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# Venezuela: Background and U.S. Relations

,name redacted,

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## Summary

While historically the United States has had close relations with Venezuela, a major oil supplier, friction in bilateral relations increased under the leftist, populist government of President Hugo Chávez (1999-2013), who died in March 2013 after battling cancer for almost two years. After Chávez's death, Venezuela held presidential elections in April 2013 in which acting President Nicolás Maduro, who had been serving as Chávez's vice president, defeated Henrique Capriles of the opposition Democratic Unity Roundtable (MUD) by a close margin, with the opposition alleging significant irregularities. In 2014, the Maduro government violently suppressed protests, with at least 43 people killed on both sides of the conflict, and imprisoned a major opposition figure, Leopoldo López, along with two opposition mayors.

In December 2015, the MUD initially won a two-thirds supermajority in elections for the National Assembly, a major defeat for Chavismo and the ruling United Socialist Party of Venezuela (PSUV). The Maduro government subsequently thwarted the power of the opposition-controlled legislature by preventing four MUD representatives from taking office (denying the opposition a supermajority) and using the Supreme Court to block bills approved by the legislature, including an amnesty law that would have freed political prisoners.

Opposition efforts are now focused on attempts to recall President Maduro through a national referendum, but many observers fear that the government will either prevent a vote altogether or delay it until after January 10, 2017, at which point President Maduro's appointed vice president would assume the presidency for the remaining two years of Maduro's term.

Since mid-2014, the rapid decline in the price of oil has hit Venezuela hard, with a contracting economy (projected -8.0% in 2016), high inflation (projected year-end inflation of 720%), declining international reserves, and increasing poverty—all exacerbated by the Maduro government's economic mismanagement. The economic situation has increased poverty, with increasing shortages of food and medicines and high rates of violent crime.

### U.S. Policy

U.S. policymakers and Members of Congress have had concerns for more than a decade about the deterioration of human rights and democratic conditions in Venezuela and the Venezuelan government's lack of cooperation on anti-drug and counterterrorism efforts. The United States has imposed financial sanctions on several current or former Venezuelan officials for drug and weapons trafficking.

The Obama Administration strongly criticized the Venezuelan government's repression of protests in 2014 and called for dialogue. After dialogue failed, the Administration imposed visa restrictions on more than 50 current or former Venezuelan officials involved in human rights abuses. In March 2015, President Obama issued an executive order setting forth the authority for additional sanctions and imposed financial sanctions on several Venezuelan officials for human rights abuses.

In 2016, the Obama Administration has continued to speak out about the poor human rights situation and the democratic setback in Venezuela. It has called repeatedly for the release of those imprisoned for their political beliefs. According to press reports in May 2016, U.S. intelligence officials believe that it is likely President Maduro will not serve out the rest of his term.

### Congressional Action

Congress enacted legislation in December 2014—the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278)—to impose targeted sanctions on those responsible for

certain human rights abuses. The 113<sup>th</sup> Congress also approved three resolutions on the political and human rights situation in Venezuela: S.Res. 213, H.Res. 488, and S.Res. 365.

In the 114<sup>th</sup> Congress, the Senate approved two bills with implications for Venezuela on April 28, 2016. S. 2845 (Rubio) would extend the termination date of the sanctions set forth in P.L. 113-273 until December 31, 2019; an identical House bill, H.R. 5134 (Ros-Lehtinen), was introduced on April 29. S. 1635 (Corker), a FY2016 State Department authorization measure, has a provision that would require a report on political freedom in Venezuela.

For more than a decade, Congress has appropriated funding for democracy and human rights programs in Venezuela through the annual foreign aid appropriations measure. An estimated \$6.5 million is being provided in FY2016. For FY2017, the Administration has requested \$5.5 million.

Also see CRS In Focus IF10230, *Venezuela: Political Situation and U.S. Policy Overview*.

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## Introduction

This report, divided into three main sections, examines the political and economic situation in Venezuela and U.S.-Venezuelan relations. The first section surveys the political transformation of Venezuela under the populist rule of President Hugo Chávez (1999-2013) and the first two years of the government of President Nicolás Maduro, including the government's severe crackdown on opposition protests in 2014. The second section analyzes Venezuela's political and economic environment since 2015, including the opposition's December 2015 legislative victory and the Maduro government's attempts to thwart the powers of the legislature; efforts to remove President Maduro through a recall referendum; deteriorating economic and social conditions in the country; and the government's foreign policy orientation. The third section examines U.S. relations with Venezuela, including the imposition of sanctions on Venezuelan officials, and selected issues in U.S. relations—democracy and human rights, energy, counternarcotics, and terrorism concerns. **Appendix A** provides information on legislative initiatives in the 113<sup>th</sup> and 114<sup>th</sup> Congresses, and **Appendix B** provides links to selected U.S. government reports on Venezuela.

Significant developments in 2016 include the following:

- On May 18, Organization of American States Secretary General Luis Almagro wrote a strongly worded public letter to President Maduro maintaining that the president has an obligation to hold the presidential recall referendum in 2016 and calling on Maduro to release political prisoners and give the National Assembly back its power. Almagro is considering whether to invoke the Inter-American Democratic Charter to deal with the political crisis in Venezuela (See “Potential Recall Referendum,” below.)
- On May 13, U.S. intelligence officials reportedly briefed several U.S. reporters and said that a crisis was unfolding in Venezuela and that President Maduro was unlikely to finish his term. (See “Obama Administration Policy,” below.)
- On April 29, the Senate approved S. 2845 (Rubio) by unanimous consent, a bill that would extend the date for the termination of the requirement to impose sanctions (visa restrictions and asset blocking) against those responsible for certain human rights abuses in Venezuela. Pursuant to the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278), the requirement to impose such sanctions will terminate on December 31, 2016, although the Administration will still have the authority to impose such sanctions. (See “Obama Administration Policy,” below.)
- On April 13, the State Department released its 2015 human rights report. The major human rights abuses cited in Venezuela include the use of the judiciary to intimidate and prosecute government critics; indiscriminate police action against civilians leading to widespread arbitrary detentions and unlawful killings; and government actions impeding freedom of expression. On April 8, the State Department reiterated a call for the release of those imprisoned for their political beliefs. (See “Democracy and Human Rights Concerns,” below.)
- On March 7, President Obama renewed for another year the “national emergency” that was declared in a March 2015 executive order authorizing targeted sanctions (asset blocking and visa restrictions) against certain Venezuelan officials involved in actions undermining democracy, human rights abuses, or public corruption. Venezuela responded by recalling its top diplomat in

the United States, the chargé d'affaires at its embassy. (See “Obama Administration Policy,” below.)

Figure I. Map of Venezuela



Source: Congressional Research Service (CRS).

# Political Background

## Background: Chávez's Rule, 1999-2013<sup>1</sup>

For 14 years, Venezuela experienced enormous political and economic changes under the leftist populist rule of President Hugo Chávez. Under Chávez, Venezuela adopted a new constitution and a new unicameral legislature and even a new name for the country, the Bolivarian Republic of Venezuela, named after the 19<sup>th</sup> century South American liberator Simon Bolivar, whom Chávez often invoked. 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 enterprises. The government also funded numerous social programs with oil proceeds that helped reduce poverty. At the same time, democratic institutions deteriorated, threats to freedom of expression increased, and political polarization in the country also grew between Chávez supporters and opponents. Relations with the United States also deteriorated considerably as the Chávez government often resorted to strong anti-American rhetoric.

In his first election as president in December 1998, Chávez received 56% of the vote (16% more than his closest rival), an illustration of Venezuelans' rejection of the country's two traditional parties, Democratic Action (AD) and the Social Christian party (COPEI), which had dominated Venezuelan politics for much of the previous 40 years. Elected to a five-year term, Chávez was the candidate of the Patriotic Pole, a left-leaning coalition of 15 parties, with Chávez's own Fifth Republic Movement (MVR) the main party in the coalition. Most observers attribute Chávez's rise to power to Venezuelans' disillusionment with politicians whom they judge to have squandered the country's oil wealth through poor management and endemic corruption. A central theme of his campaign was constitutional reform; Chávez asserted that the system in place allowed a small elite class to dominate Congress and that revenues from the state-run oil company, *Petróleos de Venezuela, S.A.* (PdVSA), had been wasted.

Although Venezuela had one of the most stable political systems in Latin America from 1958 until 1989, after that period numerous economic and political challenges plagued the country and the power of the two traditional parties began to erode. Former President Carlos Andres Perez, inaugurated to a five-year term in February 1989, initiated an austerity program that fueled riots and street violence in which several hundred people were killed. In 1992, two attempted military coups threatened the Perez presidency, one led by Chávez himself, who at the time was a lieutenant colonel railing against corruption and poverty. Ultimately the legislature dismissed President Perez from office in May 1993 on charges of misusing public funds, although some observers assert that the president's unpopular economic reform program was the real reason for his ouster. The election of elder statesman and former President Rafael Caldera as president in December 1993 brought a measure of political stability to the country, but the Caldera government soon faced a severe banking crisis that cost the government more than \$10 billion. While the economy began to improve in 1997, a rapid decline in the price of oil brought about a deep recession beginning in 1998, which contributed to Chávez's landslide election.

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<sup>1</sup> For additional background, including past U.S. congressional action, see the following archived reports: CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*; CRS Report R40938, *Venezuela: Issues for Congress, 2009-2012*; and CRS Report RL32488, *Venezuela: Political Conditions and U.S. Policy, 2003-2009*.

