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Venezuela: Political Crisis and U.S. Policy

Venezuela remains in a deep crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). On January 10, 2019, Maduro began a second term that most Venezuelans and much of the international community consider illegitimate. Congress has closely followed developments in Venezuela, the Trump Administration's policy responses, and international efforts to broker a solution to the crisis.

Since January 2019, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to form a transition government to serve until internationally observed elections can be held. Although the United States and 56 other countries recognize Guaidó as interim president, he has been unable to wrest Maduro from power. Some observers believe that National Assembly elections, due in 2020, might start an electoral path out of the current stalemate.

Background on the Political and Economic Crisis

Maduro was narrowly elected in 2013 after the death of populist President Hugo Chávez (1999-2013) and reelected in May 2018 in an election characterized by widespread fraud. Maduro has used the Venezuelan courts, security forces, and electoral council to quash dissent. On January 27, 2020, the Maduro government held 390 political prisoners, according to *Foro Penal*, a human rights organization. At the same time, Maduro has rewarded allies, including the military, with income from illegal gold mining, drug trafficking, and other illicit activities.

By most accounts, Maduro's government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in global oil prices and collapsing oil production on the country's economy. According to International Monetary Fund estimates, Venezuela's economy contracted by 35% in 2019 and inflation reached some 200,000%. Hyperinflation is forecast to continue in 2020, but the rate of economic decline may ease as oil production stabilizes (albeit at a low level) and remittances increase.

Shortages in food and medicine, declines in purchasing power, and a collapse of social services have created a humanitarian crisis. In April 2019, U.N. officials estimated that some 90% of Venezuelans were living in poverty and a quarter of the population needed humanitarian assistance. Health indicators, particularly infant and maternal mortality rates, have worsened. Previously eradicated diseases such as diphtheria and measles have returned and spread. In December 2019, U.N. agencies estimated that 4.8 million Venezuelans had left the country, most of whom were in Latin America and the Caribbean. Migrant flows could increase, as electrical blackouts and U.S. sanctions on oil

production worsen social conditions (see CRS In Focus IF11029, *The Venezuela Regional Migration Crisis*).

Interim Government vs. Maduro Regime

On January 5, 2019, the National Assembly elected Guaidó, a 35-year-old industrial engineer from the Popular Will party, as its president. In mid-January, Guaidó announced he was willing to serve as interim president until new presidential elections were held. Buoyed by a massive turnout for anti-Maduro protests, Guaidó took the oath of office on January 23, 2019.

A year later, Guaidó remains the most popular politician in Venezuela, according to Gallup polling, and retains broad diplomatic support, but he lacks political power. In 2019, Guaidó's supporters organized two high-profile but ultimately unsuccessful efforts to get security forces to abandon Maduro—in February, Guaidó supporters sought to bring emergency aid into the country across borders that Maduro had closed, and on April 30, Guaidó called for a civil-military uprising.

After those efforts failed, observers hoped that mediated negotiations between Guaidó and Maduro could lead to an electoral solution to the crisis. When those talks stalled, Maduro increased persecution of Guaidó's supporters while negotiating with a group of legislators from smaller parties, one of whom he tried to install as head of the National Assembly. Maduro may try to move up legislative elections due by December 2020 to wrest control of that body, but such a move could lead to strong international pushback.

Human rights abuses have increased as security forces and civilian militias have violently quashed protests and detained and abused those suspected of dissent. A July 2019 report by the Office of the U.N. High Commissioner for Human Rights (OHCHR) estimated that security forces committed some 6,800 extrajudicial killings from January 2018 through May 2019. OHCHR detailed how intelligence agencies have arrested and tortured those perceived as threats to Maduro, including military officers and opposition politicians. Some fear Guaidó could face arrest.

International Response

The international community remains divided over how to respond to the crisis in Venezuela. The United States, Canada, most of the European Union (EU), and 16 Western Hemisphere countries are among the 57 countries that recognize Guaidó as interim president. The United States, EU, Canada, and 11 Western Hemisphere countries that are states parties to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) have imposed targeted sanctions and travel bans on Maduro officials. They generally oppose any military intervention to oust Maduro. An International Contact Group, backed by the EU and some Latin

American countries, endorsed 2019 negotiations led by Norway, but those efforts have not yet succeeded.

Russia, Cuba (which has provided military and intelligence support), Turkey, Iran, and a few other countries support Maduro. Russia and China have provided aid to Maduro and blocked efforts at the U.N. Security Council to recognize the Guaidó government. Russia has supported Venezuela's struggling oil industry, helped Venezuela skirt U.S. oil sanctions, and sent military personnel and equipment, a move that prompted U.S. condemnation.

