed on the country's oil industry, potentially even before the election is held.³

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

¹ For additional information, see CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by (name redacted) ; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by (name redacted) ; and CRS In Focus IF10230, *Venezuela: Political and Economic Crisis and U.S. Policy*, by (name redacted) and (name redacted) .

² Freedom House, *Freedom in the World: 2019*, at <https://freedomhouse.org/report/freedom-world/2018/venezuela>.

³ Eurasia Group, *Election Will Prompt Additional U.S. Sanctions*, February 14, 2018; “U.S. Mulls Sanctions on Venezuela to Put Pressure on Maduro,” Reuters, March 1, 2018.

Figure I. Political Map of Venezuela



Source: Congressional Research Service (CRS).

Political Situation

Legacy of Hugo Chávez (1999-2013)⁴

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

⁴ This section draws from CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*, by (name redacted); and CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by (name redacted).

Venezuela had one of the most stable political systems in Latin America from 1958 until 1989. After that period, however, numerous economic and political challenges plagued the country. In 1989, then-President Carlos Andres Perez (AD) 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. Chávez served two years in prison for that failed coup attempt. Ultimately, the legislature dismissed President Perez from office in May 1993 for misusing public funds. The election of elder statesman and former President Rafael Caldera (1969-1974) as president in December 1993 brought a measure of political stability, but the government faced a severe banking crisis. A rapid decline in the price of oil then caused a recession beginning in 1998, which contributed to Chávez's landslide election.

Under Chávez, Venezuela adopted a new constitution (ratified by a plebiscite in 1999), 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 Simón Bolívar. Buoyed by windfall profits from increases in the price of oil, the Chávez government expanded the state's role in the economy by asserting majority state control over foreign investments in the oil sector and nationalizing numerous private enterprises. Chávez's charisma, his use of oil revenue to support domestic social programs and provide subsidized oil to Cuba and other Central American and Caribbean countries through a program known as PetroCaribe, and his willingness to oppose the United States and other global powers captured international attention.⁵

After Chávez's death, his legacy has been debated. President Chávez established an array of social programs and services known as *missions* that helped to reduce poverty by some 20% and improve literacy and access to health care.⁶ Some maintain that Chávez also empowered the poor by involving them directly in community councils and workers' cooperatives.⁷ Nevertheless, his presidency was “characterized by a dramatic concentration of power and open disregard for basic human rights guarantees,” especially after his temporary ouster in 2002.⁸ Declining oil production by PdVSA, combined with massive debt and rampant inflation, have laid bare the costs involved in Chávez's failure to save or invest past oil windfalls and his tendency to take on debt and print money.⁹ Some analysts maintain that it is increasingly unclear how *chavismo* can continue under

⁵ Chávez envisioned himself as a leader of an integrated Latin America struggling against an external power (the United States), similar to how Simón Bolívar had led the struggle against Spain by the countries that had formed Gran Colombia in the 19th century. Carlos A. Romero and Víctor M. Mijares, “From Chávez to Maduro: Continuity and Change in Venezuelan Foreign Policy,” *Contexto Internacional*, vol.38, no.1 (2016), pp. 178-188. Since 2005, PetroCaribe has provided subsidized oil to many Caribbean and Central American countries; however, the volume of shipments has declined since 2012. David L. Goldwyn and (name redacted), *The Waning of PetroCaribe? Central American and Caribbean Energy in Transition*, Atlantic Council, 2016 (hereinafter Goldwyn and Gill, 2016).

⁶ U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America, 2008*, Briefing Paper, November 2008, p. 11; Daniel Hellinger and Anthony Petros Spanakos, “The Legacy of Hugo Chávez,” *Latin American Perspectives*, vol. 44, no. 1, January 2017, pp. 4-15.

⁷ Eva Golinger, “Opinion: Chávez was a Maker of Dreams,” CNN, March 7, 2013.

⁸ 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. Human Rights Watch, “Venezuela: Chávez's Authoritarian Legacy,” March 5, 2013.

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

Maduro without the cult of personality surrounding Chávez and the high oil prices that sustained his popularity.¹⁰

Venezuela's 1999 constitution, engineered by Chávez, centralized power in the presidency and established five branches of government rather than the traditional three branches.¹¹ Those branches include the presidency, a unicameral National Assembly, a Supreme Court, a National Electoral Council (CNE), and a "Citizen Power" branch (three entities that ensure that government officials at all levels adhere to the rule of law and that can investigate administrative corruption). The president is elected for six-year terms and can be reelected indefinitely; however, he or she also may be made subject to a recall referendum (a process that Chávez submitted to in 2004 and survived but Maduro cancelled in 2016). Throughout his presidency, Chávez exerted influence over all the branches of government, particularly after an outgoing legislature dominated by *chavistas* appointed pro-Chávez justices to dominate the Supreme Court in 2004 (a move that Maduro's allies would repeat in 2015).¹²

In addition to voters having the power to remove a president through a recall referendum process, the National Assembly has the constitutional authority to act as a check on presidential power, even when the courts have failed to do so. The National Assembly consists of a unicameral Chamber of Deputies with 167 seats whose members serve for 5 years and may be reelected once. Under the constitution, with a simple majority the legislature can approve or reject the budget and the issuing of debt, remove ministers and the vice president from office, overturn enabling laws that give the president decree powers, and appoint the 5 members of the CNE (for 7-year terms) and the 32 members of the Supreme Court (for one 12-year term). With a two-thirds majority, the assembly can remove judges, submit laws directly to a popular referendum, and convene a constitutional assembly to revise the constitution.¹³

Maduro Administration¹⁴

After the death of President Hugo Chávez in March 2013, Venezuela held presidential elections the following month in which acting President Nicolás Maduro defeated Henrique Capriles of the MUD by 1.5%. The opposition alleged significant irregularities and protested the outcome.

Given his razor-thin victory and the rise of the opposition, Maduro sought to consolidate his authority. Security forces and allied civilian groups violently suppressed protests and restricted freedom of speech and assembly. In 2014, 43 people died and 800 were injured in

Nicolás Maduro

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

¹⁰ David Smilde, "The End of Chavismo?" *Current History*, February 2015; Javier Corrales and Michael Penfold, *Dragon in the Tropics: Venezuela and the Legacy of Hugo Chavez* (Washington, DC: Brookings Institution, 2015); William Finnegan, "Venezuela: a Failing State," *New Yorker*, November 14, 2016.

¹¹ Antonio Ramirez, "An Introduction to Venezuelan Governmental Institutions and Primary Legal Sources," New York University Law School Library, May 2016. Hereinafter Ramirez, May 2016.

¹² Human Rights Watch, "Venezuela: Chávez Allies Pack Supreme Court," December 13, 2004.

¹³ Ramirez, May 2016; CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by (name redacted) .

¹⁴ See also CRS Report R43239, *Venezuela: Issues for Congress, 2013-2016*, by (name redacted) .

clashes between pro-government forces and student-led protesters concerned about rising crime and violence. President Maduro imprisoned opposition figures, including Leopoldo López, head of the Popular Will party who was sentenced to more than 13 years in prison for allegedly inciting violence.¹⁵ The Union of South American Nations (UNASUR) initiated a government-opposition dialogue in April 2014, but talks quickly broke down.¹⁶ In February 2015, the Maduro government again cracked down on the opposition.

In December 2015 legislative elections, the MUD captured a two-thirds majority in Venezuela's National Assembly—a major setback for Maduro. Nevertheless, the Maduro government took actions aimed at thwarting the power of the legislature. The PSUV-aligned Supreme Court blocked three MUD representatives from taking office, which deprived the opposition of the two-thirds majority needed to submit bills directly to referendum and remove Supreme Court justices. From January 2016 through August 2017 (when the National Constituent Assembly voted to give itself legislative powers), the Supreme Court blocked numerous laws approved by the legislature and assumed many of its functions.

Canceled Recall Referendum and Failed Dialogue Efforts in 2016

For much of 2016, opposition efforts focused on attempts to recall President Maduro in a national referendum. The government used delaying tactics that slowed the process considerably, and on October 20, 2016, Venezuela's National Electoral Council (CNE) indefinitely suspended the recall effort after five state-level courts issued rulings alleging fraud in a signature collection drive held in June that had amassed millions of signatures.

In October 2016, after an appeal by Pope Francis, most of the opposition (with the exception of the Popular Will party) and the Venezuelan government agreed to talks mediated by the Vatican, along with the former leaders of the Dominican Republic, Spain, and Panama and the head of UNASUR. By December 2016, the opposition had left the talks due to what it viewed as a lack of progress on the part of the government in meeting its commitments. Those commitments included (1) releasing political prisoners; (2) announcing an electoral calendar; (3) respecting the National Assembly's decisions; and (4) addressing humanitarian needs.

Repression of Dissent amid Protests

Far from meeting the commitments it made during the Vatican-led talks, the Maduro government has continued to harass and arbitrarily detain opponents, including the summary arrest of five opposition mayors in mid-2017.¹⁷ In addition, President Maduro appointed a hard-line vice president, Tareck el Aissami, former governor of the state of Aragua and a sanctioned U.S. drug kingpin, in January 2017. El Aissami has been given vast national security authorities.

In early 2017, the opposition in Venezuela was divided and disillusioned. MUD leaders faced an environment in which popular protests, which were frequent between 2014 and fall 2016, had

¹⁵ Wil S. Hylton, "Can Venezuela be Saved?," *New York Times*, March 1, 2018.

¹⁶ Some analysts have criticized the Union of South American Nations' (UNASUR's) mediation efforts in Venezuela as favoring regime stability over respect for democracy (i.e., Maduro's concerns over those of the opposition). Carlos Closa and Stefano Palestini, *Between Democratic Protection and Self-Defense: the Case of UNASUR and Venezuela*, European University Institute, 2015.

¹⁷ Amnesty International, *Silenced By Force: Politically-Motivated Arbitrary Detentions in Venezuela*, April 26, 2017, at <http://www.amnestyusa.org/research/reports/silenced-by-force-politically-motivated-arbitrary-detentions-in-venezuela-0>; Human Rights Watch, *Venezuela's Slide into Dictatorship*, December 7, 2017, <https://www.hrw.org/news/2017/12/07/venezuelas-slide-dictatorship>.

dissipated. In addition to restricting freedom of assembly, the government had cracked down on media outlets and journalists, including foreign media.¹⁸

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

From April through early August 2017, the opposition conducted large and sustained protests against the government, calling for President Maduro to release political prisoners, respect the separation of powers, and hold an early presidential election (instead of waiting until the end of 2018). Clashes between security forces (backed by armed civilian militias) and protesters left more than 130 dead and hundreds injured.

Former Attorney General Luisa Ortega has presented a dossier of evidence to the International Criminal Court that the police and military may have committed more than 1,800 extrajudicial killings as of June 2017. In the dossier, Ortega urged the ICC to charge Maduro and several top officials in his cabinet with serious human rights abuses.¹⁹ An exiled judge appointed by the National Assembly to serve on the "parallel" supreme court of justice also accused senior Maduro officials of systemic human rights abuses before the ICC.²⁰

The Venezuelan human rights group *Foro Penal* maintains that more than 5,300 Venezuelans were detained during the protests.²¹ In partnership with Human Rights Watch, *Foro Penal* has documented inhumane treatment of more than 300 detainees that occurred between April and September 2017.²² Amnesty International published a report describing how security forces also conducted illegal nighttime raids on private homes to intimidate the population.²³ As of March 1, 2018, the government held around 498 political prisoners, according to *Foro Penal*.²⁴ These include some who have yet to be brought before a judge and others who have been granted a judicial order to be released, but remain imprisoned because of delays in processing.

Among Venezuela's political prisoners are Leopoldo López, head of the Popular Will party, who is under house arrest after spending more than three years in prison (including many months in solitary confinement); Daniel Ceballos, former mayor of San Cristóbal in Táchira state; and Gilberto Caro, a former opposition legislator detained in January 2017. In November 2017, Antonio Ledezma, the former metropolitan mayor of Caracas, escaped house arrest and then

¹⁸ In February 2017, the government suspended CNN en Español from cable after it aired an investigation into fraudulent Venezuelan passports being sold in Iraq. The government also deported two Brazilian reporters investigating corruption. "Venezuela Shuts Off CNN en Español After Criticizing Channel's Passport-Selling Report," AP, February 15, 2017; Reporters Without Borders, "Foreign Journalists Not Welcome in Venezuela," March 22, 2017.

¹⁹ "Venezuela's Ex-prosecutor Urges ICC to Probe Maduro," AFP, November 16, 2017.

²⁰ Antonio Maria Delgado, "Venezuelan Officials Accused of Crimes Against Humanity in The Hague," *Miami Herald*, November 21, 2017.

²¹ Foro Penal Venezolano, "Joint Statement by the Venezuelan Penal Forum and Human Rights Watch," August 26, 2017, at <https://foropenal.com/content/joint-statement-venezuelan-penal-forum-and-human-rights-watch>.

²² Human Rights Watch, Foro Penal Venezolano, *Crackdown on Dissent: Brutality, Torture, and Political Persecution in Venezuela*, November 2017, at <https://www.hrw.org/report/2017/11/29/crackdown-dissent/brutality-torture-and-political-persecution-venezuela>.

²³ Amnesty International, *Nights of Terror: Attacks and Illegal Raids on Homes in Venezuela*, October 30, 2017, <https://www.amnesty.org/en/documents/amr53/7285/2017/en/>.

²⁴ For more information on political prisoners, see <https://foropenal.com/presos-politicos>.

traveled by way of Colombia to Spain. He is seeking to galvanize international pressure on the Maduro regime but opposes those in the MUD who attempted dialogue with the government and those who run in noncompetitive elections.²⁵

In August 2017, the Office of the United Nations High Commissioner for Human Rights (UNOCHR) issued a report on human rights violations perpetrated by the Venezuela security forces against the protestors. According to the report, credible and consistent accounts indicated that “security forces systematically used excessive force to deter demonstrations, crush dissent, and instill fear.” The U.N. report maintained that many of those detained were subject to cruel, inhuman, or degrading treatment and that in several documented cases, the ill treatment amounted to torture. The practices included the use of electric shocks, severe beatings, stress positions, suffocation, and threats of sexual violence and death intended to punish and terrorize the detainees and to extract confessions and information about opposition activities. UNOCHR called for an international investigation of those abuses.²⁶

In December 2017, the Inter-American Commission on Human Rights released its third report on the situation of human rights in Venezuela. Within the section on democratic institutions, the report highlighted the violation of the separation of powers that occurred as President Maduro and the judiciary interfered in the work of the legislature and then replaced it with a constituent assembly. The report then criticized state limits on social protests and freedom of expression and said that the government “must stop obstructing the legitimate exercise of the right to protest and curtail the use of force against demonstrators.” It criticized the government’s militarization of public security and use of civilians to carry out security functions. The report lamented the government’s failure to ensure adequate food, education, and medicine for its population and to protect the most vulnerable, especially women, children, the elderly and indigenous peoples.²⁷

Extrajudicial killings by security forces appear to have continued. In January 2018, Venezuelan security forces killed a former police pilot turned protest leader who had thrown grenades at a government building in June 2017, even after he had offered to surrender.²⁸

Despite Opposition, Constituent Assembly Elected

In May 2017, President Maduro announced that he would convene a constituent assembly to revise the constitution and scheduled July 30 elections to select delegates to that assembly. The Supreme Court ruled that Maduro could convoke the assembly without first holding a popular referendum (as the constitution required). The opposition boycotted, arguing that the elections were unconstitutional; a position shared by then-Attorney General Luisa Ortega and international observers (including the United States, Canada, the EU, and many Latin American countries). In

²⁵ Ledezma and former legislator Maria Corina Machado are leading an opposition movement that has split from the MUD. It opposes the MUD’s decision to dialogue with the Maduro government. Andrew Cawthorne and Luis Jaime Acosta, “Venezuela Opposition Leader Ledezma Flees to Spain,” Reuters, November 17, 2017.