In the first several years of President Chávez's rule, Venezuela underwent huge political changes. In 1999, Venezuelans went to the polls on three occasions—to establish a constituent assembly that would draft a new constitution, to elect the membership of the 165-member constituent assembly, and to approve the new constitution—and each time delivered victory to President Chávez. The new constitution revamped political institutions, including the elimination of the Senate and establishment of a unicameral National Assembly, and expanded the presidential term of office from five to six years, with the possibility of immediate reelection for a second term. Under the new constitution, voters once again went to the polls in July 2000 for a so-called mega-election, in which the president, national legislators, and state and municipal officials were selected. President Chávez easily won election to a new six-year term, capturing about 60% of the vote. Chávez's Patriotic Pole coalition also captured 14 of 23 governorships and a majority of seats in the National Assembly.

**Temporary Ouster in 2002.** 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.

In the aftermath of Chávez's brief ouster from power, the political opposition continued to press for his removal from office, first through a general strike that resulted in an economic downturn in 2002 and 2003, and then through a recall referendum that ultimately was held in August 2004 and which Chávez won by a substantial margin. In 2004, the Chávez government moved to purge and pack the Supreme Court with its own supporters in a move that dealt a blow to judicial independence. The political opposition boycotted legislative elections in December 2005, which led to domination of the National Assembly by Chávez supporters.

**Reelection in 2006.** A rise in world oil prices that began in 2004 fueled the rebound of the Venezuelan economy and helped President Chávez establish an array of social programs and services known as "missions" that helped reduce poverty by some 20%.<sup>2</sup> In large part because of the economic rebound and attention to social programs, Chávez was reelected to another six-year term in December 2006 in a landslide, with almost 63% of the vote compared to almost 37% for opposition candidate Manuel Rosales.<sup>3</sup> The election was characterized as free and fair by international observers with some irregularities.

After he was reelected in 2006, however, even many Chávez supporters became concerned that the government was becoming too radicalized. Chávez's May 2007 closure of a popular Venezuelan television station that was critical of the government, Radio Caracas Television (RCTV), sparked significant protests and worldwide condemnation. Chávez also proposed a far-reaching constitutional amendment package that would have moved Venezuela toward a new model of development known as "21<sup>st</sup> century socialism," but this was defeated by a close margin in a December 2007 national referendum. University students took the lead in demonstrations against the closure of RCTV and also played a major role in defeating the constitutional reform.

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<sup>2</sup> U.N. Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America, 2008*, Briefing Paper, November 2008, p. 11.

<sup>3</sup> See the official results reported by Venezuela's National Electoral Council (CNE) at [http://www.cne.gob.ve/divulgacionPresidencial/resultado\\_nacional.php](http://www.cne.gob.ve/divulgacionPresidencial/resultado_nacional.php).

The Venezuelan government also moved forward with nationalizations in key industries, including food companies, cement companies, and the country's largest steel maker; these followed the previous nationalization of electricity companies and the country's largest telecommunications company and the conversion of operating agreements and strategic associations with foreign companies in the oil sector to majority Venezuelan government control.

**2008 State and Municipal Elections.** State and local elections held in November 2008 revealed a mixed picture of support for the government and the opposition. Earlier in the year, President Chávez united his supporters into a single political party—the United Socialist Party of Venezuela (PSUV). In the elections, pro-Chávez candidates won 17 of the 22 governors' races, while opposition parties<sup>4</sup> won five governorships, including in three of the country's most populous states, Zulia, Miranda, and Carabobo. At the municipal level, pro-Chávez candidates won over 80% of the more than 300 mayoral races, with the opposition winning the balance, including Caracas and the country's second-largest city, Maracaibo. One of the major problems for the opposition was that the Venezuelan government's comptroller general disqualified almost 300 individuals from running for office, including several high-profile opposition candidates, purportedly for cases involving the misuse of government funds.<sup>5</sup>

**2009 Lifting of Term Limits.** In 2009, President Chávez moved ahead with plans for a constitutional change that would lift the two-term limit for the office of the presidency and allow him to run for reelection in 2012 and beyond. In a February 2009 referendum, Venezuelans approved the constitutional change with almost 55% support.<sup>6</sup> President Chávez proclaimed that the vote was a victory for the Bolivarian Revolution, and virtually promised that he would run for reelection.<sup>7</sup> Chávez had campaigned vigorously for the amendment and spent hours on state-run television in support of it. The president's support among many poor Venezuelans who had benefited from increased social spending and programs was an important factor in the vote.

**2010 Legislative Elections.** In Venezuela's September 2010 elections for the 165-member National Assembly, pro-Chávez supporters won 98 seats, including 94 for the PSUV, while opposition parties won 67 seats, including 65 for the 10-party opposition coalition known as the Democratic Unity Roundtable (*Mesa de la Unidad Democrática*, or MUD). Even though pro-Chávez supporters won a majority of seats, the result was viewed as a significant defeat for the president because it denied his government the three-fifths majority (99 seats) needed to enact enabling laws granting him decree powers. It also denied the government the two-thirds majority (110 seats) needed for a variety of actions to ensure the enactment of its agenda, such as introducing or amending organic laws, approving constitutional reforms, and making certain government appointments.<sup>8</sup>

In December 2010, Venezuela's outgoing National Assembly approved several laws that were criticized by the United States and human rights organizations as threats to free speech, civil society, and democratic governance. The laws were approved ahead of the inauguration of Venezuela's new National Assembly to a five-year term in early January 2011, in which

<sup>4</sup> The opposition included newer parties such as *Primero Justicia* (PJ, Justice First), *Proyecto Venezuela* (Project Venezuela), and *Un Nuevo Tiempo* (UNT, A New Era); leftist parties that defected from the Chavista coalition such as the *Movimiento al Socialismo* (MAS, Movement toward Socialism) and *Por la Democracia Social* (*Podemos*, For Social Democracy); and the traditional political parties from the past such as AD and COPEI.

<sup>5</sup> "Inhabilitaciones a Políticos en Venezuela Se Reducen de 400 a 272," Agence France-Presse, July 11, 2008.

<sup>6</sup> See the results on the website of the CNE, at [http://www.cne.gov.ve/divulgacion\\_referendo\\_enmienda\\_2009/](http://www.cne.gov.ve/divulgacion_referendo_enmienda_2009/).

<sup>7</sup> Juan Forero, "Chávez Wins Removal of Term Limits," *Washington Post*, February 16, 2009.

<sup>8</sup> "Venezuela Country Report," Economist Intelligence Unit (EIU), November 2010.

opposition deputies would have had enough representation to deny the government the two-thirds and three-fifths needed for certain actions. Most significantly, the outgoing Assembly approved an “enabling law” that provided President Chávez with far-reaching decree powers for 18 months. Until its expiration in June 2012, the enabling law was used by President Chávez more than 50 times, including decrees to change labor laws and the criminal code, along with a nationalization of the gold industry.<sup>9</sup>

**2012 Presidential Election.** With a record turnout of 80.7% of voters, President Chávez won his fourth presidential race (and his third six-year term) in the October 7, 2012, presidential election, capturing about 55% of the vote, compared to 44% for opposition candidate Henrique Capriles.<sup>10</sup> Chávez won all but 2 of Venezuela’s 23 states (with the exception of Táchira and Mérida states), including a very narrow win in Miranda, Capriles’s home state. Unlike the last presidential election in 2006, Venezuela did not host international observer missions. Instead, two domestic Venezuelan observer groups monitored the vote. Most reports indicate that election day was peaceful with only minor irregularities.

Venezuela’s opposition had held a unified primary in February 2012, under the banner of the opposition MUD, and chose Capriles in a landslide with about 62% of the vote in a five-candidate race. A member of the Justice First (*Primero Justicia*, PJ) party, Capriles had been governor of Miranda, Venezuela’s second-most populous state, since 2008. During the primary election, Capriles promoted reconciliation and national unity. He pledged not to dismantle Chávez’s social programs, but rather to improve them.<sup>11</sup> Capriles ran an energetic campaign traveling throughout the country with multiple campaign rallies each day, while the Chávez campaign reportedly was somewhat disorganized and limited in terms of campaign rallies because of Chávez’s health. Capriles’s campaign also increased the strength of a unified opposition. The opposition received about 2.2 million more votes than in the last presidential election in 2006, and its share of the vote grew from almost 37% in 2006 to 44%.

Nevertheless, Chávez had several distinct advantages in the election. The Venezuelan economy was growing strongly in 2012 (over 5%), fueled by government spending made possible by high oil prices. Numerous social programs or “missions” of the government helped forge an emotional loyalty among Chávez supporters. This included a well-publicized public housing program. In another significant advantage, the Chávez campaign used state resources and state-controlled media for campaign purposes. This included the use of broadcast networks, which were required to air the president’s frequent and lengthy political speeches. Observers maintain that the government’s predominance in television media was overwhelming.<sup>12</sup> There were several areas of vulnerability for Chávez, including high crime rates (including murder and kidnapping) and an economic situation characterized by high inflation and economic mismanagement that had led to periodic shortages of some food and consumer products and electricity outages. Earlier in 2012, a wildcard in the presidential race was Chávez’s health, but in July 2012 Chávez claimed to have bounced back from his second bout of an undisclosed form of cancer since mid-2011.

<sup>9</sup> Ezequiel Minaya, “Chávez’s Decree Powers Expire, But Not Before Heavy Use,” Dow Jones Newswires, June 18, 2012.

<sup>10</sup> See the CNE’s official results at [http://www.cne.gob.ve/resultado\\_presidencial\\_2012/r/1/reg\\_000000.html](http://www.cne.gob.ve/resultado_presidencial_2012/r/1/reg_000000.html).

