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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 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. In November 2022, the Biden Administration offered limited sanctions relief to the Maduro government if those negotiations produced “meaningful progress” toward elections. With negotiations stalled and leading candidates banned from participating in the 2024 elections, Congress may consider how 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. 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 July 2023, the government had imprisoned 286 political prisoners, according to Venezuelan human rights group Foro Penal. 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 his support faded by 2021. In April 2021, opposition parties and civil society formed the Unity Platform. In 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. The National Electoral Commission, which had opposition representation, has been dissolved. In June 2023, Venezuela’s comptroller barred opposition contender Maria Corina Machado from holding office for 15 years. Despite these obstacles, Machado and 13 other candidates are scheduled to compete in a primary election scheduled for October 22, 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 somewhat 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 million Venezuelans require 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 June 2023, U.N. agencies estimated that more than 7.3 million Venezuelans had left the country (with 26.9 million remaining). Some 6.1 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, supports 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 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 and helped the oil sector.

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 pledging to review sanctions if restarted negotiations yield improved conditions for the Venezuelan people. Brazil, Colombia, Peru, and other neighboring countries have restored diplomatic relations with the Maduro government. Those governments also back negotiations.

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. The dissolution of the interim government has complicated the future of Venezuelan assets frozen abroad. Creditors seek 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 Maduro-issued cryptocurrency (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 Department of the Treasury 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. From January to June 2023, the Department of Homeland Security approved 58,000 Venezuelans for humanitarian parole into the United States under a new Biden Administration program. Since May 11, 2023, Venezuelans who have not taken advantage of the parole program have been returned to Mexico.

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 VERDAD Act authorizes targeted sanctions for corruption, human rights abuses, and antidemocratic actions by the Maduro government and its allies through 2023. With those authorizations expiring in December and negotiations stalled, the Chairman of the Senate Foreign Relations Committee announced in August that he will introduce a VERDAD Expansion Act to guide future U.S. policy. The act would authorize and/or codify various forms of pressure on the Maduro regime if progress is not made in negotiations within six months of the bill's enactment. Congress could scale back, extend, or expand the scope of U.S. sanctions on Venezuela.

The Biden Administration requested \$54 million for Venezuela in its FY2024 budget proposal (\$50 million for democracy programs and \$4 million for global health activities), slightly more than the \$40 million for democracy programs and \$8.6 million in global health allocated for FY2022. The House Appropriations Committee's version of a FY2024 Department of State, Foreign Operations, and Related Programs (SFOPS) Appropriations measure (H.R. 4665) would provide \$50 million for democracy programs and impose certain elections-related conditions. H.Rept. 118-146 accompanying the bill would require reports on the needs of Venezuelan migrants in neighboring countries and on any democratic actions taken by the Maduro government since January 2021. The Senate Appropriations Committee's SFOPS measure (S. 2438) would designate \$50 million for democracy programs and make available additional resources for communities in countries supporting Venezuelan migrants. See also CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions* and CRS Report R44841, *Venezuela: Background and U.S. Relations*.

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