²⁶ Office of the United Nations High Commissioner for Human Rights, “Human Rights Violations and Abuses in the Context of Protests in the Bolivarian Republic of Venezuela from 1 April to 31 July 2017,” August 30, 2017, at http://www.ohchr.org/Documents/Countries/VE/HCRReportVenezuela_1April-31July2017_EN.pdf.

²⁷ Inter-American Commission on Human Rights, *Human Rights Situation in Venezuela*, February 2018, at <http://www.oas.org/en/iachr/reports/pdfs/Venezuela2018-en.pdf>.

²⁸ Andrés Oppenheimer, “Dramatic Smart-Phone Video of Slain Venezuelan Rebel Could Trigger ICC Probe,” *Miami Herald*, January 17, 2018.

an unofficial plebiscite convened on July 16 by the MUD, 98% of some 7.6 million Venezuelans cast votes rejecting the establishment of a constituent assembly.²⁹

Despite an opposition boycott and protests, the government orchestrated the July 30, 2017, election of a 545-member National Constituent Assembly (ANC) to draft a new constitution. Venezuela's CNE reported that almost 8.1 million people voted, but a company involved in setting up the voting system alleged that the tally was inflated by at least 1 million votes.³⁰ Credible reports also allege that the government coerced government workers to vote.³¹

Many observers view the establishment of the ANC as an attempt by the ruling PSUV to ensure its continued control of the government even though many countries have refused to recognize its legitimacy or decisions. Among its first acts, the ANC dismissed Attorney General Ortega, who had been strongly critical of the government; voted to approve its own mandate for two years; and passed a measure declaring itself superior to other branches of government. Ortega fled Venezuela in August 2017 and is speaking out against the abuses of the Maduro government.³²

On August 19, 2017, the ANC approved a decree allowing it to pass legislation, essentially replacing the role of the National Assembly. The ANC initially called for trials of the political opposition, including members of the National Assembly, on charges of treason and alleged involvement in Venezuela's economic crisis.³³ After the ANC's installation, which triggered broader U.S. economic sanctions that are unpopular with a majority of Venezuelans, Maduro's popularity rose slightly (from 17% in July to 23% in September 2017).³⁴

Maduro Consolidating Power Ahead of May 2018 Elections

Although the situation remains fluid, President Maduro appears to be strengthening his control over the PSUV and seems to have gained the upper hand over the MUD despite international condemnation of his actions.³⁵ On October 15, the PSUV won 18 of 23 gubernatorial elections; although fraud likely took place given to the significant discrepancies between opinion polls and the election results, the opposition could not prove that it occurred on a massive scale.³⁶ The MUD coalition initially rejected the election results, but four victorious MUD governors

²⁹ Andrew Cawthorne, Eyanir Chinaa, "Venezuela Opposition Turns Heat up on Maduro with Strike Call," Reuters, July 17, 2017.

³⁰ Jennifer McCoy, "Credibility of Venezuela's Electoral Process on the Line," August 3, 2017, Venezuelan Politics and Human Rights, blog hosted by the Washington Office on Latin America (WOLA), August 2017.

³¹ Ibid.

³² Ortega has released a video of the former head of the Brazilian construction firm Odebrecht's Venezuelan operations testifying that the company had paid President Maduro \$35 million in bribes in 2013. Another video alleges that Maduro's close ally, Diosdado Cabello, also received campaign funds from the company. Nicholas Casey, "Maduro is Accused in Bribery," *New York Times*, October 13, 2017; Kirk Semple and Ana Vanessa Herrero, "Key Maduro Ally in Venezuela is Linked to Illegal Campaign Gifts," *New York Times*, October 14, 2017. Ortega reportedly has provided further evidence against other top officials to the U.S. government and presented evidence of government human rights abuses to the International Criminal Court. "Venezuela Ex-Prosecutor Gives U.S. Evidence on Maduro Officials," Reuters, October 13, 2017.

³³ U.S. Department of State, "Western Hemisphere: Criminalizing Dissent in Venezuela," press statement, August 30, 2017, at <https://www.state.gov/r/pa/prs/ps/2017/08/273726.htm>.

³⁴ "Venezuela's Maduro Approval Rises to 23% After Trump Sanctions," Reuters, October 2, 2017.

³⁵ Andrew Cawthorne, "Venezuela's Maduro Keeps Eye on Prize: 2018 Presidential Vote," Reuters, November 24, 2017; Jon Lee Anderson, "Nicolas Maduro's Accelerating Revolution," *The New Yorker*, December 11, 2017.

³⁶ Gideon Long, "Venezuela Elections Dogged by Fraud Claims," *Financial Times*, October 16, 2017.

subsequently took their oaths of office in front of the ANC (rather than the National Assembly), a decision that fractured the coalition.

With the opposition in disarray, President Maduro and the ANC have moved to consolidate power and have blamed U.S. sanctions, which were opposed by some 60% of Venezuelans surveyed by Datanalisis (a Venezuelan polling firm) in December 2017, for the country's economic problems. President Maduro has fired and arrested the head of PdVSA and the oil minister, who were close to Rafael Ramirez (former head of PdVSA and a potential rival to Maduro within the PSUV), for corruption.³⁷ President Maduro appointed a general with no experience in the energy sector as oil minister and head of the company, further consolidating military control over the economy. Maduro then ousted Ramirez from his position as Venezuela's U.N. ambassador.³⁸ The ANC approved a "hate crimes" law that could restrict freedom of expression and assembly.³⁹

Although most opposition parties did not participate in municipal elections held on December 10, 2017, a few, including A New Time (UNT), led by Manuel Rosales, and Progressive Advance (AP), led by Henri Falcón, fielded candidates. The PSUV won more than 300 of 335 mayoralties and the governorship of Zulia. The Maduro government then required parties that did not participate in the municipal elections to re-register in order to run in the 2018 presidential contest, a requirement that many of them subsequently rejected.

With one prominent opposition figure still under house arrest (Leopoldo López), another barred from seeking office (Henrique Capriles), and a third having escaped house arrest and gone into exile (Antonio Ledezma), the opposition's future is uncertain. In late 2017, some MUD leaders sought to extract concessions from the government to make the 2018 presidential elections more competitive. Others criticized dialogue efforts with Maduro as a waste of time.

May 20, 2018 Elections

The Venezuelan constitution does not establish strict electoral timetables, but it does establish that the country's next presidential elections are due to be held by December 2018. Despite President Maduro's increasingly authoritarian bent, he appears to see elections as a way of providing some legitimacy for his government, however undemocratic those elections may be. In January 2018, the ANC called for presidential elections to be moved forward from late 2018 (when they are customarily held) to April, possibly to ensure that President Maduro is reelected before the country's economy further deteriorates and to capitalize on the MUD's weakness. On January 25, 2018, the PSUV-aligned Supreme Court barred the MUD coalition from participating as a block in the April elections.

On February 7, 2018, Venezuela's electoral council set the date of the election for April 22, which most election experts deemed too soon to allow adequate time for candidates to register and a fair campaign to be held. This move by the electoral council prompted international criticism, with the United States and other governments signaling that they would not recognize the election results.⁴⁰ The move also signaled an end to MUD-government talks that had begun in the

³⁷ Some 65 other executives have been fired thus far. Alexandra Ulmer and Deisy Buitrago, "Venezuela Maduro Gains Control Over Oil Contracts Amid Purge," Reuters, December 3, 2017.

³⁸ Alexandra Ulmer and Marianna Parraga, "Venezuela's U.N. Envoy Says He Was Pushed Out by Maduro," Reuters, December 5, 2017.

³⁹ The "hate crimes" law established harsh penalties against those who organize or attend protests and/or publish media reports or messages on social media that are critical of the government.

⁴⁰ U.S. Department of State, Heather Nauert, Department Spokesperson "Presidential Elections Announced in Venezuela," press statement, February 8, 2018.

Dominican Republic in late 2017 in which the MUD had sought broader guarantees, including a reconstituted electoral council not aligned with Maduro.⁴¹

On February 22, 2018, the MUD coalition announced that it would boycott the April presidential elections, a move backed by the U.S. government and others.⁴² Nevertheless, Henri Falcón (AP), former governor of the state of Lara, broke with the rest of the MUD by registering his candidacy in late February and negotiating for a later election date.⁴³ The electoral council agreed to postpone the presidential elections until May 20, 2018, and to allow U.N. observers, but it is still not permitting parties previously barred from participating in the presidential contest to register candidates. The CNE is not modifying its composition to assuage MUD concerns about its pro-government bias.⁴⁴ Other than Falcón's party, the MUD has stood behind its boycott.

In addition to concerns about the presidential elections, many observers are concerned about the possibility that President Maduro will convene legislative elections ahead of 2020 (when they are due). The electoral council has decided not to convene legislative elections in May but reportedly is preparing to hold them early.⁴⁵ Should new elections occur under current conditions, the democratically elected, opposition-controlled National Assembly elected in December 2015 could potentially be replaced.

Foreign Relations and Responses to the Maduro Government

The Maduro government has maintained Venezuela's foreign policy alliance with Cuba and other leftist governments from the Chávez era, but the country's ailing economy has diminished its formerly activist foreign policy, which depended on its ability to provide subsidized oil. Unlike during the Chávez era, an increasing number of countries have criticized authoritarian actions taken by the Maduro government.

Sanctions by Canada and the European Union, Criticism by U.N. Officials

Venezuela's foreign relations have become more tenuous as additional countries have sanctioned its officials and called upon the U.N. to investigate the country's human rights record. In September 2017, Canada implemented targeted sanctions against 40 Venezuelan officials deemed to be corrupt. In November 2017, the EU established a legal framework for targeted sanctions and adopted an arms embargo against Venezuela to include related material that could be used for internal repression. These actions paved the way for targeted EU sanctions on seven Venezuelan officials in January 2018.⁴⁶ In September 2017, several countries urged the U.N. Human Rights Council to support the High Commissioner's call for an international investigation into the abuses described in the U.N.'s August report on Venezuela.⁴⁷

⁴¹ Geoff Ramsey, "No Deal: Venezuela Talks in 'Indefinite Recess,'" WOLA, February 8, 2018.

⁴² U.S. Department of State, Heather Nauert, Department Spokesperson, "Concerns for Democracy in Venezuela," press statement, February 24, 2018.

⁴³ Henri Falcón, "Why I Am Running for President of Venezuela," *New York Times*, March 6, 2018.

⁴⁴ "Venezuelan Elections Postponed," *Latin News Daily*, March 2, 2018.

⁴⁵ "Venezuela Electoral Council Won't Combine Presidential, Legislative Elections," EFE, February 23, 2018.

⁴⁶ The U.S. has sanctions on all of those individuals except for Diosdado Cabello, leader of the National Assembly.

⁴⁷ Tamara Taraciuk Broner, "U.N. Human Rights Council Confronts Venezuela," Human Rights Watch, October 2, 2017.

Growing Concerns in Latin America

Ties between Venezuela and a majority of South American countries have frayed with the rise of conservative governments in Argentina, Brazil, and Peru and with Maduro's increasingly authoritarian actions. In December 2016, the South American Common Market (Mercosur) trade bloc suspended Venezuela over concerns that the Maduro government had violated the requirement that Mercosur's members have "fully functioning democratic institutions."⁴⁸ Six UNASUR members—Uruguay, Argentina, Brazil, Chile, Colombia, and Paraguay—issued a joint statement opposing the Venezuelan Supreme Court's attempted power grab in March 2017.

Concerned about potential spillover effects from turmoil in Venezuela, Colombia has supported OAS actions, provided humanitarian assistance to Venezuelan economic migrants and asylum seekers, and closely monitored the situation on the Venezuelan-Colombian border. In February 2018, both Colombia and Brazil moved additional security forces to their borders with Venezuela.⁴⁹ Tensions are also high along the Venezuelan border with Guyana after the U.N. proved unable to resolve a border-territory dispute between the two countries and referred the case to the International Court of Justice in late January 2018.⁵⁰

Mexico abandoned its traditional noninterventionist stance in 2017 to take a lead in OAS efforts to resolve the crisis in Venezuela, including during the OAS General Assembly meeting it hosted in June 2017. The Mexican government has explored the possibility of replacing Venezuela as a source of oil for Cuba and PetroCaribe countries. It is coordinating its diplomatic efforts in the Caribbean with the United States and Canada.⁵¹

On August 8, 2017, 12 Western Hemisphere countries signed the Lima Accord, a document rejecting the rupture of democracy and systemic human rights violations in Venezuela, refusing to recognize the ANC, and criticizing the government's refusal to accept humanitarian aid.⁵² The signatory countries are Mexico; Canada; four Central American countries (Costa Rica, Guatemala, Honduras, and Panama); and six South American countries (Argentina, Brazil, Chile, Colombia, Paraguay, and Peru).

The accord calls for an arms embargo of Venezuela, a rejection of Venezuelan candidates at international organizations, and the support of any OAS efforts to help resolve the situation. The signatory countries pledge to keep discussing Venezuela at the Foreign Minister level and supporting any credible efforts at dialogue between the government and the opposition. In September 2017, several leaders from the "Lima 12" countries met with President Trump during the U.N. General Assembly and spoke out about human rights abuses in Venezuela during the U.N. Human Rights Council meetings. Although the Lima Group countries support targeted U.S. economic sanctions, they reject any discussion of military intervention.⁵³ The Argentine government has expressed support for U.S. sanctions on Venezuela's energy sector, but other

⁴⁸ Mercosur includes Argentina, Brazil, Paraguay, and Uruguay. Mac Margolis, "Mercosur Turns Its Back on a Diminished Venezuela," *Bloomberg View*, December 9, 2016.

⁴⁹ Shannon K. O'Neil, "Venezuela's Neighbors Can't Wait for Uncle Sam," *Council on Foreign Relations*, February 28, 2018.

⁵⁰ "Guyana-Venezuela: Tension on the Border," *Latin News Security & Strategic Review*, February 2018.

⁵¹ Stratfor, *Mexico Sees an Opportunity in Venezuela's Struggles*, August 29, 2017; "Exclusive: Mexico Foreign Minister Heads to Caribbean to win over Venezuelan Allies – Official," Reuters, February 16, 2018.

⁵² See <https://www.mrecic.gov.ar/en/lima-declaration>.

⁵³ Geoff Ramsey, "U.S. and Latin American Allies Discuss Venezuela in and Around UN General Assembly," *Venezuelan Politics and Human Rights*, WOLA, September 23, 2017.

governments have not, even after Secretary of State Tillerson visited the region partially to rally support for the proposal in February 2018.⁵⁴

On February 13, 2018, Guyana and St. Lucia joined the Lima Group in signing a statement calling for the Maduro government to negotiate a new electoral calendar that is agreed upon with the opposition and to accept humanitarian aid.⁵⁵ These nations also backed Peru's decision to disinvite President Maduro to the Summit of the Americas meeting of Western Hemisphere heads of state that it is hosting on April 13-14, 2018. It remains unclear whether Maduro will fulfill his pledge to attend the summit regardless of the circumstances.⁵⁶ It is also uncertain how these countries will react to Falcón's presidential campaign, as most observers predict that he is likely to seek their support.

Cuba, PetroCaribe, and the Bolivarian Alliance of the Americas (ALBA)

Venezuela signed an agreement with Cuba in 2000 to provide the island nation with at least 90,000 barrels of oil per day (b/d). In exchange, Cuba has provided extensive services to Venezuela. Estimates of the number of Cuban personnel in Venezuela vary, but a 2014 Brookings study reported that "by most accounts there are 40,000 Cuban professionals in Venezuela," with 75% of whom are health care workers.⁵⁷ Sources estimate that the number of Cuban military and intelligence advisors in Venezuela range from hundreds to thousands, coordinated by Cuba's military attaché in Venezuela.⁵⁸ Some observers maintain that Cuba has exported its model of political suppression to Venezuela.⁵⁹

In recent years, Cuba has become increasingly concerned about the future of Venezuelan oil supplies. Cuba's oil imports from Venezuela have reportedly declined from 100,000 b/d in 2012 to roughly 55,000 b/d in 2016.⁶⁰ In addition to their ideological affinities, the fact that a cutoff of Venezuelan oil exports would have severe consequences for Cuba means that the Maduro regime can count on Cuba's continued strong support.⁶¹

Since 2005, Venezuela has provided oil and other energy-related products 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, as are several Central American countries.⁶² An August 2017 report estimated that

⁵⁴ Robert Valencia, "Tillerson in Latin America: Should the U.S. Impose an Oil Embargo on Venezuela?" *Newsweek*, February 8, 2018.