<sup>11</sup> Michael Shifter, “Henrique Capriles’ Moment,” *El Colombiano*, February 15, 2012.

<sup>12</sup> “Venezuela Politics: Quick View—Mr. Chávez Maintains Lead Ahead of October Election,” *EIU ViewsWire*, July 27, 2012; Genaro Arriagada and José Woldenberg, “The Elections in Venezuela, October 7, 2012, Executive Summary,” Wilson Center, September 2012.

For President Chávez, the election affirmed his long-standing popular support, as well as support for his government's array of social programs that have helped raise living standards for many Venezuelans. In his victory speech, President Chávez congratulated the opposition for their participation and civic spirit and pledged to work with them. At the same time, however, the president vowed that Venezuela would "continue its march toward the democratic socialism of the 21<sup>st</sup> century."<sup>13</sup>

**December 2012 State Elections.** Voters delivered a resounding victory to President Chávez and the PSUV in Venezuela's December 16, 2012, state elections by winning 20 out of 23 governorships that were at stake. Prior to the elections, the PSUV had held 15 state governorships with the balance held by opposition parties or former Chávez supporters. The state elections took place with political uncertainty at the national level as President Chávez was in Cuba recuperating from his fourth cancer surgery (see below). The opposition won just three states: Amazonas; Lara; and Miranda, where former MUD presidential candidate Henrique Capriles Radonski was reelected, defeating former Vice President Eliás Jaua. While the opposition suffered a significant defeat, Capriles's win solidified his status as the country's major opposition figure.

**Chávez's Declining Health and Death.** Dating back to mid-2011, President Chávez's precarious health raised questions about Venezuela's political future. Chávez had been battling an undisclosed form of cancer since June 2011, when he underwent emergency surgery in Cuba for a "pelvic abscess" followed by a second operation to remove a cancerous tumor. After several rounds of chemotherapy, Chávez declared in October 2011 that he had beaten cancer. In February 2012, however, Chávez traveled to Cuba for surgery to treat a new lesion and confirmed in early March that his cancer had returned. After multiple rounds of radiation treatment, Chávez once again announced in July 2012 that he was "cancer free." After winning reelection to another six-year term in October 2012, Chávez returned to Cuba the following month for medical treatment. Once back in Venezuela, Chávez announced on December 8, 2012, that his cancer had returned and that he would undergo a fourth cancer surgery in Cuba.

Most significantly, Chávez announced at the same time his support for Vice President Nicolás Maduro if anything were to happen to him. Maduro had been sworn into office on October 13, 2012. Under Venezuela's Constitution, the president has the power to appoint and remove the vice president; it is not an elected position. According to Chávez: "If something happens that sidelines me, which under the Constitution requires a new presidential election, you should elect Nicolás Maduro."<sup>14</sup> Chávez faced complications during and after his December 11, 2012, surgery, and while there were some indications of improvement by Christmas 2012, the president faced new respiratory complications by year's end.

After considerable public speculation about the presidential inauguration scheduled for January 10, 2013, Vice President Maduro announced on January 8 that Chávez would not be sworn in on that day. Instead, the vice president invoked Article 231 of the Constitution, maintaining that the provision allows the president to take the oath of office before the Supreme Court at a later date.<sup>15</sup> A day later, Venezuela's Supreme Court upheld this interpretation of the Constitution, maintaining that Chávez did not need to take the oath of office to remain president. According to the court's president, Chávez could take the oath of office before the Supreme Court at a later date, when his

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<sup>13</sup> Laurent Thomet, "Chávez Reaches Out to Opposition After Victory," *Agence France Presse*, October 8, 2012.

<sup>14</sup> Juan Forero, "Chávez Heads to Cuba for 4<sup>th</sup> Surgery," *Washington Post*, December 10, 2012.

<sup>15</sup> "Presidente Chávez Formalizará Juramentación Después el 10-E ante el TSJ," *Agencia Venezolana de Noticias*, January 8, 2013.

health improved.<sup>16</sup> Some opposition leaders, as well as some Venezuelan legal scholars, had argued that the January 10 inauguration date was fixed by Article 231 and that, since Chávez could not be sworn in on that date, then the president of the National Assembly, Diosdado Cabello, should have been sworn in as interim or caretaker president until either a new election was held or Chávez recovered pursuant to Article 234 of the Constitution.<sup>17</sup>

President Chávez ultimately returned to Venezuela from Cuba on February 18, 2013, but was never seen publicly because of his poor health. A Venezuelan government official announced on March 4 that the president had taken a turn for the worse as he was battling a new lung infection. He died the following day.

The political empowerment of the poor under President Chávez will likely be an enduring aspect of his legacy in Venezuelan politics for years to come. Any future successful presidential candidate will likely need to take into account how his or her policies would affect working class and poor Venezuelans. On the other hand, President Chávez also left a large negative legacy, including the deterioration of democratic institutions and practices, threats to freedom of expression, high rates of crime and murder (the highest in South America), and an economic situation characterized by high inflation, crumbling infrastructure, and shortages of consumer goods. Ironically, while Chávez championed the poor, his government's economic mismanagement wasted billions that potentially could have established a more sustainable social welfare system benefiting poor Venezuelans.

## The Post-Chávez Era, 2013-2014

When the gravity of President Chávez's health status became apparent in early 2013, many analysts had posed the question as to whether the leftist populism of "Chavismo" would endure without Chávez. In the aftermath of the April 2013 presidential election won by acting president Nicolás Maduro and the December 2013 municipal elections, it appeared that "Chavismo" would survive, at least in the medium term. Chávez supporters not only control the presidency and a majority of municipalities, but also control the Supreme Court, the National Assembly, the military leadership, and the state oil company—PdVSA. Moreover, in November 2013, President Maduro secured a needed vote of three-fifths of the National Assembly to approve an enabling law giving him decree powers over the next year. Chávez had been granted such powers for several extended periods and used them to enact far-reaching laws without the approval of Congress.

In 2014, deteriorating economic conditions, high rates of crime, and street protests that were met with violence by the Venezuelan state posed enormous challenges to the Maduro government. Human rights abuses increased as the government violently suppressed the opposition. Efforts toward dialogue at the Organization of American States were thwarted by Venezuela, and a dialogue facilitated by the Union of South American Nations (UNASUR) ultimately was unsuccessful. During the second half of the year, the rapid decline in the price of oil exacerbated Venezuela's already poor economic conditions.

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<sup>16</sup> "TSJ: Presidente Chávez se Juramentará Cuando Cese la Causa Sobrevenida," *Agencia Venezolana de Noticias*, January 9, 2013; Jim Mannion, "Venezuela Top Court Upholds Delay of Chávez Swearing-in," *Agence France Presse*, January 9, 2013.

<sup>17</sup> Juan Forero, "Chávez Will Not Return for Oath," *Washington Post*, January 9, 2013; "Los Académicos Venezolanos Advierten: 'El Aplazamiento que Quiere el Chavismo Es Inconstitucional,'" *ABC (Madrid)*, January 9, 2013, at <http://www.abc.es/internacional/20130109/abci-profesores-venezuela-comparencia-chavez-201301092040.html>.

## April 2013 Presidential Election

In the aftermath of President Chávez's death, Vice President Maduro became interim or acting president and took the oath of office on March 8, 2013. A new presidential election, required by Venezuela's Constitution (Article 233), was held on April 14 in which Maduro, the PSUV candidate, narrowly defeated opposition candidate Henrique Capriles by 1.49% of the vote. In the lead-up to the elections, polling consistently showed Maduro to be a strong favorite to win the election by a significant margin, so the close race took many observers by surprise.

Before the election campaign began, many observers had stressed the importance of leveling the playing field in terms of fairness. However, just as in the 2012 presidential race between Chávez and Capriles, the 2013 presidential election was characterized by the PSUV's abundant use of state resources and state-controlled media. In particular, the mandate for broadcast networks to cover the president's speeches was a boon to Maduro.

In the aftermath of the election, polarization increased with street violence (nine people were killed in riots), and there were calls for an audit of the results. The National Electoral Council (CNE) announced that they would conduct an audit of the remaining 46% of ballot boxes that had not been audited on election day, while the opposition called for a complete recount and for reviewing the electoral registry. In early June, the CNE announced that it had completed its audit of the remaining 46% of votes and maintained that it found no evidence of fraud and that audited votes were 99.98% accurate compared with the original registered totals. Maduro received 50.61% of the vote to 49.12% of the vote for Capriles—just 223,599 votes separated the two candidates out of almost 15 million votes.<sup>18</sup>

There were six domestic Venezuelan observer groups in the April election.<sup>19</sup> This included the Venezuelan Electoral Observatory (OVE), which issued an extensive report in May 2013 that, among other issues, expressed concern over the incumbent president's advantages in the use of public funds and resources. The OVE also made recommendations for improving future elections, which included changing the composition of the CNE to guarantee and demonstrate neutrality and making improvements in legal norms related to incumbency advantage and the use of public resources, among other measures.<sup>20</sup>

Venezuela does not allow official international electoral monitoring groups, but the CNE invited several international groups to provide "accompaniment" to the electoral process. These included

### 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 in 2005-2006 until he was selected by President Chávez to serve as foreign minister. He 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 re-election. He has often been 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.

<sup>18</sup> The CNE's results are available at [http://www.cne.gob.ve/resultado\\_presidencial\\_2013/r/1/reg\\_000000.html](http://www.cne.gob.ve/resultado_presidencial_2013/r/1/reg_000000.html).