Recent U.S. Policy

Since recognizing the Guaidó government on January 23, 2019, the United States has coordinated its efforts with Interim President Guaidó. U.S. strategy has emphasized diplomatic efforts to bolster support for Guaidó and isolate Maduro, sanctions and visa revocations to increase pressure on Maduro and encourage officials to defect (as a former intelligence chief did in May 2019), and humanitarian and development assistance. In early 2019, President Trump discussed the possibility of using U.S. military force to address the crisis in Venezuela, a policy option no longer publicly discussed. U.S. officials remain concerned about the destabilizing impact on regional security of illegally armed groups that are active in Venezuela.

"We call on all nations to join us in supporting Interim President Guaidó and the National Assembly as they work peacefully to restore democracy."
- Secretary of State Michael R. Pompeo, January 2020

As Maduro remains in power despite strong U.S. pressure, the Administration recently has called for a political solution that would lead to the convening of free and fair elections in 2020. A January 2020 U.S. statement encourages a focus on convening elections (as did the 2019 Norway-led talks) but also says those elections should be overseen by a "negotiated transitional government." That demand, currently not called for by other international actors, may present a new challenge in negotiations.

Diplomacy. The United States has worked to encourage countries to recognize the Guaidó government, sanction Maduro officials, and provide shelter (or humanitarian aid) to Venezuelans who have fled the country. This work has occurred at the Organization of American States, with the Lima Group of nations that recognize Guaidó, and through the Rio Treaty process. (CRS Insight IN11116, *The Inter-American Treaty of Reciprocal Assistance and the Crisis in Venezuela*.) At the same time, U.S. officials continue to denounce Cuban and Russian support of Maduro.

Sanctions. Individual, financial, and sectoral sanctions are key components of U.S. policy toward Venezuela. They include

- **Individual sanctions** for terrorism; drug trafficking; and those who have committed antidemocratic actions, human rights violations, or corruption (see Executive Order (E.O.) 13692; P.L. 113-278; P.L. 114-194);

- **Financial sanctions** restricting Maduro government and state oil company, *Petróleos de Venezuela* (PdVSA), access to U.S. financial markets (E.O. 13808); prohibiting transactions using cryptocurrency (E.O. 13827); or purchasing Venezuelan debt (E.O. 13835);
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's central bank, and the state gold mining company, among other entities (E.O. 13850); and
- **Sanctions on the Maduro government** blocking assets in the United States and prohibiting transactions with that government unless authorized as part of efforts to aid the Venezuelan people (E.O. 13884).

The Administration has imposed sanctions on Cuba for its support of Maduro but has not taken action against Rosneft (Russia) or other energy companies tied to PdVSA. (CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*.)

Humanitarian and Development Assistance. The United States is providing assistance and helping to coordinate and support the regional response to the Venezuelan migration crisis. Since FY2017, the Administration has provided \$472 million in humanitarian and development assistance to support countries sheltering Venezuelans, including \$56 million for humanitarian relief activities in Venezuela. The U.S. military has twice deployed a naval hospital ship to the region. In October 2019, the Administration signed an agreement with Guaidó officials to provide \$98 million in development assistance for programs in Venezuela, including direct support for the interim government.

Congressional Action. Congress has supported the Administration's efforts to restore democracy in Venezuela and provide humanitarian aid to Venezuelans. Some Members have expressed concerns about the humanitarian effects of sanctions and about potential unauthorized use of the U.S. military in Venezuela.

In February 2019, Congress enacted P.L. 116-6, which provided \$17.5 million in FY2019 assistance for democracy programs in Venezuela. In December 2019, Congress enacted P.L. 116-94, which provides \$30 million for democracy programs in Venezuela and incorporates provisions from other Senate- and House-passed measures to authorize \$400 million in FY2020 humanitarian aid to Venezuela, codify several types of sanctions, restrict the export of defense articles to Venezuela, and require a U.S. strategy to counter Russian influence in Venezuela. In December 2019, Congress also enacted P.L. 116-92, which prohibits federal contracting with persons who do business with the Maduro government.

In July 2019, the House passed H.R. 549, designating Venezuela as a beneficiary country for temporary protected status. On July 30, 2019, a Senate effort to pass H.R. 549 by unanimous consent failed.

See also CRS Report R44841, *Venezuela: Background and U.S. Relations*.

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