⁵⁵ Government of Canada, "Statement of the Fifth Meeting of the Lima Group on the Situation in Venezuela," February 13, 2018.

⁵⁶ Maolis Castro, "Venezuela's Maduro Says He Will Attend Regional Summit With or Without an Invitation," *El País*, February 16, 2018.

⁵⁷ Ted Piccone and Harold Trinkunas, "The Cuba-Venezuela Alliance: The Beginning of the End?" Latin America Initiative Policy Brief, Brookings, June 2014, p. 3.

⁵⁸ *Ibid.*

⁵⁹ See, for example, Carlos Alberto Montaner, "Venezuela on the Edge of the Abyss, and Leopoldo López," Interamerican Institute for Democracy, July 10, 2017; and Mary Anastasia O'Grady, "How Cuba Runs Venezuela," *Wall Street Journal*, July 17, 2017.

⁶⁰ Marianna Parraga and Marc Frank, "Exclusive: Venezuela oil Exports to Cuba Drop, Energy Shortages Worsen," Reuters, July 13, 2017; Stratfor, *Mexico Sees an Opportunity in Venezuela's Struggles*, August 29, 2017.

⁶¹ CRS Report R44822, *Cuba: U.S. Policy in the 115th Congress*, by (name redacted) .

⁶² In 2015, the Dominican Republic and Jamaica reached agreements to pay back their PetroCaribe debt to Venezuela at a steep discount. Venezuela provided the debt relief because it was facing declining international reserves and needed the cash. Goldwyn and Gill, 2016.

PdVSA shipments to PetroCaribe beneficiaries averaged only 39,000 b/d in 2016 (down from 120,000 b/d in 2012).⁶³ Deliveries likely declined further in 2017, with one analyst estimating that shipments to all PetroCaribe countries may total roughly 10,000 b/d.⁶⁴

The Maduro government has continued to count on political support from Cuba, Bolivia, and Nicaragua, which, together with Venezuela, are key members of the Bolivarian Alliance of the Americas (ALBA), a group of leftist governments launched by President Chávez in 2004. Several Caribbean members of ALBA—Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines—appear to remain reluctant to take action that could be viewed as interfering in Venezuela’s domestic affairs. Since Lenín Moreno took office in May 2017, the Ecuadorian government (another ALBA member) has been critical of the human rights situation in Venezuela and has called on President Maduro to engage in talks with the opposition.⁶⁵

China and Russia

As Venezuela’s economic situation has deteriorated, maintaining close relations with China and Russia, the country’s largest sources of financing and investment, has become a top priority.⁶⁶ From 2007 through 2016, China provided some \$62.2 billion in financing to Venezuela.⁶⁷ The money typically has been for funding infrastructure and other economic development projects, but has also included some lending for military equipment.⁶⁸ It is being repaid through oil deliveries. Although the Chinese government has been patient when Venezuela has fallen behind on its oil deliveries, it reportedly stopped providing new loans to Venezuela in fall 2016.⁶⁹

Some observers have criticized China for its continued support to the Venezuelan government and questioned whether a new Venezuelan government might refuse to honor the obligations incurred under Maduro.⁷⁰ China refrained from any negative commentary after Venezuela’s Constituent Assembly elections. It maintained that the Venezuelan government and people have the ability to properly handle their internal affairs through dialogue.⁷¹ China responded to U.S. sanctions by stating that “the experience of history shows that outside interference or unilateral sanctions will make the situation even more complicated.”⁷² It has expressed confidence that Venezuela can “appropriately handle their affairs, including the debt issue.”⁷³

⁶³ Stratfor, *Mexico Sees an Opportunity in Venezuela’s Struggles*, August 29, 2017.

⁶⁴ CRS electronic correspondence with Francisco Monaldi, Baker Institute, February 27, 2018.

⁶⁵ Stratfor, *With a New President, Ecuador Begins Leaving Venezuela Behind*, October 17, 2017.

⁶⁶ R. Evan Ellis, Testimony to the U.S. Congress, House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, *The Influence of Extra-Hemispheric Actors on the Crisis in Venezuela*, 115th Cong., 1st sess., September 13, 2017. Hereinafter, Ellis, September 2017.

⁶⁷ Kevin P. Gallagher and Margaret Myers, “China-Latin America Finance Database,” Washington, D.C. Inter-American Dialogue, 2016, at http://www.thedialogue.org/map_list/.

⁶⁸ Ellis, September 2017.

⁶⁹ Marianna Parraga and Brian Ellsworth, “Venezuela Falls Behind on Oil-for-Loan Deals with China, Russia,” Reuters, February 10, 2017; David Dollar, *Chinese Investment in Latin America*, Brookings Institution, January 2017.

⁷⁰ Daniel Lansberg-Rodríguez, “Exit the Dragon,” *New York Times*, February 16, 2017; and Christopher Balding, “Venezuela’s Road to Disaster Is Littered with Chinese Cash,” *Foreign Policy*, June 6, 2017.

⁷¹ “China Backs Ally Venezuela, Says Constituent Assembly Vote ‘Generally Smooth,’” Reuters News, August 3, 2017.

⁷² “China Says Sanctions Won’t Help as Trump Targets Venezuela,” Reuters News, August 28, 2017.

⁷³ “China Says Venezuela Can ‘Appropriately’ Handle Debt Load,” Reuters, November 15, 2017.

Russia has also remained a strong political and economic ally of the Maduro government. It has called for the political crisis in Venezuela to be resolved peacefully, with dialogue, and without outside interference.⁷⁴ Russia's trade relations with Venezuela currently are not significant, with \$336 million in total trade in 2016, with almost all of that, \$334 million, consisting of Russian exports to Venezuela.⁷⁵ However, Venezuela had been a major market for Russian arms sales between 2001 and 2013, with over \$11 billion in sales. Press reports in May 2017 asserted that Venezuela had more than 5,000 Russian-made surface-to-air missiles, raising concern by some about the potential for them being stolen or sold to criminal or terrorist groups.⁷⁶ Russia's recent decision to allow Venezuela to restructure \$3.15 billion in debt provided a much-needed boost to the Maduro government.⁷⁷ Russian state oil companies Rosneft and Gazprom have large investments in Venezuela. Both are seeking to expand other investments in Venezuela's oil and gas markets⁷⁸ (see "Energy Sector Concerns" below).

Iran

There is some debate about the extent and significance of Iran's relations with Venezuela. The personal relationship between Hugo Chávez and Iranian President Mahmoud Ahmadinejad (2005-2013) drove the strengthening of bilateral ties over that period. Since Ahmadinejad left office and Chávez passed away in 2013, many analysts contend that Iranian relations with the region have diminished. Current Iranian President Hassan Rouhani, who took office in August 2013, has not prioritized relations with Latin America. Nevertheless, there are two Iranian companies operating in Venezuela that are subject to U.S. sanctions.⁷⁹

Economic Crisis⁸⁰

For decades, Venezuela was one of South America's most prosperous countries. Venezuela has the world's largest proven reserves of oil, and its economy is built on oil (see "Developments in Venezuela's Energy Sector," below).⁸¹ Oil accounts for more than 90% of Venezuelan exports, and oil sales fund the government budget. Venezuela benefited from the boom in oil prices during the 2000s. President Chávez used the oil windfall to spend heavily on social programs and expand subsidies for food and energy, and government debt more than doubled as a share of GDP

⁷⁴ "Russia Calls U.S. Threat Against Venezuela Unacceptable," Agence France Presse, August 16, 2017; "Russia Says Venezuelan Crisis Must Be Resolved Peacefully 'Without Outside Pressure,'" Radio Free Europe Documents and Publications, August 16, 2017.

⁷⁵ Federal Customs Service of Russia, as presented by Global Trade Atlas.

⁷⁶ Girish Gupta, "Exclusive: Venezuela Holds 5,000 Russian Surface-to-air MANPADS Missiles," Reuters, May 22, 2017.

⁷⁷ Rachel Ansley, "Debt Default Pushes Venezuela Further into Russian Orbit," Atlantic Council, November 22, 2017.

⁷⁸ "Special Report: Vladimir's Venezuela – Leveraging Loans to Caracas, Moscow Snaps Up Oil Assets," Reuters, August 11, 2017; Michael Place, "Russia's Gazprom Eyeing Venezuela Gas Projects," *BN Americas*, October 3, 2017.

⁷⁹ The Iranian state oil company Petropars, which invests in Venezuela's oil sector, is subject to sanctions pursuant to E.O. 13599, which expanded sanctions against the Iranian government and Iranian financial institutions. The Iran Maritime Industrial Company, deemed an affiliate of the Islamic Revolutionary Guard Corps, is subject to sanctions pursuant to E.O. 13382, targeting the assets of proliferators of weapons of mass destruction and their supporters. See CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by (name redacted) .

⁸⁰ For more on the economic crisis in Venezuela, see CRS Report R45072, *Venezuela's Economic Crisis: Issues for Congress*, by (name redacted) .

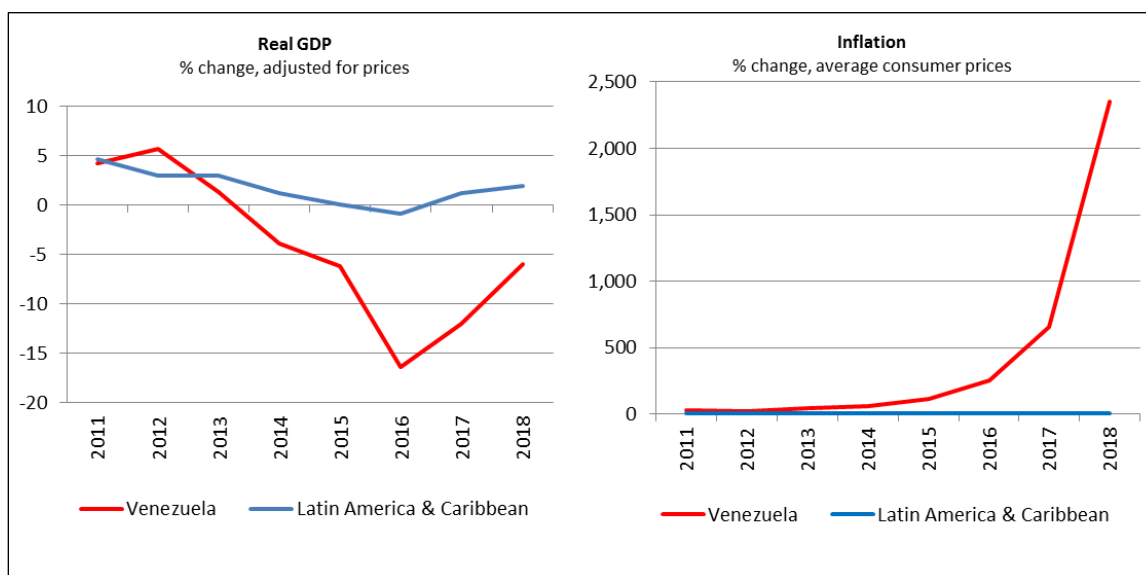
⁸¹ "How Chávez and Maduro Have Impoverished Venezuela," *Economist*, April 6, 2017.

between 2000 and 2012.⁸² Additionally, Chávez used oil to expand influence abroad through *Petrocaribe*, a program described above that allowed Caribbean countries to purchase oil at below-market prices.

Although substantial government outlays on social programs helped Chávez curry political favor and drive down poverty rates, economic mismanagement had long-term consequences. Widespread expropriations and nationalizations, as well as currency and price controls, discouraged foreign investment and created market distortions. Government spending was not directed toward investment to increase economic productivity or diversify the economy from its reliance on oil. Corruption also proliferated.

When Nicolás Maduro was elected president in April 2013, he inherited economic policies reliant on proceeds from oil exports. When oil prices crashed by nearly 50% in 2014, the Maduro government was ill-equipped to soften the blow. Venezuela's economy contracted by nearly 35% between 2012 and 2017.⁸³ The fall in oil prices strained public finances, and instead of adjusting fiscal policies through tax increases and spending cuts, the Maduro government tried to address its growing budget deficit by printing money, which led to hyperinflation. The government has tried to curb inflation through price controls, although these controls have been largely ineffective in restricting prices, as supplies have dried up and transactions have moved to the black market.⁸⁴

Figure 2. Venezuela: Economic Contraction and Inflation



Source: International Monetary Fund, *World Economic Outlook*, October 2017.

Note: Includes estimated and forecasted data.

It is estimated that Venezuela owes about \$64 billion to bondholders, \$20 billion to China and Russia, \$5 billion to multilateral lenders (such as the Inter-American Development Bank), and tens of billions to importers and service companies in the oil industry.⁸⁵ As fiscal conditions

⁸² Ibid.

⁸³ IMF, *World Economic Outlook Database*, October 2017; Ricardo Hausmann, "Venezuela's Unprecedented Collapse," *Project Syndicate*, July 31, 2017.

⁸⁴ "How Chávez and Maduro Have Impoverished Venezuela," *Economist*, April 6, 2017.

⁸⁵ John Paul Rathbone and Robin Wigglesworth, "Venezuela Debt: US, Russia, and China Play for High Stakes," (continued...)

tightened, the government initially took a number of steps to continue repaying its sizeable debt. Default on the debt could lead to legal challenges from creditors and the seizure of Venezuela's overseas assets, including PdVSA subsidiary CITGO, oil shipments, and cash payments for oil exports (see "U.S.-Venezuela Oil Trade"). To make debt payments, the Maduro government cut imports, leading to shortages of food and medicine, and secured loans from China and Russia in exchange for future oil exports ("oil-for-loan" deals). In May 2017, the Venezuelan central bank raised funds through a controversial sale of PdVSA bonds to Goldman Sachs Asset Management at a steep discount.⁸⁶ In August 2017, the government's precarious fiscal situation was exacerbated by new sanctions imposed by the Trump Administration (discussed in greater detail below), which restricted Venezuela's ability to access U.S. financial markets.

After months of speculation about if and when Venezuela would default, on November 2, Maduro announced in a televised address that the country would seek to restructure and refinance its debt. The announcement signaled a significant shift in policy, but came with few details about how the restructuring would proceed. The government and PdVSA subsequently missed key bond payments, leading credit-rating agencies to issue a slew of default notices. Any comprehensive restructuring of Venezuelan debt is expected to be a long and complex process, and there has been little headway to date. U.S. sanctions prevent U.S. investors from participating in any debt restructuring, and Maduro has blamed U.S. sanctions for the delay in restructuring with private bondholders (see "Sanctions Restricting Venezuela's Access to U.S. Financial Markets," below).⁸⁷ In terms of debt owed to other governments, Russia agreed to restructure Venezuela's debt in November 2017, but China appears to be taking a stronger position on repayment.⁸⁸

Meanwhile, the government continues to grapple with significant fiscal problems, with foreign reserves at their lowest level in two decades and remittances into the country on the rise.⁸⁹ In February 2018, the cash-strapped government launched a new digital currency, the "petro," which is backed by oil and other commodities and runs on blockchain technology.⁹⁰ The government reported that it raised \$735 million in the first day of the presale.⁹¹ Venezuelans are prohibited from buying petros with *bolívars*, but the government claimed to draw investors from Turkey, Qatar, and Europe.⁹² The U.S. Treasury's Office of Foreign Assets Control (OFAC) stated that any purchases of the proposed petro currency would appear to be an extension of credit to the Venezuelan government, and thus U.S. investors who deal in petros could be found to be in violation of U.S. sanctions. Many analysts are skeptical about the viability of the petro, which sold at a deep discount from the face value.