<sup>19</sup> For background, see Dan Hellinger, "Caracas Connect: July Report," Center for Democracy in the Americas, July 18, 2013, at <http://www.democracyinamericas.org/blog-post/caracas-connect-july-report/>; and Hugo Pérez Hernáiz, "Domestic and International Observation Reports on the April 14<sup>th</sup> Elections," Venezuela Blog, Washington Office on Latin America, August 12, 2013, at <http://venezuelablog.tumblr.com/post/58055388244/domestic-and-international-observation-reports-on-the>.

<sup>20</sup> *Informe Final, Observación Elecciones Presidenciales, 14 de Abril de 2013*, Observatorio Electoral Venezolano, May 2013, at <http://www.oeventolano.org/images/OEV%20PRESIDENCIALES%202013%20INFORME.pdf>.

delegations from the Union of South American Nations (UNASUR); the Institute for Higher European Studies (IAEE, *Instituto de Altos Estudios Europeos*), a Spanish nongovernmental organization; and the Carter Center. The UNASUR electoral mission supported the CNE's decision to conduct a full audit, and UNASUR heads of state subsequently met on April 19 to voice their support for Maduro's election. The IAEE report issued a critical report in June 2013 calling for the elections to be voided.<sup>21</sup>

The Carter Center issued a preliminary report on the election in July 2013, and maintained that the close election results caused an electoral and political conflict not seen since Venezuela's 2004 recall election. The group also concluded that confidence in the electoral system diminished in the election, with concerns about voting conditions, including inequities in access to financial resources and the media.<sup>22</sup> In May 2014, the Carter Center issued its final report on the 2013 election, which included recommendations to improve the process. These included more effective enforcement of rules regulating the use of state resources for political purposes and the participation of public officials and civil servants in campaign activities; campaign equity with regard to free and equal access to public and private media; curbs on the use of obligatory radio and television broadcasts and the inauguration of public works during the election period; and limitations on the participation of public officials of members of his or her own party or coalition.<sup>23</sup>

In early May 2013, the opposition filed two legal challenges before the Supreme Court, alleging irregularities in the elections, including the intimidation of voters by government officials and problems with the electoral registry being inflated because it had not been purged of deceased people. The first challenge, filed May 2 by Henrique Capriles, called for nullifying the entire election, while the second challenge, filed May 7 by the MUD, requested nullification of certain election tables and tally sheets. The Supreme Court rejected the opposition challenges on August 7 and criticized them for being "insulting" and "disrespectful" of the court and other institutions.<sup>24</sup> While the Supreme Court action was not unexpected, it contributed to increased political tensions in the country in the lead-up to the December 2013 municipal elections.

## December 2013 Municipal Elections

Venezuela's December 8, 2013, municipal elections were slated to be an important test of support for the ruling PSUV and the opposition MUD, but ultimately the results of the elections were mixed and reflect a polarized country. Some 335 mayoral offices and hundreds of other local legislative councilor seats were at stake in the elections. The PSUV and its allies won 242 municipalities, compared to 75 for the MUD, and 18 won by independents. The opposition won 18 more municipalities than in the previous 2008 elections; nine state capitals, including the large cities of Maracaibo and Valencia and the capital of Barinas state (Hugo Chávez's home state); and

<sup>21</sup> *Misión de Apoyo Internacional a la Observación de las Elecciones Presidenciales in Venezuela 14 de abril 2013*, Instituto de Altos Estudios Europeos, June 2013, at [http://www.iaee.eu/material/Informe\\_Final\\_Observacion\\_Electoral\\_Venezuela\\_14\\_abril\\_2013.pdf](http://www.iaee.eu/material/Informe_Final_Observacion_Electoral_Venezuela_14_abril_2013.pdf).

<sup>22</sup> *Preliminary Report, Study Mission of The Carter Center, Presidential Elections in Venezuela April 14, 2013*, The Carter Center, July 2, 2013, pp. 73-77, at [http://www.cartercenter.org/resources/pdfs/news/peace\\_publications/election\\_reports/venezuela-pre-election-rpt-2013.pdf](http://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/venezuela-pre-election-rpt-2013.pdf).

<sup>23</sup> "Carter Center Releases Final Report on Venezuela's April 2013 Presidential Elections," The Carter Center, May 22, 2014; *Misión de estudio del Centro Carter, elecciones presidenciales en Venezuela, 14 de abril de 2013, Informe Final*, The Carter Center, May 22, 2014 (English version forthcoming), at [http://www.cartercenter.org/resources/pdfs/news/peace\\_publications/election\\_reports/venezuela-final-rpt-2013-elections-spanish.pdf](http://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/venezuela-final-rpt-2013-elections-spanish.pdf).

<sup>24</sup> William Neuman, "Court Rejects Vote Challenge in Venezuela," *New York Times*, August 8, 2013.

four out of the five municipalities that make up Caracas. On the other hand, the total vote breakdown was 49% for the PSUV and its allies compared to about 42% for the MUD, not as close as the presidential election in April.<sup>25</sup> Some observers emphasize that the PSUV did as well as it did because of President Maduro's orders to cut prices for consumer goods in the lead-up to the elections. For many observers, the elections reflect the continuing polarization in the country and a rural/urban divide, with the MUD receiving the majority of its support from urban areas and the PSUV and its allies receiving more support from rural areas.

### **Protests and Failed Dialogue in 2014**

In 2014, the Maduro government faced significant challenges, including high rates of crime and violence and deteriorating economic conditions, with high inflation, shortages of consumer goods, and in the second half of the year, a rapid decline in oil prices. In February, student-led street protests erupted into violence with protestors harshly suppressed by Venezuelan security forces and militant pro-government civilian groups. While the protests largely had dissipated by June, at least 43 people were killed on both sides of the conflict, more than 800 were injured, and more than 3,000 were arrested. The government imprisoned a major opposition figure, Leopoldo López, in February, and two opposition mayors in March. Diplomatic efforts to deal with the crisis at the Organization of American States were frustrated in March. In April, an initiative by the Union of South American Nations (UNASUR)—led by the foreign ministers of Brazil, Colombia, and Ecuador—was successful in getting the government and a segment of the opposition to begin talks, but the dialogue broke down in May because of a lack of progress. With the significant drop in oil prices, the oil-dependent Venezuelan economy contracted by an estimated 3.9% by the end of the year, and inflation had risen to 62%, the highest in Latin America. (See **Figure 2** and **Figure 3**, below.)

### ***Protests Challenge the Government in 2014***

Concern about crime prompted student demonstrations during the first week of February 2014 in western Venezuela in the city of San Cristóbal, the capital of Táchira state. Students were protesting the attempted rape and robbery of a student, but the harsh police response to the student protests led to follow-up demonstrations that expanded to other cities and intensified with the participation of non-students. There also was a broadening of the protests to include overall concerns about crime and the deteriorating economy.

On February 12, 2014, students planned a large rally in Caracas that ultimately erupted into violence when protestors were reportedly attacked by Venezuelan security forces and militant pro-government groups known as "*colectivos*." Three people were killed in the violence—two student demonstrators and a well-known leader of a *colectivo*. The protests were openly supported by opposition leaders Leopoldo López of the Popular Will party (part of the opposition alliance known as the MUD) and María Corina Machado, an opposition member of the National Assembly. President Maduro accused the protestors of wanting "to topple the government through violence" and to recreate the situation that occurred in 2002 when Chávez was briefly ousted from power.

Within Venezuela's political opposition, there were two contrasting views of the movement's appropriate political strategy vis-à-vis the government. Leopoldo López and María Corina Machado advocated a tactic of occupying the streets that they dubbed "*la salida*" (exit or

<sup>25</sup> "Reinforced in Power, Maduro Sharpens His Knives," *Latin American Regional Report, Andean Group*, December 2013.

solution). This conjured up the image of Maduro being forced from power. In explaining what is meant by the term, a spokesman for López's Popular Will party maintained that Maduro had many means to resolve the crisis, such as opening a real dialogue with the opposition and making policy changes, or resigning and letting new elections occur.<sup>26</sup> (Under Venezuela's Constitution [Article 233], if Maduro were to resign, then elections would be held within 30 consecutive days.) In contrast to the strategy of street protests, former MUD presidential candidate Henrique Capriles, who serves as governor of Miranda state, advocated a strategy of building up support for the opposition, working within the existing system, and focusing on efforts to resolve the nation's problems. He did not see the message of pressing for Maduro's resignation appealing to low-income or poor Venezuelans.

Protests continued in Venezuela in Caracas and other cities around the country, although by June 2014 they had largely dissipated because of the government's harsh efforts of suppression and perhaps to some extent because of protest fatigue. Protestors had resorted to building roadblocks or barricades in order to counter government security and armed *colectivos*. Overall, at least 43 people on both sides of the conflict were killed (including protestors, government supporters, members of the security forces, and civilians not participating in the protests), more than 800 were injured, and more than 3,000 were arrested.<sup>27</sup>

Among the detained was opposition leader Leopoldo López. A Venezuelan court had issued an arrest warrant for López on February 13 for his alleged role in inciting riots that led to the killings. López participated in a February 18 protest march and then turned himself in. While initially López was accused of murder and terrorism, Venezuelan authorities ended up charging him with lesser counts of arson, damage to property, and criminal incitement. After several postponed court hearings, a Venezuelan judge ruled in early June 2014 that the case would go forward and that López would remain in prison while awaiting trial. López's trial began on July 23, 2014, but there were multiple delays. The Venezuelan court in the case ruled against the admissibility of much of the evidence submitted by López's defense, including more than 60 witnesses, but it accepted more than 100 witnesses for the prosecution.<sup>28</sup> López's defense, human rights organizations, and the U.S. Department of State, expressed concern about the lack of due process in the case, and President Obama called for his release.<sup>29</sup>

In addition to López, two opposition mayors, Daniel Ceballos of San Cristóbal in Táchira state and Enzo Scarano of San Diego in Carabobo state, were jailed in March 2014—Ceballos was sentenced to a year in prison on charges of “civil rebellion” and “conspiracy,” and Scarano was sentenced to 10 months in prison for not complying with Supreme Court orders to remove street barricades. (Scarano was released in January 2015, and Ceballos was released to house arrest in August 2015.) Notably, the wives of both mayors won May 2014 special elections by a landslide to replace their husbands.

