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Venezuela: Political Crisis and U.S. Policy

Venezuela remains under the rule of authoritarian President Nicolás Maduro (2013-present), despite an array of sanctions and international support for an interim government from 2019 to 2022. Within Venezuela, the Unity Platform of opposition parties has adjusted its strategy, deciding to compete in presidential elections due in 2024, dissolve the interim government led by Juan Guaidó, and negotiate with the Maduro government. Meanwhile, some foreign governments have normalized relations with the Maduro government. In November 2022, the Biden Administration offered limited sanctions relief to the Maduro government if those negotiations produce “meaningful progress” toward elections. With negotiations stalled, Congress may consider legislation and oversight to shape U.S. policy responses to developments in Venezuela.

Political Situation

Venezuela, which Freedom House ranked “partly free” under President Hugo Chávez (1999-2013), has deteriorated to “not free” under Nicolás Maduro (2013-present). Maduro has used security forces, buoyed by corrupt courts, to quash dissent. His government has rewarded allies, particularly in the security forces, by allowing them to earn income from illegal gold mining, drug trafficking, and other illicit activities. Those forces have detained and abused Maduro’s opponents, including military officers, politicians, and civic leaders. As of March 2023, the government had imprisoned 282 political prisoners, according to Foro Penal, a Venezuelan human rights group. The U.N. Office of the High Commissioner for Human Rights has documented, and the International Criminal Court is investigating, extrajudicial killings and other grave crimes committed by Venezuela’s security forces.

The Venezuelan opposition has been weak and divided, with many of its leaders in exile. Guaidó challenged Maduro’s authority in 2019, but support for Guaidó has since faded. In April 2021, Guaidó called on opposition parties and civil society to form a Unity Platform. In late November 2022, the Unity Platform announced the resumption of Norway-mediated talks with Maduro officials; the talks had been suspended since October 2021. The two sides announced an agreement to establish a U.N.-administered fund for humanitarian programs supported by Venezuelan assets frozen abroad. Technical and legal challenges have delayed the fund’s creation. Since November, Maduro has been unwilling to allow negotiations to advance. Nevertheless, the Unity Platform scheduled a primary election for October 2023 to select one candidate to stand against Maduro in 2024.

Economic and Humanitarian Crisis

By most accounts, Maduro’s government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in oil production.

Between 2014 and 2021, Venezuela’s economy contracted by 80%, according to estimates by the International Monetary Fund. According to a February 2021 Government Accountability Office report, sanctions imposed by the United States in response to Maduro’s authoritarian actions, particularly sanctions targeting Venezuela’s oil industry, contributed to the economic crisis. Since 2021, hyperinflation has abated and poverty has declined. According to the National Survey of Living Conditions, conducted by a Venezuelan university, roughly 50% of the population lived in poverty in 2022 (down from 65% in 2021). Income inequality has increased significantly, however, particularly after the government eased restrictions on access to dollars. Since that time, the income gap between those with and without access to dollars has widened sharply.

In 2023, an estimated 7.7 million Venezuelans required humanitarian assistance, according to the United Nations. Food insecurity remains a challenge, mainly due to the excessive dollar-denominated price of food. Many households lack reliable access to potable water, and interruptions in electrical service and gas supplies are common. With a collapsed health system, overall health indicators, particularly infant and maternal mortality rates, remain poor. Previously eradicated diseases such as diphtheria and measles also have become a major concern.

As of March 2023, U.N. agencies estimated that more than 7.2 million Venezuelans had left the country (with 26.9 million remaining). Some 6 million of these migrants fled to other Latin American and Caribbean countries, and a record 187,700 arrived at the U.S. border in FY2022. Migrants have faced obstacles keeping jobs and accessing health care; they are vulnerable to human trafficking and other abuses. In 2021, Colombia and Peru began granting temporary protected status to Venezuelans.

International Response

The international community, once divided on policies toward Venezuela, has coalesced behind support for Maduro-opposition negotiations.

In 2019, the United States, European Union (EU), Canada, and most Western Hemisphere countries recognized Guaidó as interim president and exerted economic and diplomatic pressure on Maduro to leave office. Other countries, including China, Russia, Cuba, Turkey, and Iran, have supported the Maduro government. Russia has supported the oil industry in Venezuela, helped Venezuela skirt U.S. sanctions, and sent military personnel and equipment to the country. China has continued to purchase Venezuelan oil and has provided surveillance equipment and technology to Maduro. Turkey has purchased Venezuela’s illegally mined

gold. Since May 2020, Iran has shipped gasoline to Venezuela in exchange for gold.