(...continued)

Financial Times, November 22, 2017.

⁸⁶ Kejal Vyas, Anatoly Kurmanaev, and Julie Wernau, "Goldman Sachs Under Fire for Venezuela Bond Deal," *Wall Street Journal*, May 30, 2017.

⁸⁷ "Venezuela Says U.S. Sanctions Hampering Debt Renegotiation," Reuters, February 27, 2018.

⁸⁸ John Paul Rathbone and Robin Wigglesworth, "Venezuela Debt: US, Russia, and China Play for High Stakes," *Financial Times*, November 22, 2017.

⁸⁹ Fabiana Sofia Perera, "Bitcoin, Move Over. There's a New Cryptocurrency in Town: The Petro," *Washington Post*, February 26, 2018; "Special Report: A Journey on a Caravan of Misery," Reuters, March 2, 2018.

⁹⁰ See CRS In Focus IF10825, *Digital Currencies: Sanctions Evasion Risks*, by (name redacted) and (name redacted)

⁹¹ "Venezuela Says Launch of 'Petro' Cryptocurrency Raised \$735 Million," Reuters, February 20, 2018.

⁹² *Ibid.*, Camila Russo, "Venezuelans Can't Buy Maduro's Cryptocurrency with Bolívars," Bloomberg, February 22, 2018.

As the government continues to run down reserves and the humanitarian situation worsens, the economic outlook for Venezuela is bleak. The country faces a complex set of economic challenges embedded in a volatile political context: collapsed output, inflation, and unsustainable budget deficits and debt all plague Venezuela. The government's policy responses to the crisis—including price and import controls, vague restructuring plans, and deficit spending financed by expanding the money supply (printing money)—have been widely criticized as inadequate and as exacerbating the economic situation. Normally, crisis countries would turn to the International Monetary Fund (IMF) for financial and policy assistance. However, Venezuela has not allowed the IMF to conduct routine surveillance of its economy since 2004, and the IMF has found the government in violation of its commitments as an IMF member. Although the crisis has been building for a number of years, it is not clear whether there is a clear or quick resolution on the horizon, particularly given the concurrent political crisis.

Social Conditions

Humanitarian Concerns⁹³

Venezuela faces a dire social situation fueled by shortages in food, medicine, and other basic consumer goods; people's declining purchasing power; and bottlenecks and corruption in the food importation and distribution system.⁹⁴ In 2016, the shortages led to riots, protests, and looting around the country and resulted in the deaths of several people shot by security officials. In August 2016, Venezuela agreed to open pedestrian crossings at six border checkpoints with Colombia, which allowed Venezuelans to travel to Colombia for food and other basic goods. The opening of the Colombian-Venezuelan border helped to relieve shortages in border areas.

Nevertheless, according to a 2016 national survey of living conditions released in February 2017, 27% of people across the country ate only once a day and 9 out of 10 households lacked sufficient income to purchase food.⁹⁵ Basic food items reportedly are largely out of reach for the majority of the population because of rampant inflation. Between 2014 and 2016, Venezuela recorded the greatest increase in malnourishment in Latin America and the Caribbean, a region in which only eight countries have recorded increases in hunger in recent years.⁹⁶ According to Caritas Venezuela (an organization affiliated with the Catholic Church), child mortality increased by 30% in 2016, with areas around Caracas showing rates of malnutrition high enough to meet World Health Organization (WHO) standards describing a humanitarian crisis.⁹⁷ The 2018 version of

⁹³ (name redacted), CRS Research Assistant, contributed to this section.

⁹⁴ Hannah Dreier and Joshua Goodman, "Venezuela Military Trafficking Food as Country Goes Hungry," AP, December 28, 2016.

⁹⁵ Maritza Landaeta-Jiménez, Marianella Herrera Cuenca, Guillermo Ramírez, Maura Vázquez, *Encuesta Condiciones de Vida Venezuela 2016*, February 27, 2017. The complete survey is available in Spanish at <http://www.fundacionbengoa.org/noticias/2017/encovi-2016.asp>; "Venezuela: Poverty Increases Dramatically," *Latin News Regional Monitor: Andean Group*, March 3, 2017. Also see Juan Forero, "Venezuela in Starving," *Wall Street Journal*, May 6, 2017; and Emma Graham-Harrison, "Hunger Eats Away at Venezuela's Soul as Its People Struggle to Survive," *The Guardian*, August 26, 2017.

⁹⁶ U.N. Food and Agriculture Organization (FAO), World Health Organization (WHO), Pan American Health Organization (PAHO), *Panorama of Food and Nutritional Security in Latin America and the Caribbean*, 2017, <http://www.fao.org/america/recursos/panorama/en/>.

⁹⁷ "Venezuela's Child Malnutrition Crisis Grows," *BBC*, June 15, 2017.

household survey of living conditions found that 64% of Venezuelans reported losing an average of 25 pounds in 2017.⁹⁸

Venezuela's health system has been affected severely by budget cuts, with shortages of medicines and basic supplies. Some hospitals face critical shortages of antibiotics, intravenous solutions, and even food, and 50% of operating rooms in public hospitals are not in use.⁹⁹ According to *Médicos por la Salud*, a Venezuelan nongovernmental health organization, only 38% of drugs listed as essential by the WHO are available in the country, and only 30% of drugs for basic infectious diseases are available in public hospitals.¹⁰⁰

In February 2017, Venezuela captured international attention following the unexpected publication of data from the country's Ministry of Health (the country had not been regularly releasing such data since 2015). The report revealed alarming spikes in infant and maternal mortality rates and the return of previously eradicated infectious diseases like diphtheria and measles.¹⁰¹ An estimated 1 million unvaccinated children may be at risk of contracting measles this year, and malaria, once under control, is spreading rapidly, with 240,000 cases recorded in 2016 (a 76% increase over 2015).¹⁰² People are also reportedly dying at a faster rate from HIV/AIDS in Venezuela than in many African countries due to the collapse of the country's once well-regarded HIV treatment program and the scarcity of drugs needed to treat the disease.¹⁰³ HIV advocates are pushing for the Global Fund, a public-private entity that focuses on HIV, tuberculosis, and malaria, to do more to address the situation in Venezuela.¹⁰⁴ Observers are concerned that the widespread lack of access to reliable contraception may hasten the spread of sexually transmitted diseases, unwanted pregnancies, and dangerous clandestine abortions.¹⁰⁵

During the Vatican-mediated talks in November 2016, the Maduro government reportedly agreed to improve the processes for importing food and medicines and promote monitoring of distribution chains. Discussions reportedly also broached the idea of establishing a channel for allowing humanitarian aid to reach Venezuela, possibly through Caritas Venezuela. In December 2016, Venezuela's foreign minister announced that the government would increase collaboration with U.N. agencies such as the WHO to acquire medications. The WHO is reportedly helping the government purchase and deliver millions of vaccines against measles, mumps, and rubella.¹⁰⁶

⁹⁸ Maritza Landaeta-Jiménez, Marianella Herrera Cuenca, Guillermo Ramírez, Maura Vázquez, *Encuesta Condiciones de Vida Venezuela 2017*, February 2018, at <https://www.ucab.edu.ve/investigacion/centros-e-institutos-de-investigacion/encovi-2017/>.

⁹⁹ "Venezuela: Approximately 50% of Operating Theaters in Venezuelan Public Hospitals Are Not Functional," *Global Health Intelligence*, March 27, 2017.

¹⁰⁰ Caritas, "Caritas on Venezuela," August 16, 2017, at <http://www.caritas.org/2017/08/caritas-on-venezuela/>.

¹⁰¹ "Boletín Epidemiológico, Semana Epidemiológica No 52, 25 al 31 de Diciembre de 2016 Año de edición LX," Gobierno Bolivariano de Venezuela; Ministerio del Poder Popular para la Salud, February 2017. The government reported more than 120 cases to the WHO from January-June 2017. "Suspected Diphtheria Cases up in Crisis-Stricken Venezuela, Data Suggests," Reuters, July 29, 2017.

¹⁰² "One Million Unvaccinated Venezuelan Kids Vulnerable in Measles Outbreak: Doctors," Reuters, September 29, 2017; "Why Malaria Is Spreading in Venezuela," *The Economist*, October 12, 2017.

¹⁰³ Stephanie Nolen, "In Venezuela, a Once-Leading AIDS Program Lies in Ruins," *The Globe and Mail*, June 21, 2017.

¹⁰⁴ ICASO and Acción Ciudadana contra el SIDA (ACCSI), *Triple Threat: Resurging Epidemics, a Broken Health System, and Global Indifference to Venezuela's Crisis*, October 2, 2017, at http://www.icaso.org/wp/wp-content/uploads/2017/10/Triple_Threat.pdf.

¹⁰⁵ Abortion is illegal in Venezuela unless the life of the mother is at risk. Mariana Zuñiga and Anthony Faiola, "Even Sex Is in Crisis in Venezuela, Where Contraceptives Are Growing Scarce," *Washington Post*, November 28, 2017.

¹⁰⁶ "One Million Unvaccinated Venezuelan Kids Vulnerable in Measles Outbreak: Doctors," Reuters, September 29, (continued...)

Nevertheless, a group of doctors and health associations protested outside the WHO's office in Caracas in September 2017 to urge the entity to provide more assistance and exert more pressure on the government to address the health crisis.¹⁰⁷ In December 2017, President Maduro rejected the need for international assistance, and government-MUD dialogue efforts in the Dominican Republic failed to agree upon how to open a channel to get food and medical assistance into the country. He reportedly said that "Venezuela is not a country of beggars ... we have our problems ... [but] we will overcome them with our own formulas."¹⁰⁸

According to the Colombian government, roughly 1.6 million Venezuelans have registered for a Border Mobility Card that allows them to enter Colombia temporarily to access basic goods and services as of early 2018.¹⁰⁹ According to the U.N. High Commissioner for Refugees (UNHCR), the Colombian government is reporting increasing numbers of arrivals, both those seeking temporary assistance and those seeking permanent relocation, with less means and more humanitarian needs than those who arrived in 2017.¹¹⁰ There has been a backlash in some Colombian border communities that are straining to absorb new arrivals.¹¹¹

Crime and Violence

In addition to political violence, Venezuela has among the highest crime victimization and homicide rates in Latin America and the Caribbean, the region with the highest homicide rates in the world.¹¹² Moreover, unlike El Salvador and Honduras, two other extremely violent countries where homicides trended downward in 2016, violence in Venezuela escalated in that year. According to data from the attorney general's office, the homicide rate in Venezuela stood at 70.1 per 100,000 in 2016, up from 58 per 100,000 in 2015, with 21,700 homicides recorded.¹¹³ The independent Venezuelan Violence Observatory (OVV) estimated 28,479 homicides in 2016, or a rate of 91.8 per 100,000 people. The OVV recorded 26,616 homicides in 2017, or some 89.1 per 100,000 people.¹¹⁴ Among the homicides recorded by the government in 2016, some 254 minors were killed, up from 177 in 2015. According to a 2014 study by the U.N. Children's Fund, homicide has been the leading cause of death for youth under the age of 20 in Venezuela, with a homicide rate for adolescent boys of 74 per 100,000.¹¹⁵ The impunity rate for homicide in Venezuela is roughly 92%.¹¹⁶

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2017.

¹⁰⁷ "Venezuela Doctors in Protest Urge Stronger WHO Stance on Health Crisis," Reuters, September 25, 2017.

¹⁰⁸ Sofia Nederr, "Maduro Rechaza Ayuda Humanitaria para el Pais," *El Nacional*, December 4, 2017; "Venezuela Dialogue Produces No Humanitarian Agreement," *Latin News Daily*, December 4, 2017.

¹⁰⁹ Mark L. Schneider, "Venezuela's Collapse Causes Humanitarian and Security Crisis for Colombia," *Miami Herald*, March 6, 2018.

¹¹⁰ UNHCR, *Venezuela Situation*, January 2018.

¹¹¹ Schneider, op. cit.; Anthony Faiola, "The Crisis Next Door," *Washington Post*, March 2, 2018.

¹¹² Laura Jaitman, ed., *The Costs of Crime and Violence in Latin America: New Evidence and Insights from Latin America and the Caribbean*, Inter-American Development Bank, 2017.

¹¹³ Christopher Woody, "Venezuela Admits Homicides Soared to 60 a Day in 2016, Making It One of the Most Violent Countries in the World," *Business Insider*, April 3, 2017. Hereinafter, Woody, April 2017.

¹¹⁴ "Venezuela Set for Murderous 2017," *Insight Crime*, January 8, 2017; "Observatorio de la Violencia: 26.616 Personas Murieron de Forma Violenta en 2017, la Patilla," December 28, 2017.

¹¹⁵ U.N. Children's Fund, *Ocultas a Plena Luz: Un Análisis Estadístico de la Violencia Contra los Niños*, 2014, at <https://www.unicef.org/ecuador/ocultos-a-plena-luz.pdf>.

¹¹⁶ Woody, April 2017.

In addition to violence committed by criminal groups and fueled by drug trafficking and other illicit markets, Venezuela reportedly has a high rate of extrajudicial killings by security forces and allied armed civilian militias (*collectivos*).¹¹⁷ According to an April 2016 report by Human Rights Watch and the Venezuelan Human Rights Education-Action Program, some 245 such killings occurred after the government launched an anticrime initiative in mid-2015 called the Operation to Liberate and Protect the People.¹¹⁸ The report also alleged that security forces committed arbitrary detentions, forced evictions, the destruction of homes, and the arbitrary deportation of Colombian nationals during raids in low-income neighborhoods. The State Department's human rights report covering 2016 cites a nongovernmental organization estimate of 1,396 extrajudicial killings committed by security forces in 2015 (the latest year for which data are available), up 37% from the year before.¹¹⁹

Migration

The ongoing political and economic turmoil in Venezuela has prompted many Venezuelans to leave the country. Thousands of Venezuelans in areas bordering Brazil and Colombia who in the past entered those countries on a temporary basis to obtain food and medicine have chosen to remain outside Venezuela. As of November 2017, UNHCR reported that there were an estimated 660,000 Venezuelans living in Colombia, 100,000 in Peru, 60,000 in the Southern Caribbean (particularly in Trinidad and Tobago) and 30,000 in Brazil.¹²⁰ The Brazilian government reported that some 40,000 Venezuelans were in shelters as of February 2018.¹²¹ According to the International Organization for Migration, the percentage increase in the number of Venezuelans migrating to Chile, Colombia, and Peru from 2015 to 2017 exceeded 1,000%.¹²²

A subset of those who have left Venezuela have sought asylum in other countries. From 2014 to 2017, UNHCR reports that more than 133,500 Venezuelans have sought asylum abroad, with more than half of those asylum requests filed in 2017. The major destination countries for recent Venezuelan asylum seekers have included the United States (58,800), Brazil (22,300), Peru (20,850), and Spain (12,300).¹²³

As the situation in Venezuela has deteriorated, the pace of emigration has quickened, with some neighboring countries straining to absorb new arrivals. In October 2017, Panama increased requirements for Venezuelans seeking entry into the country. In February 2018, Brazilian President Michael Temer declared a state of emergency and pledged \$20 million to build a hospital to serve those in need of assistance but also sent troops to the border. With an estimated 3,000 Venezuelan migrants arriving daily, the Colombian government has suspended a special

¹¹⁷ David Smilde, "Crime and Revolution in Venezuela," *NACLA Report on the Americas*, 2017, vol. 49, no. 3.

¹¹⁸ Human Rights Watch and the Venezuelan Program of Action-Education in Human Rights, "Unchecked Power, Police and Military Raids in Low-Income Immigrant Communities in Venezuela," April 2016, at <https://www.hrw.org/node/288189/>.