International human groups criticized the Venezuelan government for its heavy-handed approach in suppressing the protests.

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<sup>26</sup> Verashni Pillay, “Why Are Young People Dying in Venezuela?” *Mail & Guardian Online*, February 27, 2014.

<sup>27</sup> Amnesty International, 2014/2015 Annual Report.

<sup>28</sup> Nick Miroff, “Venezuelan Opposition Leader Faces Long Odds,” *Washington Post*, September 2, 2014.

<sup>29</sup> U.S. Department of State, “Due Process in Venezuela,” September 11, 2014; The White House, “Remarks by the President at Clinton Global Initiative,” September 23, 2014.

- Amnesty International (AI) released a report in April 2014 documenting allegations of human rights violations in the context of the protests.<sup>30</sup>
- Human Rights Watch issued an extensive report in May 2014 that documented 45 cases involving more than 150 victims in which Venezuelan security forces allegedly abused the rights of protestors and other people in the vicinity of demonstrations and also allowed armed pro-government gangs to attack unarmed civilians.<sup>31</sup>
- The International Commission of Jurists, an international nongovernmental human rights organization with headquarters in Switzerland, issued a report in June 2014 highlighting key deficiencies in Venezuela's legal system that threaten the rule of law, democracy, and human rights in the country.<sup>32</sup>

For additional background on the human rights situation, see “Democracy and Human Rights Concerns” below. **Table 1** also provides links to human rights organizations and other sources that report on the human rights situation in Venezuela.

### *Efforts Toward Dialogue*

The outbreak of violence, especially the government's harsh response to the protests, prompted calls for dialogue from many quarters worldwide, including from the Obama Administration and some Members of Congress. Organization of American States (OAS) Secretary General José Miguel Insulza, U.N. Secretary General Ban Ki-moon, and Pope Francis called on efforts to end the violence and engage in dialogue. Secretary General Insulza repeatedly condemned the violence and maintained that only a broad dialogue between the government and the opposition can resolve the situation.<sup>33</sup>

Many Latin American nations had a restrained response to the situation in Venezuela. While they lamented the deaths of protestors and called for dialogue, most did not criticize the Maduro government for its harsh response to the protests.

**OAS.** Panama had called for a special meeting of the OAS Permanent Council in February, but the meeting was postponed on a technicality raised by Venezuela. (Venezuela subsequently broke relations with Panama in early March 2014, accusing of meddling in Venezuela's affairs, but relations ultimately were restored in July 2014.)

The OAS Permanent Council subsequently met on the issue of Venezuela on March 7, 2014, but only approved a lukewarm resolution expressing condolences for the violence, noting its respect for nonintervention and support for the efforts of the Venezuelan government and all political, economic, and social sectors to move forward with dialogue toward reconciliation. The United States, Canada, and Panama opposed the resolution, while all 29 other countries supported the

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<sup>30</sup> Amnesty International, “Venezuela, Los Derechos Humanos en Riesgo en Medio de Protestas,” April 1, 2014.

<sup>31</sup> Human Rights Watch, *Punished for Protesting, Rights Violations in Venezuela's Streets, Detention Centers, and Justice System*, May 5, 2014, at <http://www.hrw.org/node/125192>.

<sup>32</sup> International Commission of Jurists, *Strengthening the Rule of Law in Venezuela*, June 2014, at <http://icj.wpengine.netdna-cdn.com/wp-content/uploads/2014/06/VENEZUELA-Summary-A5-elec.pdf>.

<sup>33</sup> Organization of American States, Press Releases, “OAS Secretary General Condemns Violence in Venezuela and Calls on All Sides to Avoid Confrontations That Could Result in More Victims,” February 13, 2014; “OAS Secretary General Reiterates that Dialogue Is the Only Possibility for a Solution to the Situation in Venezuela,” March 5, 2014; and “OAS Secretary General Reiterates all for a Broad Dialogue Between Government and Opposition Leaders in Venezuela,” April 5, 2014.

resolution. In its dissent on the OAS vote, the United States maintained that it supports a peaceful resolution of the situation based on dialogue, but a genuine dialogue encompassing all parties and with a third party that all sides can trust.<sup>34</sup>

In a subsequent meeting on March 21, 2014, the OAS Permanent Council rejected Panama's attempt to raise the issue of the situation in Venezuela and voted (22 to 11, with 1 abstention) to close the session to the press. Panama had made Venezuelan opposition leader Maria Corina Machado a temporary member of Panama's delegation with the intention of speaking about the situation in Venezuela, but this was rejected (22 to 3, with 9 abstentions).<sup>35</sup> (Machado subsequently was stripped of her seat in the National Assembly in late March 2014 because she joined Panama's delegation to the OAS.)

**UNASUR-Sponsored Dialogue.** With diplomatic efforts to help resolve the crisis frustrated in the OAS, attention turned to the work of the 12-member Union of South American Nations (UNASUR). In response to the political unrest in Venezuela, UNASUR foreign ministers had approved a resolution on March 12, 2014, expressing support for dialogue between the Venezuelan government and all political forces and social sectors and agreeing to create a commission, requested by Venezuela, to accompany, support, and advise a broad and constructive political dialogue aimed at restoring peace.<sup>36</sup> By early April, UNASUR foreign ministers had helped to bring about an agreement for government-opposition talks to be monitored by the foreign ministers from Brazil, Colombia, and Ecuador and a representative from the Vatican as an observer.

The talks began on the evening of April 10 in a nearly six-hour public session. The opposition called for an amnesty law to free political prisoners and a disarming of the *colectivos* responsible for some of the violence. Before the talks, the MUD also set forth two other goals: an independent national truth commission to examine the recent unrest and a government commitment to fill senior vacancies in such institutions as the National Electoral Council and the Supreme Court with appointments that demonstrate impartiality.<sup>37</sup> Two additional rounds of private talks between the opposition and the government were held in April, but with only limited progress. On May 13, the MUD announced that the talks were in crisis and that the opposition was suspending its participation until the government took actions to demonstrate its commitment to the process. The government's continued suppression of protests since the talks began, along with lack of concrete progress at the talks, were the key factors in the MUD's decision to suspend the dialogue.

Despite attempts by the foreign ministers of Brazil, Colombia, and Ecuador, the talks were not revived. UNASUR issued a statement May 23 reiterating that dialogue between the government and opposition sectors is necessary for resolving the conflict. In the statement, UNASUR also rejected the imposition of unilateral sanctions on Venezuelan officials, maintaining that the action would violate the principle of nonintervention and negatively affect the prospects for dialogue.<sup>38</sup>

<sup>34</sup> Organization of American States, Permanent Council, "Solidarity and Support for Democratic Institutions, Dialogue, and Peace in the Bolivarian Republic of Venezuela," CP/DEC.51 (1957/14), adopted March 7, 2014, at <http://www.oas.org/consejo/resoluciones/dec51.asp>.

<sup>35</sup> "International Body Refuses to Hear Venezuelan Far Right Leader," *BBC Monitoring Americas*, March 24, 2014.

<sup>36</sup> UNASUR, Resolución No. 2014, March 12, 2014, at <http://www.unasursg.org/inicio/centro-de-noticias/archivo-de-noticias/ministras-y-ministros-de-relaciones-exteriores-de-unasur-emiten-resoluci%C3%B3n-sobre-la-violencia-presentada-en-venezuela>.

<sup>37</sup> "UNASUR Forges a Breakthrough," *LatinNews Daily*, April 8, 2014.

<sup>38</sup> UNASUR, "Comunicado Del Consejo de Ministras y Ministros de Relaciones Exteriores de UNASUR," May 23, (continued...)

When the UNASUR-sponsored dialogue began, there was disagreement within the MUD coalition over whether to participate in the talks. To some extent, this harkened back to disagreement over the opposition's overall political strategy noted above. More moderate opposition parties supported the decision to participate in the talks, while more hardline parties refused to participate as long as protestors and opposition leaders remain jailed. Leopoldo López's Popular Will party maintained that the government was "only offering a political show" and stated that it would not "endorse any dialogue with the regime while repression, imprisonment and persecution of our people continues."<sup>39</sup> Other opposition activists refusing to participate included Maria Corina Machado and Antonio Ledezma, the metropolitan mayor of Caracas.