By 2022, as sanctions had failed to dislodge Maduro and domestic support for Guaidó waned, most countries save the United States and the United Kingdom (UK) no longer recognized the Guaidó government. The EU, Canada, the UK, and the United States have issued joint statements, including most recently in November 2022, pledging to review sanctions if restarted negotiations yield improved conditions for the Venezuelan people. Colombia, long a staunch Guaidó supporter, has restored diplomatic relations with the Maduro government, as have most neighboring countries. Most of Venezuela's neighbors now back a negotiated solution to the crisis.

U.S. Policy

The U.S. government ceased recognizing Maduro as Venezuela's legitimate president in January 2019. From then until 2022, U.S. officials sought to compel Maduro to leave office through diplomatic, economic, and legal pressure. While maintaining most sanctions, the Biden Administration has recently sought to support negotiations. U.S. officials met with Maduro twice in 2022 and negotiated an October 2022 prisoner swap. Since November 2022, the Department of the Treasury has issued licenses to allow certain companies to conduct business with *Petróleos de Venezuela, S.A. (PdVSA)*, Venezuela's state oil company, as incentives for Maduro to resume negotiations.

The U.S. government recognizes the 2015 National Assembly as "the last remaining democratic institution in Venezuela." In January 2023, the Administration accepted the National Assembly's decision to dissolve the interim government. Opposition supporters are concerned that the dissolution of the interim government could threaten the future of Venezuelan assets frozen abroad. Creditors are seeking to seize those assets for debt repayment.

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

- **Individual sanctions** for terrorism, drug trafficking, antidemocratic actions, human rights violations, or corruption (see Executive Order [E.O.] 13692; P.L. 113-278; P.L. 114-194)
- **Financial sanctions** restricting access to U.S. financial markets by the Maduro government and PdVSA (E.O. 13808); prohibiting transactions using cryptocurrency issued by the Maduro government (E.O. 13827); and prohibiting the purchase of Venezuelan debt (E.O. 13835)
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's central bank, and the state gold mining company, among other entities (E.O. 13850)
- **Sanctions on the Maduro government** blocking assets in the United States and prohibiting transactions with that government unless authorized as part of efforts to aid the Venezuelan people (E.O. 13884)

In March 2020, the Department of Justice indicted Maduro and 14 top officials for narco-terrorism, drug trafficking,

and other crimes. U.S. agencies have worked with partner countries to combat drug trafficking, money laundering, and illicit mining in Venezuela. In December 2021, the Treasury Department designated two Revolutionary Armed Forces of Colombia (FARC) dissident groups that operate in Venezuela as foreign terrorist organizations.

U.S. Assistance. The United States has been providing assistance toward a coordinated regional response to the Venezuelan migration crisis. From FY2017 to FY2023, the United States has provided some \$2.5 billion in humanitarian aid to Venezuela and countries sheltering Venezuelans. U.S. democracy, development, and health support for the Venezuela crisis has totaled \$387 million.

Migration. In July 2022, the Administration announced an 18-month extension of the temporary protected status for Venezuelans announced in March 2021. U.S. officials introduced new policies in October 2022 aimed at addressing a significant rise in apprehensions of Venezuelans at the Southwest border. (See CRS Insight IN12040, *New Immigration Policies Related to Venezuelan Migrants*). Those policies could change, however, due to ongoing legal challenges.

Congressional Action. According to the VERDAD Act (P.L. 116-94, Division J), U.S. policy supports "diplomatic engagement in order to advance a negotiated and peaceful solution" to the crisis in Venezuela. The 118th Congress could consider using various policy tools to shape the U.S. approach toward Venezuela.

The VERDAD Act authorizes targeted sanctions for corruption, human rights abuses, and antidemocratic actions in Venezuela through 2023. Congress may seek to extend those sanctions or modify them, for example, by expanding the types of behavior subject to sanctions or removing sanctions on those who facilitate democratic elections.

While some in Congress support continued pressure on the Maduro government, others argue that broad sanctions have not achieved their stated goals and have hurt the Venezuelan people. Congress could repeal sanctions authorities, codify existing executive orders, and/or set the terms under which the Administration could lift sanctions.

In December 2022, Congress enacted the FY2023 Consolidated Appropriations Act (P.L. 117-103), which included \$50 million in Economic Support Funds (ESF) for democracy programs in Venezuela. The Administration requested \$54 million for Venezuela in its FY2024 budget (\$50 million in ESF and \$4 million in global health funds); slightly more than the \$40 million in ESF and \$8.6 million in global health allocated in FY2022. Congress may modify the amount and type of assistance appropriated for Venezuela and may examine how to coordinate future assistance with the Venezuelan opposition, particularly if the Unity Platform seeks election-related assistance.

See also CRS Insight IN12112, *Venezuela: Issues for the 118th Congress*; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*; and CRS Report R44841, *Venezuela: Background and U.S. Relations*.

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