¹¹⁹ State Department Human Rights, 2017.

¹²⁰ UNHCR, "Venezuela Situation: Update on Response and Funding Requirements," November 2017. Hereinafter, UNHCR, November 2017.

¹²¹ Presidency of the Republic of Brazil, "Executive Order Will Establish a Status of Social Emergency on the Venezuelan Border," February 14, 2018.

¹²² Anthony Faiola, "The Crisis Next Door," *Washington Post*, March 2, 2018.

¹²³ UNHCR, "Venezuela Situation: January 2018," January 2018.

stay work permit it had offered to Venezuelans and begun to have security forces deport those lacking work permits or visas.¹²⁴

In May 2017, UNHCR used some of its reserve funding (including \$1.7 million of U.S. funds provided by the State Department's Bureau of Population, Refugees, and Migration) to deploy missions to help serve the needs of current and future Venezuelan arrivals in those countries and others in Latin America. Services provided vary by country but include support for reception centers and shelters, emergency relief items, legal assistance with asylum applications and other matters, and the creation of temporary work programs.

U.S. Policy

The United States historically has had close relations with Venezuela, a major U.S. foreign oil supplier, but friction in relations increased under the Chávez government and has intensified under the Maduro regime. For more than a decade, U.S. policymakers have had concerns about the deterioration of human rights and democratic conditions in Venezuela and the lack of bilateral cooperation on counternarcotics and counterterrorism efforts. The United States has employed various sanctions in response to concerns about the activities of the Venezuelan government or Venezuelan individuals.¹²⁵ U.S. funding and political support has also bolstered democratic civil society in Venezuela, OAS efforts to address the crisis in Venezuela, and UNHCR's capacity to assist Venezuelan emigrants (including asylum seekers). State Department officials have continued to call for the release of Josh Holt, a U.S. citizen who has been imprisoned in Venezuela since June 2016 and whose health has declined.¹²⁶

President Trump and top Administration officials have generally backed multilateral approaches to resolving the crisis in Venezuela, while issuing statements on issues of concern to the United States and continuing to ratchet up sanctions. Before the Constituent Assembly election, President Trump said that the United States would “not stand by as Venezuela crumbles” and asserted that the United States would “take strong and swift economic actions” if the Maduro regime imposed the ANC.¹²⁷ The State Department said that the United States will not recognize the ANC and went beyond targeted sanctions by imposing financial sanctions limiting the government's and PdVSA's access to external financing in August 2017.¹²⁸ In February 2018, Secretary of State Tillerson discussed the possibility of imposing oil sanctions if they could contribute to a swifter return to democracy in Venezuela, but he also said he is cognizant of considering the effect such sanctions would have on the Venezuelan people and mitigating their impact on U.S. business interests.¹²⁹

Stronger U.S. economic sanctions could cause divisions within the Venezuelan government and hasten the end of its repressive policies, but could have negative effects and unintended consequences. Analysts are concerned that such sanctions could exacerbate Venezuela's already

¹²⁴ Anthony Faiola, “The Crisis Next Door,” *Washington Post*, March 2, 2018.

¹²⁵ See CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by (name redacted) .

¹²⁶ U.S. Department of State, Heather Nauert, Spokesperson, Department Press Briefing, November 30, 2017. It appears that the Maduro government may have initiated negotiations with U.S. congressional staff over the fate of Mr. Holt. Joshua Goodman, “US Aides: Venezuela Opens Backchannel over Jailed American,” *ABC News*, March 6, 2018.

¹²⁷ White House, “Statement from President Donald J. Trump,” July 17, 2017.

¹²⁸ U.S. Department of State, “Venezuela's Illegitimate National Constituent Assembly,” August 3, 2017.

¹²⁹ U.S. Department of State, Rex W. Tillerson, Secretary of State, “Press Availability with Argentine Foreign Minister Jorge Faurie,” February 4, 2018.

difficult humanitarian situation. Another broad concern is the potential effect that stronger sanctions could have on the U.S. economy.¹³⁰ A complicating factor in implementing sanctions is that PdVSA owns CITGO, which operates three crude oil refineries, three pipelines, and several petroleum product terminals in the United States.

Targeted Sanctions Related to Antidemocratic Actions, Human Rights Violations, and Corruption¹³¹

In Venezuela, as in other countries, the U.S. government has used targeted sanctions to signal disapproval of officials who have violated U.S. laws or international human rights norms and to attempt to deter others from doing so. Targeted sanctions can punish officials or their associates who travel internationally and hold some of their assets in the United States without causing harm to the population as a whole. In July 2014, the Obama Administration imposed visa restrictions on some Venezuelan officials responsible for human rights violations. Some argue that sanctioning additional Venezuelan officials might help to increase pressure on the Maduro government to cede power or at least stop violating human rights, whereas others argue that increased sanctions would only encourage Maduro and his allies to harden their positions.

In December 2014, the 113th Congress enacted the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278). Among its provisions, the law required (until December 31, 2016) the President to impose sanctions (asset blocking and visa restrictions) against those whom the President determined were responsible for significant acts of violence or serious human rights abuses associated with the 2014 protests or, more broadly, against anyone who had 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 act included presidential waiver authority for the application of sanctions if the President determined it was in the national security interest of the United States. In July 2016, Congress enacted legislation (P.L. 114-194) extending the termination date of the requirement to impose targeted sanctions until December 31, 2019.

In March 2015, President Obama issued Executive Order (E.O.) 13692, which implemented P.L. 113-278 and went beyond the requirements of the law. The E.O. authorized targeted sanctions (asset blocking and visa restrictions) against (1) those involved in actions or policies that undermine democratic processes or institutions; (2) those involved in significant acts of violence or conduct constituting a serious abuse or violation of human rights, including against persons involved in antigovernment protests in Venezuela during or since February 2014; (3) those involved in actions that prohibit, limit, or penalize the exercise of freedom of expression or peaceful assembly; or (4) those senior Venezuelan officials involved in public corruption. It also authorized targeted sanctions against any person determined to be a current or former Venezuelan government official or a current or former leader of any entity that has, or whose members have, engaged in any activity described above.

¹³⁰ U.S. oil refiners that depend on the importation of Venezuelan crude oil oppose sanctions that could increase costs for their operations and for U.S. consumers.

¹³¹ CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by (name redacted) .

To date, the Treasury Department has imposed sanctions on 51 Venezuelans pursuant to E.O. 13692. In March 2015, the Treasury Department froze the assets of six members of Venezuela's security forces and a prosecutor involved in repressing antigovernment protesters. Under the Trump Administration, the Treasury Department has imposed sanctions against an additional 44 Venezuelans pursuant to E.O. 13692, including members of the Supreme Court, CNE, Cabinet, and security forces (army, national guard, and national police). On July 31, 2017, the Administration imposed sanctions on President Maduro, one of four heads of state subject to U.S. sanctions.¹³³

Trafficking in Persons. Since 2014, Venezuela has received a Tier 3 ranking in the State Department's annual *Trafficking in Persons* (TIP) reports. U.S. assistance to

Venezuela has not been subject to TIP-related sanctions, since the democracy and human rights aid provided goes to nongovernmental organizations and has been deemed to be in the U.S. national interest.¹³⁴ According to the June 2017 TIP report, although the government arrested seven trafficking suspects, it did not provide any data on prosecutions or convictions, victims identified, or any other antitrafficking efforts.

Corruption

Venezuela ranked 169 out of 180 countries included in Transparency International's 2017 Corruption Perceptions Index (CPI), the lowest ranking of any country in Latin America and the Caribbean. In a 2017 survey, more than 75% of Venezuelans said that corruption was rising. Corruption in PdVSA, as well as in ports, border crossings, and food importing and distribution systems now controlled by the military, has cost the country hundreds of millions of dollars in lost income.¹³² Some officials, allegedly including Vice President El Aissami, Interior Minister Nestor Reverol, and many members of the military, have received illicit income from drug trafficking. Corruption in the criminal justice system is tied to widespread human rights abuses and impunity. According to Transparency Venezuela, the full extent of this corruption is difficult to gauge given the government's lack of transparency and weak institutions.

Sources: Transparency International, CPI, https://www.transparency.org/news/feature/corruption_perceptions_index_2017

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

President Trump signed E.O. 13808, effective August 25, 2017, imposing new sanctions that restrict the Venezuelan government's access to U.S. financial markets, which has been an important source of capital for the government and PdVSA.¹³⁵ According to the White House, the measures "are carefully calibrated to deny the Maduro dictatorship a critical source of financing to maintain its illegitimate rule, protect the United States financial system from complicity in Venezuela's corruption and in the impoverishment of the Venezuelan people, and allow for humanitarian assistance."¹³⁶ Sanctions targeting sovereign debt are unusual, but not unprecedented.¹³⁷

¹³² Hannah Dreier and Joshua Goodman, "Venezuela Military Trafficking Food as Country Goes Hungry," AP, December 28, 2016.

¹³³ U.S. Department of the Treasury, "Treasury Sanctions the President of Venezuela," July 31, 2017.

¹³⁴ See, for example, White House, Office of the Press Secretary, "Presidential Determination on Foreign Governments' Efforts Regarding Trafficking in Persons," September 30, 2018.

¹³⁵ Presidential Executive Order on Imposing Sanctions with Respect to the Situation in Venezuela, August 25, 2017, at <https://www.whitehouse.gov/the-press-office/2017/08/25/presidential-executive-order-imposing-sanctions-respect-situation>.

¹³⁶ Statement by the Press Secretary on New Financial Sanctions on Venezuela, August 25, 2017, at <https://www.whitehouse.gov/the-press-office/2017/08/25/statement-press-secretary-new-financial-sanctions-venezuela>.

¹³⁷ Congress has passed legislation to prohibit investments and transaction in Iran sovereign debt (22 U.S.C. 2723), and the Countering Russia Influence in Europe and Eurasia Act of 2017 (§242 of P.L. 115-44) calls for a report studying (continued...)

The sanctions seek to cut off new funds flowing from U.S. investors or through the U.S. financial system to the Maduro government. To this end, sanctions restrict transactions by U.S. investors or within the United States related to new debt issued by the Venezuelan government and PdVSA. U.S. persons are also prohibited from purchasing securities from the Venezuelan government. Additionally, CITGO—whose parent company is PdVSA—is prohibited from distributing profits to the Venezuelan government, though it can continue its operations in the United States.

Concurrent with the release of the Executive Order in August, Treasury issued licenses to minimize the impact of sanctions on U.S. economic interests and on the Venezuelan people. The licenses allow (1) a 30-day window to wind down contracts affected by the sanctions; (2) U.S. investors to continue trading their existing holdings of Venezuelan and PdVSA bonds on secondary markets; (3) transactions involving new debt issued by CITGO; and (4) financing for specific humanitarian goods, including agricultural commodities, medicine, and medical devices. Additionally, the sanctions specified in the Executive Order allow transactions involving new short-term debt (less than 30 days for the Venezuelan government and less than 90 days for PdVSA). This ensures continued access to short-term financing that facilitates U.S. trade with Venezuela, including U.S. imports of oil from Venezuela.

When the sanctions were announced in August, there was debate about whether they would push Venezuela to default, or whether the government would be able to find alternative sources of financing, for example in new oil-for-loan deals with Russia and China or taking cash from PdVSA and other state institutions. Most economists agree that the sanctions made the fiscal position of the government more difficult, as many international banks ceased all financial transactions with Venezuela for fear of violating sanctions, and as sanctions accelerated the decline in Venezuelan oil exports to the United States.¹³⁸ In the November 2 address announcing his intent to restructure Venezuela's debt, President Maduro blamed U.S. sanctions for the government's fiscal problems, arguing that they made it impossible for the government to raise additional funds.

Counternarcotics and Money-Laundering Issues

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

Since 2005, Venezuela has been designated annually as a country that has failed to adhere to its international antidrug obligations, pursuant to international drug-control certification procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228). In September 2017, President Trump designated Venezuela as one of two countries not adhering to its antidrug obligations.¹³⁹ At

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the effects of sanctioning Russian sovereign debt and related derivative products.

¹³⁸ Ben Bartenstein and Christine Jenkins, "Venezuelan Bonds Get Harder to Trade Thanks to Sanctions," Bloomberg, August 31, 2017; Lucia Kassai and Sheela Tobben, "Venezuelan Oil Cargoes to U.S. Ports Plunge as Sanctions Bite," Bloomberg, October 24, 2017.

¹³⁹ The White House, "Presidential Determination—Major Drug Transit or Major Illicit Drug Producing Countries for (continued...)"

the same time, President Trump waived economic sanctions that would have curtailed U.S. assistance for democracy programs.

The State Department reported in its 2017 *International Narcotics Control Strategy Report* (INCSR) that Venezuela was one of the preferred trafficking routes for the transit of illicit drugs out of South America, especially cocaine, because of the country's porous border with Colombia, weak judicial system, sporadic international counternarcotics cooperation, and permissive and corrupt environment. The report notes the following:

- Cocaine is trafficked via aerial, terrestrial, and maritime routes, with most drug flights departing from Venezuelan states bordering Colombia and maritime trafficking that includes the use of large cargo containers, fishing vessels, and “go-fast” boats.
- The vast majority of drugs transiting Venezuela in 2016 were destined for the Caribbean, Central America, the United States, West Africa, and Europe. Colombian drug-trafficking organizations—including multiple criminal bands, the FARC, and the National Liberation Army (ELN)—facilitate drug transshipment through Venezuela. Mexican drug-trafficking organizations also operate in the country.
- Despite a near doubling in coca cultivation in Colombia from 2013 to 2015, the report states that Venezuelan antidrug forces seized only 32 metric tons (MT) of drugs in the first six months of 2016, compared to 66 MT in the first eight months of 2015.
- “Venezuelan authorities do not effectively prosecute drug traffickers, in part due to political corruption,” but Venezuelan law enforcement officers also “lack the equipment, training, and resources required to impede the operations of major drug trafficking organizations.”¹⁴⁰
- Venezuela and the United States continue to use a 1991 bilateral maritime agreement to cooperate on interdiction. In 2016, Venezuela worked with the U.S. Coast Guard in six maritime drug interdictions cases (down from 10 in 2015).
- As noted in prior years, “the United States remains committed to cooperating with Venezuela to counter the flow of cocaine and other illegal drugs transiting Venezuelan territory.”¹⁴¹

In addition to State Department reporting, recent cases in the United States demonstrate the involvement of high-level Venezuelan officials or their relatives in international drug trafficking. President Maduro either has dismissed those cases or appointed the accused to Cabinet positions, where they presumably will be protected from extradition. Some observers have maintained that it may therefore be difficult to persuade officials to leave office through democratic means if, once out of power, they likely would face extradition and prosecution in the United States.¹⁴²

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Fiscal Year 2018,” September 13, 2017.

¹⁴⁰ U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2017 *International Narcotics Control Strategy Report* (INCSR), vol. 1, p. 286.

¹⁴¹ *Ibid.*, p. 289.

¹⁴² U.S. Congress, Senate Committee on Foreign Relations, *Venezuela: Options for U.S. Policy*, 115th Cong., 1st sess., March 2, 2017.

On August 1, 2016, the U.S. Federal Court for the Eastern District of New York unsealed an indictment from January 2015 against two Venezuelans for cocaine trafficking to the United States. The indictment alleged that General Néstor Luis Reverol Torres, former general director of Venezuela's National Anti-Narcotics Office (ONA) and former commander of Venezuela's National Guard, and Edylberto José Molina Molina, former subdirector of ONA, participated in drug-trafficking activities from 2008 through 2010, when they were top ONA officials.¹⁴³ President Maduro responded by appointing General Reverol as Minister of Interior and Justice in charge of the country's police forces.