In the aftermath of the 2014 protests and the collapse of dialogue, Venezuela's opposition appeared to have become more divided, with some wanting to continue a confrontational approach of challenging the government through protests and calling for the president's resignation and others advocating a more moderate approach of focusing on the 2015 legislative elections and advancing solutions that appeal to a majority of Venezuelans. Former MUD presidential candidate Henrique Capriles maintained that the strategy of "*la salida*" (the exit) was "an absolute failure" that "gave oxygen to the government" and "distracted the country." He maintained that divisions within the opposition prevented it from taking advantage of the government's inability to improve the economy.<sup>40</sup>

## Current Political and Economic Environment

The political and economic situation in Venezuela has continued to deteriorate, with the Maduro government continuing its repression of the political opposition. In February 2015, Venezuela's intelligence service detained the opposition metropolitan mayor of Caracas, Antonio Ledezma, who was subsequently charged with conspiracy in an alleged plot to overthrow the government. (He was released from jail in April 2015 for surgery and has been under house arrest since June 2015). Ledezma, along with Leopoldo López and opposition leader María Corina Machado (who was charged with conspiracy in December 2014), had signed a communiqué entitled the "National Agreement for Transition" to take measures to overcome the country's political and economic crisis, including free and transparent presidential elections.<sup>41</sup> The Maduro government viewed

### Venezuela at a Glance

**Population:** 30.69 million (2014, WB).  
**Area:** 912,050 square kilometers (slightly more than twice the size of California)  
**GDP:** \$239.6 billion (2015, current prices, IMF).  
**GDP Growth (%):** -3.9% (2014); -5.7% (2015); -8% forecast) (IMF).  
**GDP Per Capita Income:** \$7,745 (2015, current prices, IMF)  
**Key Trading Partners:** Exports—U.S. 32.9%, India 15.2%, China 13.4%. Imports—U.S. 29.4%, China, 13.5%, Brazil, 10.8% (2013, EIU).  
**Life Expectancy:** 74.2 years (2014, WB)  
**Literacy:** 95.5% (2013, UNDP)  
**Legislature:** National Assembly (unicameral), with 167 members.  
**Sources:** *Economist Intelligence Unit (EIU); International Monetary Fund (IMF); World Bank (WB); United Nations Development Programme (UNDP); and U.S. Department of State.*

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<sup>39</sup> Andrew Cawthorne, "Venezuela Reaches Out to Vatican No. 2 to Mediate Crisis," Reuters News, April 9, 2014.

<sup>40</sup> Juan Forero, "Opposition Fails to Exploit Venezuela's Woes, Leader Says," *Wall Street Journal*, August 14, 2014.

<sup>41</sup> "Por este documento arrestaron al opositor Antonio Ledezma," *Infobae* (Argentina), February 19, 2015, at (continued...)

the document as tantamount to calling for the government's overthrow and similar to the "*la salida*" (exit or solution) strategy adopted by López and Corina Machado in 2014 that tried to force Maduro from power through street protests.

## December 2015 Legislative Elections and Aftermath

Venezuela's opposition coalition, known as the MUD, triumphed in the country's December 6, 2015, legislative elections over the ruling PSUV. In the official vote count, the MUD won 109 seats, which, combined with the support of 3 elected indigenous representatives, gave it a total of 112 seats in the 167-member unicameral National Assembly, a two-thirds majority, compared to 55 seats for the PSUV. The election was a major defeat for Chavismo but, as noted below, the Maduro government took actions to deny the opposition its supermajority.

The opposition had faced significant disadvantages in the legislative elections. OAS Secretary General Luis Almagro made public a letter to the head of Venezuela's National Electoral Council that expressed strong criticism about the level of transparency and electoral justice ahead of the elections. Almagro asserted that the opposition operated on an uneven playing field that included the government's use of state resources for campaign purposes; the disqualification of seven opposition candidates; the judiciary's investigation of opposition political parties; and government actions that diminished freedom of the press and expression. In a disturbing development before the elections, Luis Manuel Díaz, an opposition leader with Democratic Action (AD), was assassinated at a public meeting in the state of Guárico on November 25, 2015. Venezuela rejected any international election observation missions, including from the OAS and the European Union. Instead, it agreed to a delegation from the UNASUR that arrived just before the elections. In the absence of international observers, electoral observation by Venezuelan domestic groups, such as the Observatorio Electoral Venezolano, became all the more important.

Ahead of the legislative elections, the MUD was far ahead in the polls, with a lead ranging from almost 19 percentage points to 30 percentage points. It campaigned on an agenda to release political prisoners and efforts to stimulate the ailing economy. The coalition includes some two dozen parties across the political spectrum. The largest of these include Justice First (PJ), the party of the MUD's 2012 and 2013 presidential candidate, Henrique Capriles; Popular Will (VP), whose party founder, Leopoldo López, was imprisoned in February 2014 and sentenced in September 2015 to almost 14 years in prison for allegedly inciting violence and other charges (a conviction that was criticized worldwide); A New Era (UNT); and AD.

In the aftermath of the MUD's electoral victory, the Maduro government thwarted the power of the incoming opposition legislature. To secure control of the 32-member Supreme Court, the government confirmed 13 new magistrates whose terms are not up until the end of 2016. The Supreme Court subsequently blocked four newly-elected National Assembly representatives from the MUD from taking office, which deprived the opposition of its two-thirds majority. A two-thirds majority would have provided the opposition with extensive powers, including the abilities to submit bills directly to national referendum, approve and amend organic laws, remove Supreme Court Justices in cases of serious misconduct, and convene a Constituent Assembly to rewrite the constitution. However, a simple and a three-fifths majority also are supposed to convey significant power to the opposition, including a providing it with a major role in the

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<http://www.infobae.com/2015/02/19/1628005-por-este-documento-arrestaron-al-opositor-antonio-ledezma>.

government's budget, the ability to remove ministers and the vice president from office, and powers to overturn enabling laws that give the president decree powers.

Since the National Assembly took office in January 2016, the Supreme Court has blocked several laws and actions approved by the legislature. In February, the Supreme Court upheld President Maduro's emergency economic decree, which the National Assembly had rejected in January; the measure provides the president with broad enabling powers circumventing the powers of the legislature.<sup>42</sup> In March, the Supreme Court ruled that the legislature had no right to examine the Maduro government's rushing through of 13 magistrates in late 2015.<sup>43</sup> In April, the court declared an amnesty law unconstitutional on grounds that it would have granted impunity for common crimes; the measure would have pardoned opposition leader Leopoldo López and other political prisoners—about 120 in all.<sup>44</sup> In late April, the court also struck down a constitutional amendment that would have reduced the presidential term of office from six years to four years, maintaining that any constitutional change could not be retroactive.<sup>45</sup>

## Potential Recall Referendum

Opposition efforts are now focused on attempts to recall President Maduro in a national referendum. In early April 2016, Venezuela's National Electoral Council (CNE) said that it was the only body allowed to reform the rules for conducting a recall referendum—the National Assembly had been considering a law to speed up the complicated (and not very transparent) recall referendum process. In late April, the CNE released forms needed to begin the process of seeking a recall referendum, but it did so only after several opposition National Assembly legislators had chained themselves to the CNE's office to protest the body's refusal to provide the paperwork.

Multiple steps are required for the referendum to go forward. The opposition initially needed to collect signatures from 1% of Venezuela's electorate in each state—almost 196,000 signatures. On May 2, 2016, the opposition said that it had delivered 1.85 million signatures to the CNE. The CNE now needs to validate those signatures. Following that validation, the opposition must gather the signatures of at least 20% of registered voters for the recall petition to go forward—almost 4 million signatures. Finally, after the CNE verifies those signatures, the referendum itself would take place within 90 days. For the recall of the president to occur, the referendum would need to be approved by more than the number of votes that Maduro received when elected—almost 7.6 million.

Some observers believe that the CNE will resort to delaying tactics so that the referendum occurs after January 10, 2017, the four-year point of the presidential term. If the recall were approved after this date, the appointed vice president would become president for the remaining two years. (Current Vice President Aristóbulo Istúriz, a former governor of Anzoátegui state, was appointed to his position by President Maduro in January 2016.) If the recall were held before this date, a new presidential election would be called within 30 days, giving the opposition an opportunity to compete for the presidency before the next regularly scheduled election in late 2018.

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<sup>42</sup> Nicholas Casey, "Venezuela's Justices Support More Power for the President," *New York Times*, February 13, 2016.

<sup>43</sup> Jim Wyss, "Venezuela's High Court and Congress Lock Horns Over Judges," *Miami Herald*, March 1, 2016.

<sup>44</sup> Nicholas Casey, "Venezuelan Courts Chip Away at Opposition's Power," *New York Times*, April 13, 2016.

<sup>45</sup> Andrew Cawthorne, "Venezuela Court Blocks Another Opposition Tactic to Oust Maduro," Reuters News, April 25, 2016.

Opposition protests erupted over the CNE's slowness in verifying the signatures handed in on May 2, 2016. On May 13, President Maduro decreed a 60-day national emergency, maintaining that there were plots supported by the United States to topple his government. Protests continued despite the state of emergency, and a number of protesters were arrested. Some Venezuelan officials, including Vice President Istúriz, made statements claiming that there were irregularities in the signatures gathered. On May 17, President Maduro announced that the recall organizers had missed a key date and that there was no chance that the recall would be held this year.<sup>46</sup>

Venezuela's opposition has called for the OAS Secretary General to invoke the Inter-American Democratic Charter. On May 16, Human Rights Watch also called for the OAS to invoke the charter "to press Venezuela to restore judicial independence and the protection of fundamental rights."<sup>47</sup> According to Article 20 of the charter, "in the event of an unconstitutional alternation of the constitutional regime that seriously impairs the democratic order in a member state, any member state or the Secretary General may request the immediate convocation of the Permanent Council to undertake a collective assessment of the situation and to take such decisions as it deems appropriate."<sup>48</sup>

OAS Secretary General Almagro, who is considering whether to apply the Inter-American Democratic Charter, spoke out strongly against President Maduro in a public letter on May 18, 2016, partly in response to Maduro's accusations that Almagro was an agent of the U.S. Central Intelligence Agency (CIA).<sup>49</sup> Almagro called for Maduro to "return the riches of those who have governed with you to your country ... to return political prisoners to their families ... [and] ... to give the National Assembly back its legitimate power." He expressed hope that no one should commit the folly of carrying out a coup against Maduro and that Maduro himself would not do so (Maduro threatened to make the National Assembly disappear).<sup>50</sup> With regard to the recall referendum, Almagro said:

You have an obligation to public decency to hold the recall referendum in 2016, because when politics are polarized the decision must go back to the people. To deny the people that vote, to deny them the possibility of deciding, would make you just another petty dictator, like so many this Hemisphere has had.