In December 2017, two nephews of Venezuelan First Lady Cilia Flores—Franqui Francisco Flores de Freitas and Efrain Antonio Campo Flores—were sentenced to 18 years in a U.S. federal prison for conspiring to transport cocaine into the United States. The two nephews had been arrested in Haiti in November 2015 and brought to the United States to face drug-trafficking charges and convicted in November 2016. President Maduro asserted that the conviction was an attempt by the United States to weaken his government.¹⁴⁴ The trial and conviction reportedly shed light on the role of Venezuelan government and military officials in drug trafficking.¹⁴⁵

The Department of the Treasury has imposed sanctions on at least 20 Venezuelans for narcotics trafficking and 10 companies in Venezuela by designating them as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act, P.L. 106-120, Title VIII; 21 U.S.C. 1901 et seq.).¹⁴⁶ On February 13, 2017, the Department of the Treasury imposed drug-trafficking sanctions against Venezuelan Vice President Tareck el Aissami and an associate, Samarck Lopez Bello.¹⁴⁷

In addition to drug trafficking, the 2017 INCSR discusses Venezuela's high level of vulnerability to money laundering and other financial crimes. According to the report, money laundering is widespread in the country and is evident in industries ranging from government currency exchanges to banks to real estate to metal and petroleum. Venezuela's currency-control system requires individuals and firms to purchase hard currency from the government's currency commission at a fixed exchange rate of 10 bolivars per U.S. dollar, which has created incentives for trade-based money laundering.

Venezuela revised its laws against organized crime and terrorist financing in 2014 but excluded the government and state-owned industries from the scope of any investigations. The unit charged with investigating financial crimes has "limited operational capabilities," and there is a lack of political will in the judicial system to combat money laundering and corruption.¹⁴⁸ The 2017 INCSR concludes that Venezuela's "status as a drug transit country, combined with weak AML

¹⁴³ U.S. Department of Justice, United States Attorney's Office, Eastern District of New York, "Former Top Leaders of Venezuela's Anti-Narcotics Agency Indicted for Trafficking Drugs to the United States," August 1, 2016.

¹⁴⁴ "Venezuela's Maduro Calls Nephews' Drug Conviction 'U.S. Imperialism,'" Reuters News, November 25, 2016.

¹⁴⁵ Laura Natalia Ávila, "Game Changers 2016: Venezuela's Cartel of the Suns Revealed," *InSight Crime*, January 3, 2017.

¹⁴⁶ See CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by (name redacted)

¹⁴⁷ The designation stated that El Aissami, former governor of the state of Aragua and a former Interior minister, had overseen shipments of more than 1,000 kilograms of narcotics and protected other drug traffickers. Bello laundered drug proceeds for El Aissami. U.S. Department of the Treasury, "Treasury Sanctions Prominent Venezuela Drug Trafficker Tareck el Aissami and His Primary Frontman Samark Lopez Bello," February 13, 2017.

¹⁴⁸ U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2017 *International Narcotics Control Strategy Report (INCSR)*, vol. II: *Money Laundering and Financial Crimes*, March 2017, p. 190-192.

supervision and enforcement, lack of political will, limited bilateral cooperation, an unstable economy, and endemic corruption” make the country vulnerable to money laundering.¹⁴⁹

On September 20, 2017, the Treasury Department’s Financial Crimes Enforcement Network advised U.S. financial institutions to report any suspicious financial transactions that could have a nexus with Venezuela.¹⁵⁰ The advisory urges U.S. institutions to exercise increased scrutiny over transactions that may involve lesser-known state-owned enterprises connected to the government. It also warns that recent sanctions against Venezuelan officials could “increase the likelihood that other non-designated Venezuelan senior political figures may seek to protect their assets.”

Terrorism

The Secretary of State has determined annually, since 2006, that Venezuela has not been “cooperating fully with United States antiterrorism efforts” pursuant to Section 40A of the Arms Export Control Act (AECA). Per the AECA, such a designation subjects Venezuela to a U.S. arms embargo, which prohibits all U.S. commercial arms sales and retransfers to Venezuela. The most recent determination was made in May 2017.

The State Department’s most recent annual terrorism report, issued in June 2017, stated that “there were credible reports that Venezuela maintained a permissive environment that allowed for activities that benefited known terrorist groups.”¹⁵¹ The report stated that individuals linked to the FARC, the ELN, and Basque Fatherland and Liberty (a Basque terrorist organization), as well as Hezbollah supporters and sympathizers, were present in Venezuela. In 2008, the Treasury Department imposed sanctions (asset freezing and prohibitions on transactions) on two individuals and two travel agencies in Venezuela for providing financial support to Hezbollah, which the Department of State has designated a Foreign Terrorist Organization. The action was taken pursuant to E.O. 13224, aimed at impeding terrorist funding.

Recently, some Members of Congress have expressed concerns about allegations that Venezuelan passports may have been sold to individuals at the Venezuelan Embassy in Iraq and that some of those passports could be used by terrorists.¹⁵² Some observers, however, question the allegations. They note that passport falsification is not unique to Venezuela and maintain that the difficulty of obtaining a U.S. visa means that the possibility of a security threat to the United States is low.¹⁵³

Energy Sector Concerns

Developments in Venezuela’s Energy Sector

Although Venezuela has vast proven oil reserves (301 billion barrels in 2015—the largest in the world),¹⁵⁴ oil production in the country has declined from an average of roughly 3.5 million

¹⁴⁹ Ibid.

¹⁵⁰ U.S. Department of the Treasury, Financial Crimes Enforcement Network, “Advisory on Widespread Public Corruption in Venezuela,” September 20, 2017.

¹⁵¹ U.S. Department of State, “Chapter 2, Western Hemisphere Overview,” in *Country Reports on Terrorism 2015*, June 2016.

¹⁵² Scott Zamost et al., “Venezuela May Have Given Passports to People with Ties to Terrorism,” CNN, February 14, 2017.

¹⁵³ Geoff Ramsey and David Smilde, “Fact Checking Venezuelan Passports-to-Terrorists Allegations,” *Insight Crime*, February 22, 2017.

¹⁵⁴ BP, *Statistical Review of World Energy*, June 2017.

barrels per day (b/d) in 2000 to an average of 2.5 million b/d in 2016, according to the U.S. Energy Information Administration (EIA).¹⁵⁵ Monthly oil production continued to decline in 2017 and early 2018, with production levels averaging 1.6 million b/d in January 2018.¹⁵⁶

PdVSA's performance has been affected by a number of factors. Under Chávez, government control over PdVSA increased, and oil export revenues were not reinvested in the oil sector. Chávez's moves toward nationalization of oil assets created a difficult investment environment for international oil companies. Losses in human capital that began after thousands of technocrats were fired in the wake of a 2002-2003 oil workers' strike have continued. Since August, many executives have been arrested for alleged corruption, which dissidents within the company say is a false pretense for replacing technocrats with military officers.¹⁵⁷ Production also has been challenged by aging infrastructure, bottlenecks created by PdVSA's inability to pay service companies and producers, and shortages of inputs (such as light crudes for blending) used to process its heavy crude oil.¹⁵⁸

Corruption remains a major drain on the company's revenues and an impediment to performance. In 2016, a report by the Venezuelan National Assembly estimated that some \$11 billion disappeared at PdVSA from 2004 to 2014.¹⁵⁹ According to many observers, corruption is likely to worsen now that military officers take control of the company from professional managers.¹⁶⁰

Until recently, a domestic subsidy made gasoline virtually free for Venezuelans, a practice that cost the Venezuelan government some \$12 billion annually, increased consumption, and spurred smuggling operations at the border with Colombia. In February 2016, the government raised the price of gasoline for the first time since 1994, to approximately 15 cents a gallon (still the lowest price in the world).¹⁶¹

Although a bond swap in late 2016 eased some of the company's short-term debt burden, the company remains heavily indebted, with total outstanding bonds estimated at \$25 billion.¹⁶² In November 2017, PdVSA was late in making bond payments, triggering a New York-based derivatives group to issue a default notice for the state-oil company, in addition to the government, and raising questions about PdVSA's ability to make payments going forward.¹⁶³ Observers maintain that the November 2017 appointment of a general with no experience in the oil sector to run PdVSA (and the oil ministry) does not bode well for the government's willingness and ability to make upcoming debt service payments.¹⁶⁴ They are also concerned about reports that President Maduro will review all oil contracts.¹⁶⁵

¹⁵⁵ U.S. Energy Information Administration, International Energy Statistics.

¹⁵⁶ This data is from the International Energy Agency's Monthly Oil Data Service.

¹⁵⁷ "New Venezuela Oil Boss to Give Military More PDVSA Posts," Reuters, November 27, 2017.

¹⁵⁸ Igor Hernández and Francisco Monaldi, *Weathering the Collapse: An Assessment of the Financial and Operational Situation of the Venezuelan Oil Industry*, CID Working Paper No. 327, November 2016. Hereinafter, Hernández and Monaldi, 2016.

¹⁵⁹ Alexandra Ulmer, "Venezuela Congressional Probe says \$11 Billion Missing at PDVSA," Reuters, October 19, 2018.

¹⁶⁰ Kirk Semple, "General Is Given Control of Venezuelan Oil Giant," *New York Times*, November 28, 2017.

¹⁶¹ Mery Mogollon and Chris Kraul, "At 15 Cents a Gallon, It's the Cheapest Gas in the World—Yet Venezuela Worries," *Los Angeles Times*, February 19, 2016.

¹⁶² Lee C. Buchheit and G. Mitu Gulati, *How to Restructure Venezuelan Debt*, July 2017.

¹⁶³ Robin Wigglesworth, "Default Ruling on Venezuela Debt Postponed, Again," *Financial Times*, November 13, 2017; Davide Scigliuzzo, "ISDA Panel to Reconvene on Venezuela CDS Auction," Reuters, November 27, 2017.

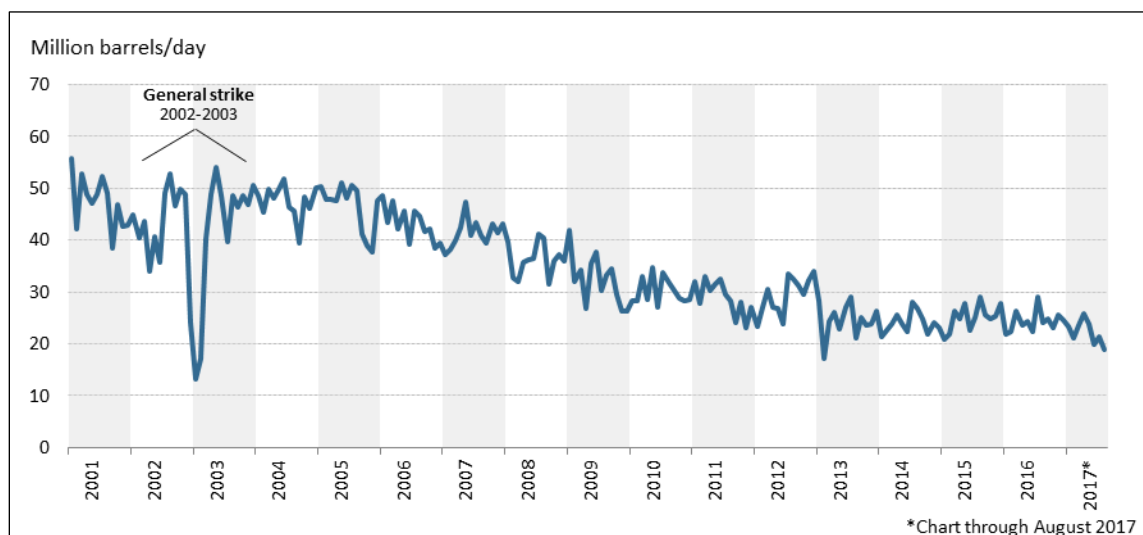
¹⁶⁴ Eurasia Group, "PDVSA Leadership Change Darkens Oil Sector Outlook and Increases Debt Service Uncertainty," (continued...)

Declining production by PdVSA-controlled assets stands in contrast to the performance of joint ventures that PdVSA has with Chevron, CNPC, Gazprom, Repsol, and others. From 2010 to 2015, production declined by 27.5% in fields solely operated by PdVSA, whereas production in fields operated by joint ventures increased by 42.3%.¹⁶⁶ The future of these ventures is uncertain, given that many of those companies worked closely with the recently ousted oil minister while he headed PdVSA and in his most recent position as oil minister.¹⁶⁷

U.S.-Venezuela Oil Trade

Traditionally, Venezuela has been a major supplier of crude oil imports into the United States, but the amount, value, and relative share of U.S. oil imports from Venezuela declined in recent years. In 2016, Venezuela was the third-largest foreign supplier of crude oil to the United States (behind Canada and Saudi Arabia), providing an average of 741,000 b/d, down from 1.5 million b/d in 2015. The decline in U.S. oil imports from Venezuela has continued in 2017, to their lowest level since 2002 (see **Figure 3**). In 2016, Venezuelan crude oil accounted for about 9.4% of U.S. imports worldwide, down from 11% in 2005.

Figure 3. U.S. Imports of Venezuelan Oil



Source: U.S. Energy Information Administration (EIA), as prepared by CRS Graphics.

Oil is overwhelmingly Venezuela's major export to the United States. According to U.S. trade statistics, Venezuela's oil exports to the United States were valued at \$11.7 billion in 2017,

(...continued)

November 27, 2017.

¹⁶⁵ Alexandra Ulmer and Deisy Buitrago, "Venezuela Maduro Gains Control Over Oil Contracts amid Purge," Reuters, December 3, 2017, at <https://www.reuters.com/article/us-venezuela-oil/venezuela-maduro-gains-control-over-oil-contracts-amid-purge-idUSKBN1DX0V8>.

¹⁶⁶ Hernández and Monaldi, 2016.

¹⁶⁷ Eurasia Group, "PDVSA Leadership Change Darkens Oil Sector Outlook and Increases Debt Service Uncertainty," November 27, 2017.

accounting for 95% of Venezuela's exports to the United States.¹⁶⁸ This figure is down from \$29 billion in 2014, reflecting the steep decline in the price of oil.

In addition to importing crude oil from Venezuela, the United States also exports light crude oil and other product inputs to Venezuela needed to blend with and refine Venezuelan heavy crude oil. About half of U.S. exports to Venezuela consist of light crude oil and other oil product inputs.

PdVSA-Rosneft Financing Deal: Implications for U.S. Energy Security

As Venezuela's economic situation has become more precarious and PdVSA has struggled to pay its debts, some U.S. policymakers have expressed concerns about Russian involvement in the Venezuelan oil industry. In 2016, PdVSA secured a \$1.5 billion loan from the Russian state oil company Rosneft. PdVSA used 49.9% of its shares in CITGO as collateral for the loan. If PdVSA were to default on the loan from Rosneft, Rosneft would gain the 49.9% stake in CITGO. CITGO, based in Texas, owns substantial energy assets in the United States, including three oil refineries, 48 terminal facilities, and multiple pipelines. Some policymakers are concerned that Rosneft could gain control of critical U.S. energy infrastructure and pose a serious risk to U.S. energy security.¹⁶⁹ There are also questions about whether the transaction would be compliant with U.S. sanctions on Rosneft.

In a hearing before the Senate Banking Committee in May 2017, Treasury Secretary Steven Mnuchin indicated that any such transaction would be reviewed by the Committee on Foreign Investment in the United States (CFIUS).¹⁷⁰ At the end of August, it was reported that the Trump Administration stands ready to block the transaction.¹⁷¹ Reportedly, Rosneft is negotiating to swap its collateral in CITGO for oilfield stakes and a fuel supply deal, but those talks do not appear to have progressed.¹⁷² U.S. investors are seeking to acquire the collateral in CITGO held by Rosneft, to prevent Rosneft from controlling nearly half of CITGO in the event of a full default by PdVSA. The transaction requires a license from Treasury's Office of Foreign Assets Control (OFAC); the request has received technical approval but is awaiting a final decision.¹⁷³

The decline in U.S. imports of oil from Venezuela is driven by a number of factors. These include Venezuela's decreased production and increased U.S. oil imports from Canada.¹⁷⁴ U.S. sanctions are also making oil imports from Venezuela more difficult. Under the sanctions, U.S. partners can extend new credit to PdVSA for up to only 90 days. PdVSA has dealt with its fiscal problems by delaying payments and paying service providers with promissory notes, in lieu of payments.¹⁷⁵ There are concerns that delayed payments and promissory notes would count as new credit, and if their maturity exceeds 90 days, would violate sanctions. These payment issues have contributed to the slowdown in oil production, although it has not halted it.¹⁷⁶

¹⁶⁸ Trade statistics are from Global Trade Atlas, which uses Department of Commerce statistics.