## Economic and Social Conditions

Venezuela's major economic sector is petroleum, which accounts for 96% of exports.<sup>51</sup> Since 2014, the rapid decline in the price of oil, along with Venezuela's state-led economic model and economic mismanagement, have caused enormous economic problems, with a contracting economy, rising inflation, increasing capital flight, falling economic reserves, and growing poverty. The country's economic outlook over the next several years is poor, with the economy expected to remain mired in recession.

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<sup>46</sup> "Venezuela Politics: Quick View—Protests Intensify as Government Resists Recall Referendum," EIU Viewswire, May 16, 2016; Jim Wyss, "Venezuela's Maduro Says no Recall This Year, as Opposition Takes to Street," *Miami Herald*, May 17, 2016.

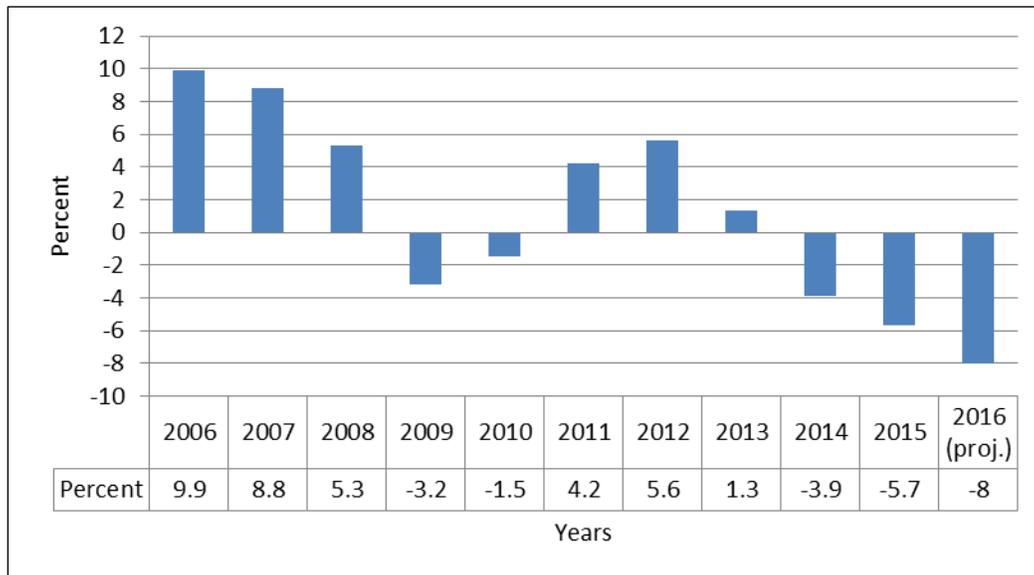
<sup>47</sup> Human Rights Watch, "Venezuela: OAS Should Invoke Democratic Charter," May 16, 2016.

<sup>48</sup> OAS, Inter-American Democratic Charter, September 11, 2001, at [http://www.oas.org/charter/docs/resolution1\\_en\\_p4.htm](http://www.oas.org/charter/docs/resolution1_en_p4.htm).

<sup>49</sup> OAS, "Message from the OAS Secretary General to the President of Venezuela," May 18, 2016.

<sup>50</sup> Chris Kraul and Mery Mogollon, "President Issues Threat as Unrest Grips Venezuela," May 19, 2016.

<sup>51</sup> World Bank, "Venezuela Overview," updated April 11, 2016, at <http://www.worldbank.org/en/country/venezuela/overview>.

**Figure 2. Venezuela: GDP Growth (%), 2006-2016**

**Source:** International Monetary Fund, World Economic Outlook Database, April 2016.

During the Chávez era, the spike in oil prices fueled high rate rates of economic growth, especially between 2004 and 2008. The economic boom allowed President Chávez to move ahead with economic goals that fit into his “Bolivarian revolution.” These included the expansion of a state-led development model, renegotiation of contracts with large foreign investors (especially in the petroleum sector) for majority government control, the restructuring of operations at the state oil company, and the nationalization of numerous private companies. The boom also allowed President Chávez to increase expenditures on social programs associated with his populist agenda. The government began implementing an array of social programs known as *misiones* or missions offering services in the fields of education, health, nutrition, the environment, sports, culture, and housing, as well as targeted programs for indigenous rights and services for street children and adolescents. As a result of the flourishing economy and increased social spending, poverty rates in Venezuela declined from 48.6% in 2002 to 25.4% in 2012, with extreme poverty or indigence falling from 22.2% to 7.1% over the same period.<sup>52</sup>

As noted by the World Bank, however, the Venezuelan government neglected to accumulate savings when the price of oil was high, so that it could use its resources to ease a reversal in the terms of trade or to cushion necessary macroeconomic adjustments. As a result, the economy has contracted significantly since oil prices began to decline in 2014, causing significant economic and political difficulties for the Venezuelan government, which is dependent on oil proceeds for government revenue.<sup>53</sup> The average price for Venezuela’s basket of oil fell from \$98 in 2013 to about \$88 in 2014 and to almost \$45 in 2015. In the second week of May 2016, the price was about \$35, while the average for the year to date was about \$28.<sup>54</sup>

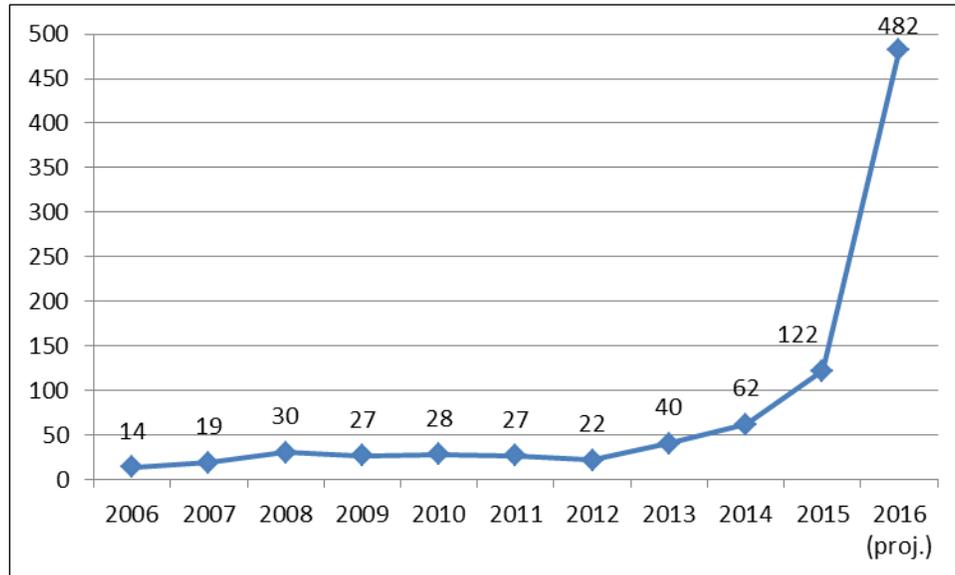
<sup>52</sup> U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *2014 Social Panorama of Latin America*, 2014.

<sup>53</sup> World Bank, “Venezuela Overview,” updated April 11, 2016, at <http://www.worldbank.org/en/country/venezuela/overview>.

<sup>54</sup> “Venezuela’s Oil Basket Inches up to \$35.28 per Barrel,” Reuters News, May 13, 2016.

Venezuela's gross domestic product (GDP) declined 3.9% in 2014 and 5.7% in 2015, and it is projected to decline 8% in 2016, according to the International Monetary Fund (see **Figure 2**). Economic mismanagement has exacerbated the poor economic situation, and tight currency and price controls have led to shortages of some products and discouraged investment.

**Figure 3. Venezuela Consumer Inflation (% average), 2006-2016**



**Source:** International Monetary Fund, World Economic Outlook Database, April 2016.

As the economy has been contracting, inflation has been increasing significantly, with the government resorting to monetizing its public deficit, which was estimated to amount to about 20% of GDP at the end of 2015. Average annual consumer inflation increased to 62% in 2014 and 122% in 2015, and it is projected to average 482% in 2016 (with year-end inflation in 2016 projected to approach 720%), according to the International Monetary Fund (see **Figure 3**). Venezuela's international reserves have also been falling in recent years, from almost \$30 billion in 2011 to some \$16 billion at the end of 2015 and some \$13 billion at the end of March 2016.<sup>55</sup>

Venezuela's educational and health systems have been severely affected by budget cuts, with shortages of medicines. These cuts are occurring at a time when Venezuela is facing one of the worst outbreaks of Zika in South America.<sup>56</sup> Reportedly, almost 3,000 pregnant women in the country are suspected of having contracted Zika in the first trimester of pregnancy. In late April 2016, the first child was born in the country with microcephaly probably caused by Zika.<sup>57</sup> Some hospitals face critical shortages of antibiotics, intravenous solutions, and even food.<sup>58</sup> Food shortages have also led to riots and looting in some Venezuelan cities.