¹⁶⁹ For example, see Jeff Duncan and James Conway, "Venezuela-Russia Deal Threatens U.S. Energy Security," *The Hill*, July 11, 2017.

¹⁷⁰ U.S. Congress, Senate Committee on Banking, Housing, and Urban Affairs, *Domestic and International Policy*, 115th Cong., May 18, 2017. For more on CFIUS, see CRS In Focus IF10177, *The Committee on Foreign Investment in the United States*, by (name redacted) .

¹⁷¹ Ian Talley, "U.S. to Block Potential Russian Move into American Energy," *Wall Street Journal*, August 31, 2017.

¹⁷² Alexandra Ulmer and Marianna Parraga, "Russia, Venezuela Discuss Citgo Collateral Deal to Avoid U.S. Sanctions," Reuters, July 20, 2017; Alexandra Ulmer, "U.S. Investors Seek to Acquire Russia's Rosneft Lien in Citgo," Reuters, February 26, 2018.

¹⁷³ Alexandra Ulmer and Marianna Parraga, "Russia, Venezuela Discuss Citgo Collateral Deal to Avoid U.S. Sanctions," Reuters, July 20, 2017.

¹⁷⁴ Venezuelan heavy crudes compete directly with Canadian oil sands heavy crudes to supply certain refiners in the United States (many in the Gulf Coast region) that have been optimally configured to process heavy crude oils.

¹⁷⁵ Risa Grais-Targow, Greg Priddy, and Agata Ciesielska, "Venezuela/Oil," *Eurasia Group*, November 21, 2017.

¹⁷⁶ *Ibid.*

U.S. Foreign Assistance

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

From 2002 through 2010, USAID supported democracy small-grant and technical assistance activities in Venezuela through its Office of Transition Initiatives (OTI) to provide assistance to monitor democratic stability and strengthen the country's democratic institutions. At the end of 2010, USAID's support for such activities in Venezuela was transferred from OTI to USAID's Latin America and Caribbean Bureau. In recent years, U.S. democracy assistance to Venezuela amounted to \$4.3 million in each of FY2014 and FY2015 and \$6.5 million in FY2016, provided through the Economic Support Fund (ESF) foreign aid funding account.

For FY2017, the Obama Administration requested \$5.5 million in ESF funding to “defend democratic practices, institutions, and values that support human rights, freedom of information, and Venezuelan civic engagement.”¹⁷⁷ After enacting several short-term continuing resolutions, the 115th Congress enacted the FY2017 Consolidated Appropriations Act (H.R. 244/P.L. 115-31) on May 4, 2017. The explanatory statement accompanying the law recommends providing \$7 million for civil society programs in Venezuela. Instead of ESF assistance, an estimated \$7 million from the Development Assistance foreign aid funding account was provided.

The Trump Administration did not request any assistance for democracy and human rights programs in Venezuela as part of the FY2018 Department of State, Foreign Operations, and Related Programs request. Nevertheless, the House Appropriations Committee's FY2018 State Department and Foreign Operations appropriations bill, H.R. 3362 (H.Rept. 115-253), recommends providing \$8 million. H.R. 3362 was incorporated into the House-passed full-year FY2018 Omnibus Appropriations Measure, H.R. 3354. The Senate Appropriations Committee's version of the bill, S. 1780 (S.Rept. 115-152), recommends \$15 million.

For FY2019, the Trump Administration requested \$9 million to support democracy and human rights programs in Venezuela that strengthen civil society, democratic institutions and processes, and independent media.

As noted above, NED has funded democracy projects in Venezuela since 1992. U.S. funding for NED is provided in the annual State Department and Foreign Operations appropriations measure, but country allocations for NED are not specified in the legislation. In FY2017, NED funded 43 projects in Venezuela totaling \$2.6 million (up from \$1.6 million in FY2016).¹⁷⁸

On December 5, 2017, the House approved legislation, H.R. 2658 (Engel), the Venezuela Humanitarian Assistance and Defense of Democratic Governance Act of 2017. The bill would direct the State Department to work through nongovernmental organizations to provide food and nutritional supplements, medicine and medical supplies, and related technical assistance to Venezuela. A similar bill, S. 1018 (Cardin) has been introduced in the Senate.

¹⁷⁷ U.S. Department of State, *Congressional Budget Justification, Foreign Operations FY2017*, Appendix 3, February 26, 2016, p. 489.

¹⁷⁸ National Endowment for Democracy, “Venezuela 2017,” at <https://www.ned.org/region/latin-america-and-caribbean/venezuela-2017/>.

U.S. Support for Organization of American States (OAS) Efforts on Venezuela

Over the past two years, the U.S. government has supported the organization's efforts under Secretary General Luis Almagro to address the situation in Venezuela.¹⁷⁹ Although the United States' ability to advance its policy initiatives within the OAS generally has declined as Latin American governments have adopted more independent foreign policy positions, OAS efforts on Venezuela have complemented U.S. policy objectives. OAS efforts have thus far largely failed, however, due to the reluctance of some countries to intervene in Venezuela's domestic affairs (see **Appendix B** for more details on OAS efforts).

OAS Secretary General Almagro (who assumed his position in May 2015) has spoken out strongly about the situation in Venezuela. On May 31, 2016, the Secretary-General invoked the Inter-American Democratic Charter—a collective commitment to promote and defend democracy—when he called (pursuant to Article 20) on the OAS Permanent Council to convene an urgent session on Venezuela to decide whether “to undertake the necessary diplomatic efforts to promote the normalization of the situation and restore democratic institutions.”¹⁸⁰ Secretary General Almagro issued an extensive report on the political and economic situation in Venezuela, concluding that there were “serious disruptions of the democratic order” in the country.¹⁸¹ The Permanent Council received the report, but has yet to achieve consensus on how to respond to the evolving crises. As an example, on February 23, 2018, 19 of 34 member states voted in favor of a resolution by the Permanent Council calling on the Venezuelan government to reconsider convening early presidential elections and to accept humanitarian assistance. While the resolution received more than the simple majority of votes (18) needed to be approved, 15 countries voted against the resolution, abstained, or were not present.¹⁸²

In March 2017, OAS Secretary General Almagro issued a new report to the Permanent Council, which called on the Venezuelan government to undertake a series of measures to resume the constitutional order, including holding general elections without delay, or face a possible suspension from the OAS.¹⁸³ It concluded by calling on OAS member states to apply Article 21 of the Inter-American Democratic Charter to suspend Venezuela from the organization if the Venezuelan government failed to address the report recommendations positively within 30 days. An affirmative vote of two-thirds of the member states (23) in a special session of the General Assembly would be necessary to suspend Venezuela from the organization.

Although a suspension would demonstrate Venezuela's diplomatic isolation, it is unclear whether such a move would affect the Maduro government's policies. President Maduro has instructed his

¹⁷⁹ CRS Report R42639, *Organization of American States: Background and Issues for Congress*, by (name redacted)

¹⁸⁰ OAS, “Secretary General Invoked Democratic Charter and Convened Permanent Council on Venezuela,” May 31, 2016.

¹⁸¹ OAS, *Report of the Secretary General to the Permanent Council on the Situation in Venezuela*, May 30, 2016, at <http://www.oas.org/documents/eng/press/OSG-243.en.pdf>.

¹⁸² Countries voting in favor of the resolution were Argentina, Bahamas, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Saint Lucia, Uruguay, and the United States. The five countries that voted against the resolution were Bolivia, Dominica, Suriname, Saint Vincent and the Grenadines, and Venezuela. The eight countries that abstained were Belize, the Dominican Republic, Ecuador, El Salvador, Haiti, Nicaragua, Saint Kitts and Nevis, and Trinidad and Tobago. Representatives from Antigua and Barbuda and Grenada were not present.

¹⁸³ OAS, “Secretary General Presents Updated Report on Venezuela to the Permanent Council,” press release (contains link to the full report), March 14, 2017, at http://www.oas.org/en/media_center/press_release.asp?sCodigo=E-014/17.

foreign minister to begin the process for Venezuela to withdraw from the OAS in protest of the organization's recent actions, marking the first time in the organization's history that a country has sought to quit.¹⁸⁴ The withdrawal process, which takes two years, would require Venezuela to pay \$8.8 million in back dues to the OAS.¹⁸⁵ Venezuela could lose access to other inter-American organizations such as the Pan American Health Organization, the regional arm of the World Health Organization.

Despite the deteriorating situation in Venezuela, a number of countries have been reluctant to follow Almagro's lead in calling for the Venezuelan government to take certain steps to improve the human rights situation and restore democratic institutions. During the OAS General Assembly meeting in June 2017, 20 countries voted in favor of adopting a resolution (introduced by Peru and backed by the United States) to press the Venezuelan government to take concrete actions, but the measure failed because it needed 23 votes. Among other countries, six voted no (Bolivia, Dominica, Nicaragua, St. Kitts and Nevis, St. Vincent and the Grenadines, and Venezuela) and eight countries abstained (Antigua and Barbuda, Dominican Republic, Ecuador, El Salvador, Grenada, Haiti, Suriname, and Trinidad and Tobago).

In the absence of consensus within the General Assembly, Secretary General Almagro has continued to speak out against actions taken by the Maduro government.¹⁸⁶ He issued a report in July 2017 describing abuses committed by the government against protesters earlier this year and another in September denouncing the consolidation of Venezuela's "dictatorial regime" with the formation of the Constituent Assembly.¹⁸⁷ The Secretary General is leading a process to analyze whether the Maduro government's abuses against its citizens constitute crimes against humanity and therefore merit a referral to the International Criminal Court.¹⁸⁸ He has urged countries to back stronger sanctions against the Maduro government and has reportedly expressed support for "sanctions also against the regime itself ... [targeting] oil production."¹⁸⁹ While some observers have praised Secretary General Almagro's outspoken activism on Venezuela, others have asserted that he and the OAS are unlikely to be trusted by anyone in the Maduro government as a mediator that could help resolve the current crisis.¹⁹⁰

¹⁸⁴ Michael Shifter, "Venezuela's Bad Neighbor Policy: Why It Quit the OAS," *Foreign Affairs*, May 5, 2017.

¹⁸⁵ Eurasia Group, "Venezuela- Preemptive Breakup with the OAS Will Not Diminish International Pressure," April 27, 2017.

¹⁸⁶ See, for example, Testimony of OAS Secretary General Luis Almagro before the U.S. Congress, Senate Committee on Foreign Relations, Subcommittee on Western Hemisphere, Transnational Crime, Civilian Security, Democracy, Human Rights, and Global Women's Issues, *The Collapse of the Rule of Law in Venezuela: What the United States and the International Community Can Do to Restore Democracy*, 115th Cong., 1st sess., July 19, 2017.

¹⁸⁷ OAS, Report of the Secretary General to the Permanent Council on the Situation in Venezuela, July 19, 2017, at <http://www.oas.org/documents/eng/press/TERCER-INFORME-VENEZUELA-ENGLISH-Final-signed.pdf>; and OAS, "Denunciation of a Dictatorial Regime's Consolidation in Venezuela: Presented by Secretary General Luis Almagro to the Permanent Council," September 25, 2017, at <http://www.oas.org/documents/eng/press/OSG-445-CUARTO-INFORME-venezuela-English.pdf>.

¹⁸⁸ OAS, "Fact Sheet: Process to Analyze Whether the Situation in Venezuela Merits Referral to the International Criminal Court," September 13, 2017.

¹⁸⁹ "Harsher Sanctions Needed Against Venezuela, Targeting Oil: OAS Chief," Reuters, February 20, 2018.

¹⁹⁰ D. Smilde et al., "Is the OAS Playing a Constructive Role on Venezuela? What Should It Be Doing Differently?—Dialogue," *Portside*, June 1, 2017.

Outlook

For some time, analysts have debated how long President Maduro can retain his grip on power amidst a deepening economic and humanitarian crisis and how best to help hasten a return to electoral democracy in Venezuela. The country's opposition is divided: the MUD has rejected the upcoming elections, but a former MUD member, Henri Falcón, is running despite the unfair playing field. It remains to be seen whether the rest of the Venezuelan opposition and leading actors within the international community will back Falcón's presidency or whether they will continue to reject the electoral process. Most analysts are predicting that Maduro will be reelected but that his victory is unlikely to be recognized by the international community due to the unfair advantages under which those analysts say it likely will occur.¹⁹¹

For now, many observers predict that economic problems, including hyperinflation, may be the most likely factor that could lead to Maduro leaving office.¹⁹² U.S. sanctions targeting Venezuela's oil industry could hasten that process, but they also could inflict further suffering on the population, at least in the short term. Observers maintain that an economic collapse could lead to a coup or other chaotic transition to an opposition-led government, but there is also a risk of a longer-lasting military-led government.¹⁹³ Both the Venezuelan government and PdVSA are already in technical default on some bond repayments. Restructuring those or other external debt could be extremely complex unless a new government takes office.

In addition to concerns about democracy and human rights, the U.S. government and the international community are increasingly concerned by the profound economic and social crises that the Venezuelan people are experiencing. Many observers contend that the road to economic recovery will take several years, no matter who is in power. The IMF has estimated that an international financial assistance package for Venezuela could cost more than \$30 billion a year. However, discussion about an IMF program is still speculative.¹⁹⁴ The Maduro regime has essentially cut off relations with the IMF, and many analysts believe that, as with debt restructuring, an IMF program would proceed only under a new government in Venezuela.

Congress faces appropriations decisions regarding the level of democracy and human rights assistance available to civil society and opposition groups in Venezuela. Some Members of Congress have called for that aid to be increased. Congress also may consider authorizing humanitarian aid to Venezuela and neighboring countries, such as Colombia, where Venezuelans have migrated as a result of hardship, violence, and/or political persecution, either bilaterally or through multilateral or nongovernmental channels.

¹⁹¹ Ben Bartenstein, "Wall Street's Venezuela Contrarian Dials up His Wildest Card Yet," *Wall Street Journal*, February 28, 2018.

¹⁹² Anthony Faiola and Rachele Krygier, "In Venezuela, the Economy May Yet Do What the Opposition Couldn't," *Washington Post*, August 11, 2017.

¹⁹³ EIU, op. cit.

¹⁹⁴ John Paul Rathbone and Shawn Donnan, "IMF Crunches the Numbers for Possible Venezuela Rescue," *Financial Times*, October 16, 2017.

Appendix A. Legislative Initiatives

P.L. 115-31 (H.R. 244). Consolidated Appropriations Act, 2017. Introduced January 4, 2017, as the Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017; subsequently, the bill became the vehicle for the FY2017 appropriations measure known as the Consolidated Appropriations Act, 2017. House agreed to Senate amendments (309-118) May 3, 2017; Senate agreed to House amendment to Senate amendments (79-18) May 4, 2017. President signed into law May 5, 2017. The explanatory statement accompanying the law recommends providing \$7 million in democracy and human rights assistance to Venezuelan civil society.

S. 1018 (Cardin)/H.R. 2658 (Engel). Venezuela Humanitarian Assistance and Defense of Democratic Governance Act of 2017. S. 1018 was introduced May 3, 2017; referred to the Committee on Foreign Relations. **H.R. 2658** was introduced May 25, 2017; amended and reported out of the House Foreign Affairs Committee September 28, 2017; approved by the House on December 5, 2017. Both bills would

- direct the State Department and USAID to deliver a strategy within 90 days of the enactment of the act on how they will work through NGOs in Venezuela or in neighboring countries to channel basic medical supplies and services, food and nutritional supplements, and related technical assistance needed to assist the Venezuelan people;
- support OAS efforts to invoke the Inter-American Democratic Charter;
- secure a Presidential Statement from the United Nations urging the Government of Venezuela to allow the delivery of humanitarian relief;
- require a report by the Secretary of State, acting through the Bureau of Intelligence and Research, on Venezuelan officials involved in grand corruption, and encourage the imposition of sanctions on those individuals;
- amend **P.L. 113-278** to broaden the activities for which Venezuelans can be sanctioned to include engaging in undemocratic practices or public corruption, extend the date for imposing sanctions through 2022, and urge the Administration to encourage other countries to sanction those individuals; and
- express the sense of the Senate and House that the President should take all necessary steps to prevent Rosneft from gaining control of U.S. energy infrastructure.

In addition, **S. 1018** would

- authorize \$10 million in humanitarian assistance for Venezuela and would require the Secretary of State to provide a strategy on how that assistance would be provided;
- authorize \$9.5 million for coordinated democracy and human rights assistance after the Secretary of State submits a strategy on how the funds would be implemented and would make \$500,000 available to support any future OAS electoral missions to the country; and
- prioritize continued U.S. support to Caribbean countries that have been dependent on Venezuela for energy.

Rather than authorize funding, **H.R. 2658** would

- require a strategy within 90 days on how U.S. assistance would be coordinated with those of other donors;
- call on the United States to advocate and, if possible, support an OAS election observation mission to Venezuela when it is appropriate; and
- require a report on other countries' activities in Venezuela (Russia, China, Iran, and Cuba) within 180 days of enactment.

H.R. 3354 (Calvert). Interior and Environment, Agriculture and Rural Development, Commerce, Justice, Science, Financial Services and General Government, Homeland Security, Labor, Health and Human Services, Education, State and Foreign Operations, Transportation, Housing and Urban Development, Defense, Military Construction and Veterans Affairs, Legislative Branch, and Energy and Water Development Appropriations Act, 2018. Introduced and reported out of the House Appropriations Committee July 21, 2017. House approved September 14, 2017.

H.R. 2161 (Curbelo). Venezuelan Refugee Assistance Act. The bill would provide for the status adjustment to permanent resident of qualifying Venezuelan nationals and the spouse, child, or certain unmarried sons or daughters of such aliens. Introduced April 26, 2017; referred to House Judiciary Committee.

H.R. 3362 (Rogers). Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018. **H.Rept. 115-253** recommends providing \$8 million in democracy and human rights assistance to Venezuelan civil society. Introduced and reported out of the House Appropriations Committee July 24, 2017. Incorporated into House Omnibus, **H.R. 3354**, approved by the House September 14, 2017.

H.Res. 259 (DeSantis). The resolution would express concern about the multiple crises that Venezuela is facing; urge the Venezuelan government to hold elections, release political prisoners, and accept humanitarian aid; support OAS efforts, including a potential temporary suspension of Venezuela from the organization if the government does not convene elections and release political prisoners in a timely manner; and encourage President Trump to prioritize resolving the crisis in Venezuela, including through the use of targeted sanctions. Introduced April 6, 2017; reported out of the House Foreign Affairs Committee July 27, 2017, approved by the House December 5, 2017.

S.Res. 35 (Cardin). The resolution expresses support for a dialogue that leads to respect for Venezuela's constitutional mechanisms and a resolution to the multiple crises the country faces, as well as for OAS efforts to invoke the Inter-American Democratic Charter. The resolution urges full U.S. support for OAS efforts and calls for U.S. agencies to hold Venezuelan officials accountable for violations of U.S. law and international human rights standards. Introduced February 1, 2017. Agreed to in the Senate February 28, 2017.

S.Res. 363 (Nelson). The resolution expresses concern about the humanitarian crisis in Venezuela and urges the government to allow humanitarian aid to be delivered. It further calls on the government to release political prisoners, respect human rights, allow freedom of expression and assembly, and ensure that its security forces behave professionally. It supports the OAS review of abuses committed by Venezuela and urges U.S. support for that examination. It also urges U.S. agencies to continue to hold Venezuelan officials accountable for violations of U.S. law and international human rights standards. Introduced December 20, 2017; referred to the Committee on Foreign Relations.

S.Res. 414 (Durbin). The resolution called upon the Venezuelan government to postpone the elections originally scheduled for April until guarantees can be provided to ensure that it is free and fair. It condemns the government for undermining democratic institutions, inhibiting the

delivery of humanitarian assistance, and failing to negotiate in good faith with the opposition. It supports Peru's decision not to invite President Maduro to the Summit of the Americas and ICC examinations of Venezuela's use of torture and arbitrary detentions. Introduced February 27, 2018; referred to the Committee on Foreign Relations.

Appendix B. OAS Action on Venezuela: 2016-2018

On May 31, 2016, Secretary General Almagro invoked the Inter-American Democratic Charter—a collective commitment to promote and defend democracy—when he called (pursuant to Article 20) on the OAS Permanent Council to convene an urgent session on Venezuela to decide whether “to undertake the necessary diplomatic efforts to promote the normalization of the situation and restore democratic institutions.”¹⁹⁵ Secretary-General Almagro issued an extensive report on the political and economic situation in Venezuela, concluding that there are “serious disruptions of the democratic order” in the country.¹⁹⁶ The Permanent Council met on June 23, 2016, to receive the report but did not take any further action.

A group of 15 OAS member states issued two statements (in June and August 2016) supporting dialogue efforts but also urging the Venezuelan government to allow the recall referendum process to proceed.¹⁹⁷ On November 16, 2016, the OAS Permanent Council adopted a declaration that encouraged the Maduro government and the MUD opposition coalition “to achieve concrete results within a reasonable timeframe” and asserted the need for the constitutional authorities and all actors to “act with prudence and avoid any action of violence or threats to the ongoing process.”¹⁹⁸ There were not enough votes in the Permanent Council to take any further action.

As dialogue efforts failed to improve the increasingly dire political or economic situation in the country, by early 2017 many observers were contending that the Maduro government had used such efforts as a delaying tactic. As a result, OAS Secretary General Almagro, in a new report to the Permanent Council issued March 14, 2017, called on the Venezuelan government to undertake a series of measures to resume the constitutional order, including holding general elections without delay, or face a possible suspension from the OAS.¹⁹⁹ Secretary-General Almagro also has continued to speak out against repression in Venezuela.²⁰⁰

Secretary General Almagro’s March 14, 2017, report concluded that “repeated attempts at dialogue have failed” and that “Venezuela is in violation of every article in the Inter-American Democratic Charter.”²⁰¹ The report referred to the Venezuelan government as a “dictatorial regime” and stated that the country has “spiraled down into an unrestrained authoritarianism.” It included four major recommendations for the Venezuelan government:

1. Convene general elections without delay that satisfy international observation standards.

¹⁹⁵ OAS, “Secretary General Invoked Democratic Charter and Convened Permanent Council on Venezuela,” May 31, 2016.

¹⁹⁶ OAS, Report of the Secretary General to the Permanent Council on the Situation in Venezuela, May 30, 2016, at <http://www.oas.org/documents/eng/press/OSG-243.en.pdf>.

¹⁹⁷ Those countries included Argentina, Belize, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the United States, and Uruguay. OAS, “Statement by Ministers and Heads of Delegation on the Situation in the Bolivarian Republic of Venezuela,” June 15, 2016; U.S. Department of State, “Joint Statement on Recent Developments in the Bolivarian Republic of Venezuela,” August 11, 2016.

¹⁹⁸ OAS, “Declaration of the Permanent Council Supporting the National Dialogue in the Bolivarian Republic of Venezuela,” November 16, 2016.

¹⁹⁹ OAS, “Secretary General Presents Updated Report on Venezuela to the Permanent Council,” press release (contains link to the full report), March 14, 2017, at http://www.oas.org/en/media_center/press_release.asp?sCodigo=E-014/17.

²⁰⁰ OAS, “OAS Secretary General Calls on Venezuelan Regime to Immediately Halt Repression,” press release, E-029/17, April 7, 2017.

²⁰¹ OAS, “Secretary General Presents Updated Report on Venezuela to the Permanent Council,” press release (contains link to the full report), March 14, 2017, at http://www.oas.org/en/media_center/press_release.asp?sCodigo=E-014/17.

2. Immediately release all political prisoners.
3. Immediately establish a channel to provide humanitarian assistance to the Venezuelan people.
4. Return the government to constitutional order with full respect for the separation of powers (which would require the restoration of authorities to the National Assembly and the democratic selection of the CNE and the Supreme Court).

The report concluded by calling on OAS member states to apply Article 21 of the Inter-American Democratic Charter to suspend Venezuela from the organization if the Venezuelan government fails to address the report recommendations positively within 30 days. An affirmative vote of two-thirds of the member states (23) in a special session of the General Assembly would be necessary to suspend Venezuela from the organization.

In the aftermath of the Supreme Court's March 2017 action, the Permanent Council met in a special meeting called by 20 OAS members on April 3, 2017, and approved a resolution by consensus expressing "grave concern regarding the unconstitutional alteration of the democratic order" in Venezuela.²⁰² The resolution urged the Venezuelan government "to safeguard the separation and independence of powers and restore full constitutional authority to the National Assembly."²⁰³ The body also resolved to undertake additional diplomatic initiatives as needed "to foster the restoration of the democratic institutional system."²⁰⁴

On April 26, 2017, the OAS Permanent Council voted to convene a meeting of the region's ministers of foreign affairs to discuss the situation in Venezuela. Nineteen countries voted in favor of convening the meeting.²⁰⁵ However, some countries objected to potential statements or actions (such as a temporary suspension from the OAS) opposed by the Venezuelan government based on the organization's principles of nonintervention and respect for national sovereignty.²⁰⁶

On May 31, 2017, the OAS convened a meeting of consultation of ministers of foreign affairs to discuss the situation in Venezuela. After much debate, the foreign ministers failed to approve a resolution to address the crisis.²⁰⁷ Some countries supported a draft resolution put forth by Canada, Panama, Peru, Mexico, and the United States, which called upon the Venezuelan government and the opposition to take a series of steps but also offered humanitarian assistance and willingness to create a "group or other mechanism of facilitation to support a new process of dialogue and negotiation."²⁰⁸ That draft resolution called upon the government to stop the

²⁰² OAS, "OAS Permanent Council Adopts Resolution on Recent Events in Venezuela," press release, E-022/17, April 3, 2017.

²⁰³ Ibid.

²⁰⁴ Ibid.

²⁰⁵ Those countries include Argentina, the Bahamas, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, the United States, Honduras, Jamaica, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Saint Lucia, and Uruguay. OAS, "OAS Permanent Council Agrees to Convene a Meeting of Consultation of Ministers of Foreign Affairs to Consider the Situation in Venezuela," press release, E-035/17, April 26, 2017.

²⁰⁶ Antigua and Barbuda, Bolivia, Dominica, Ecuador, Haiti, Nicaragua, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname, and Venezuela voted against the resolution. Belize, El Salvador, the Dominican Republic, and Trinidad and Tobago abstained. Grenada was absent from the meeting.

²⁰⁷ For analysis and links to the draft resolutions, see Geoff Ramsey and David Smilde, "OAS Foreign Ministers' Meeting Reveals Persistent Differences in How to Address Venezuela's Crisis," blog hosted by WOLA, May 31, 2017.

²⁰⁸ The draft resolution by Peru et al., called on all parties to cease all violence and to respect the rule of law and human rights. Permanent Missions of Peru, Canada, United States, Mexico, and Panama to the OAS, *Draft Declaration on the Situation in the Bolivarian Republic of Venezuela to be considered at the OAS, Meeting of Consultation of Ministers of Foreign Affairs*, May 31, 2017.

constituent assembly process as it is currently conceived, cease arbitrary detentions and the use of military tribunals for civilians, and fulfill the commitments made during the 2016 dialogue process (namely, respect the separation of powers, release political prisoners, and establish an electoral calendar with international observers). Other countries supported a resolution offered by CARICOM calling for dialogue and the creation of an external “group or other mechanism” to support dialogue between the government and the opposition without the specific preconditions on the government included in the other draft resolution.²⁰⁹ OAS member states were unable to reach consensus on either of the draft resolutions.

Foreign ministers reconvened during the OAS General Assembly held in Mexico on June 19-21, 2017. At those meetings, 20 countries voted in favor of adopting the aforementioned resolution put forth by Peru (and backed by the United States) on Venezuela, 6 countries voted no, and 8 abstained from voting.²¹⁰ The foreign ministers could reconvene to continue that meeting at any time. For any resolution, up to and including the sanction of the expulsion of Venezuela from the organization, to pass the meeting of ministers, it would need 23 votes.

On February 23, 2018, 19 of 34 member states voted in favor of a resolution by the Permanent Council calling on the Venezuelan government to reconsider convening early presidential elections and to accept humanitarian assistance. While the resolution received more than the simple majority of votes (18) needed to be approved, 15 countries voted against the resolution, abstained, or were not present.²¹¹

²⁰⁹ The draft resolution by CARICOM called on all parties to cease violence; develop plans to restore peace and stability; respect human rights and the rule of law; engage in a renewed dialogue and negotiation leading to a comprehensive political agreement with established timetables, concrete actions, and guarantees; and for the government to reconsider its decision to withdraw from the OAS. Caribbean Community (CARICOM), *Draft Declaration on the Situation in the Bolivarian Republic of Venezuela to be considered at the OAS, Meeting of Ministers of Foreign Affairs*, May 31, 2017.

²¹⁰ Andrés Cañizález, “We Only Need Three Votes: Venezuela and the OAS,” *Latin American Goes Global*, June 27, 2017. Six countries voted against the U.S.-backed resolution: Venezuela (absent), Bolivia, Dominica, Nicaragua, St. Kitts and Nevis, and St. Vincent and the Grenadines. Eight others abstained: Antigua and Barbuda, Dominican Republic, Haiti, Ecuador, Grenada, Suriname, and Trinidad and Tobago.

²¹¹ Countries voting in favor of the resolution were: Argentina, Bahamas, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Guyana, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Saint Lucia, Uruguay, and the United States. The five countries that voted against the resolution were: Bolivia, Dominica, Suriname, Saint Vincent and the Grenadines, and Venezuela. The eight countries that abstained were: Belize, the Dominican Republic, Ecuador, El Salvador, Haiti, Nicaragua, Saint Kitts and Nevis, and Trinidad and Tobago. Representatives from Antigua and Barbuda and Grenada were not present.

Appendix C. Online Human Rights Reporting on Venezuela

Table C-1. Online Human Rights Reporting on Venezuela

Organization	Document/Link
Amnesty International	<i>Human Rights in Bolivarian Republic of Venezuela</i> , https://www.amnesty.org/en/countries/americas/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 ; <i>Annual Report of the IACHR 2016</i> , May 2017, chapter IV includes a section on Venezuela, http://www.oas.org/en/iachr/docs/annual/2016/TOC.asp
Programa Venezolano de Educación-Acción en Derechos Humanos (PROVEA)	http://www.derechos.org.ve/
Reporters Without Borders	https://rsf.org/en/venezuela
U.S. State Department	<i>Country Report on Human Rights Practices 2016</i> , http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2016&dliid=265622
Venezuelan Politics and Human Rights	Blog hosted by the Washington Office on Latin America, http://venezuelablog.tumblr.com/

Source: Congressional Research Service.

Author Contact Information

(name redacted)
Specialist in Latin American Affairs
redacted@crs.loc.gov-....

(name redacted)
Specialist in International Trade and Finance
redacted@crs.loc.gov7-... .

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(name redacted), Specialist in Latin American Affairs, contributed to this report.

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