<sup>55</sup> "Country Report Venezuela," Economist Intelligence Unit, April 2016.

<sup>56</sup> Joshua Partlow, "Venezuela Faces 'Worst-Case Scenario' as Zika Outbreak Expands," *Washington Post*, February 15, 2016.

<sup>57</sup> María Emilia Jorge M, "En Sucre Nació el Primer Niño con Microcefalia que Se Vincula al Zika," *El Nacional* (Venezuela), May 8, 2016.

<sup>58</sup> Nicholas Casey, Ana León, and Meredith Kohut, "Venezuela's Hospitals Fail as Its Economy Collapses," *New York Times*, May 16, 2016.

Poverty rates began to increase in 2013 with Venezuela's economic slowdown under the Maduro government. In 2013, poverty increased to 32.1% (from 25.4%) and extreme poverty increased to 9.8% (from 7.1%).<sup>59</sup> With the economy mired in recession since 2014 and inflation reaching exorbitant levels, it is likely that poverty has increased even further.

Exacerbating the economic situation is a drought that has affected hydroelectric power generation in Venezuela, which reportedly accounts for more than 60% of the country's electricity needs. The government has responded with measures to cut back electricity consumption, including implementing a two-day workweek for public-sector employees, changing clocks for a half hour more of daylight in the evening, and requiring shopping malls to provide their own power generators. Critics maintain that the energy crisis is the result of inadequate investment in the energy sector and the failure to diversify away from reliance on a single hydroelectric complex.<sup>60</sup>

## Venezuela's Foreign Policy Orientation

Under President Chávez, Venezuela often utilized its foreign relations as means of countering U.S. interests and influence. Particularly in the aftermath of his temporary ouster from power in 2002, in which Venezuela was convinced that the United States had a hand, President Chávez moved Venezuela's foreign and economic relations away from the United States, which he often referred to as "the empire," through intense engagement abroad. Under his presidency, Chávez developed closer relations with China, highlighted by increased oil trade and Chinese investment in Venezuela's energy sector; Russia, characterized by billions of dollars of military purchases, including fighter jets; and Iran, where Chávez developed a personal relationship with then President Mahmoud Ahmadinejad and both leaders reveled in spouting anti-American rhetoric and opposing U.S. foreign policy.

In Latin America, Chávez—buoyed by windfall oil profits because of rising oil prices—moved to export his brand of populism and state-based economic development to other Latin American countries. He strongly supported Bolivia's President Evo Morales and offered assistance to help Bolivia rewrite its constitution and implement radical reforms to the economy. Under Chávez, Venezuela had close relations with Nicaragua under the presidency of Daniel Ortega, providing substantial assistance, and with Ecuador under the presidency of populist President Rafael Correa, first elected in 2006. Chávez also developed a strong bond with Fidel Castro. As a result, Venezuela became one of Cuba's main sources of outside support by providing it with a majority of its oil needs while in return receiving thousands of Cuban medical personnel and other advisers. Venezuela also established a program for Caribbean and Central American nations dubbed PetroCaribe that provides oil at low interest rates (see "Energy Issues," below).

Chávez launched the Bolivarian Alliance of the Americas (ALBA, originally established as the Bolivarian Alternative for the Americas) in 2004 with the goals of promoting regional integration, socioeconomic reform, and poverty alleviation. In addition to Venezuela, this 11-member group includes Bolivia, Cuba, Ecuador, and Nicaragua as well as the Caribbean island nations of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Many observers maintain, however, that the Venezuelan-led ALBA began to lose energy as oil prices fluctuated and Venezuela's domestic economic problems began to mount. In the aftermath of President Chávez's death in 2013, some observers questioned the future of the Venezuelan-founded alliance. ALBA countries, however, have continued to express support for

<sup>59</sup> U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *2015 Social Panorama of Latin America*, March 2016.

<sup>60</sup> "Resource-Rich Venezuela Struggles to Keep Lights, Taps On," Reuters News, May 6, 2016.

the Maduro government and, in March 2015, expressed their opposition to U.S. sanctions imposed against some Venezuelan officials.

Beyond ALBA, Venezuela played an important role in the December 2011 establishment of the Community of Latin American and Caribbean States (CELAC), a hemispheric forum that excludes the United States and Canada with the goal of boosting regional integration and cooperation. Venezuela was also one of the founding members of the Union of South American Nations (UNASUR), established in 2008, and in 2012, it became a member of the Brazil-led Common Market of the South (Mercosur). While Venezuela remains an active member of the Organization of American States, on September 10, 2013, it withdrew from the Inter-American Court of Human Rights one year after it had denounced the American Convention on Human Rights (for more details, see “Democracy and Human Rights Concerns,” below).

Venezuela had difficult relations with Colombia during the administration of Colombian President Álvaro Uribe (2002-2010), with tensions over Venezuela’s support for leftist Colombian guerrilla groups. Relations improved markedly, however, under the Colombian government of President Juan Manuel Santos (2010-present). President Chávez played an important role in encouraging the Revolutionary Armed Forces of Colombia (FARC) to participate in peace talks with the Colombian government to resolve the conflict (see “Terrorism Issues,” below).

Under President Maduro, there has been significant continuity in Venezuela’s foreign policy, especially since Maduro had served as foreign minister under President Chávez from 2006 until early 2013. Some analysts, however, contend that the activism of Venezuela’s foreign policy under Maduro has been diminished by the country’s ailing economy as well as its internal political challenges. Nevertheless, President Maduro has maintained close relations with like-minded leftist populist governments in Latin America and continued engagement with other Latin American countries through such organizations as CELAC, UNASUR, and Mercosur.

Changes of government in Argentina and Brazil are altering South American regional dynamics, which is leading to increased scrutiny of Venezuela. In Argentina, newly elected President Mauricio Macri, inaugurated in December 2015, has been critical of the Maduro government’s repression of its political opponents. In a sign of concern that it is losing another ally in the region, the Maduro government strongly criticized the suspension of Brazilian President Dilma Rousseff pending an impeachment trial, labeling the act a parliamentary coup. Brazil’s interim government, led by Michel Temer, dismissed the criticism of Venezuela and other leftist governments in the region.

Close relations with China and Russia have continued as Venezuela seeks continued trade and investment. From 2007 through 2015, China provided some \$65 billion in financing to Venezuela.<sup>61</sup> The money typically has been for funding infrastructure and other economic development projects, and Venezuela reportedly has committed significant amounts of oil to repay its loans to China. One high-profile infrastructure funded by China, a high-speed railway project, was abandoned in early 2015.<sup>62</sup> Some press reports in May 2016 indicate that Venezuela, facing an increasingly dire economic situation, reached a deal to improve the conditions of its oil-for-loan financing from China.<sup>63</sup>

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<sup>61</sup> Kevin P. Gallagher and Margaret Myers, “China-Latin American Finance Database,” Inter-American Dialogue, 2016.

<sup>62</sup> Joshua Goodman, “Chinese Bullet Train in Venezuela Stalls as Alliance Derails,” Associated Press, May 14, 2016.

<sup>63</sup> “China Says It Reached Consensus with Venezuela on Financial Cooperation,” Reuters News, May 17, 2016.

In October 2014, Venezuela was elected to the U.N. Security Council (UNSC) for a two-year term. Venezuela had received the endorsement of Latin American and Caribbean nations for the seat at a United Nations meeting in July 2014. There are 10 non-permanent members of the UNSC, with 5 elected each year for two-year terms. While the Latin America and Caribbean region does not formally have designated seats, by tradition two nations from the region are selected by the United Nations General Assembly to sit on the UNSC representing the Group of Latin American and Caribbean States in the U.N. Chile is also on the UNSC, and its term ends in 2015. After a contentious race for a UNSC between Venezuela and Guatemala in 2006 (with Panama ultimately successful as a compromise candidate), Latin American nations reportedly agreed privately to alternate representation in a particular order, with Venezuela's turn in 2014.<sup>64</sup> Some observers criticized the decision of Latin American and Caribbean nations to support Venezuela for the seat because of its human rights record, while others maintained that Venezuela's election would not alter the balance of voting and that its influence in the region overall is waning.<sup>65</sup>

## U.S. Relations and Policy

While the United States traditionally has had close relations with Venezuela, a major oil supplier to the United States, there was significant friction with the Chávez government, and this has continued under the Maduro government. Over the course of Chávez's tenure, U.S. officials expressed concerns about human rights, Venezuela's military arms purchases (largely from Russia), its relations with Cuba and Iran, its efforts to export its brand of populism to other Latin American countries, and the use of Venezuelan territory by Colombian guerrilla and paramilitary forces.

Declining Venezuelan cooperation on anti-drug and antiterrorism efforts also became a major U.S. concern. Since 2005, Venezuela has been designated annually (by President George W. Bush and President Obama, as part of the annual narcotics certification process) as a country that has failed to adhere to its international anti-drug obligations. Since 2006, the Department of State has made an annual determination that Venezuela has not been cooperating fully with U.S. antiterrorism efforts, and as a result has imposed an embargo on arms sales to Venezuela. The United States has also imposed financial sanctions on several current or former Venezuelan officials for providing support to the FARC; on several Venezuelan companies for their support of Iran; and on several Venezuelan individuals and companies for their support of the radical Lebanon-based Islamic Shiite group Hezbollah.

Tensions in bilateral relations with Venezuela under the Bush Administration turned especially sour in the aftermath of President Chávez's brief ouster from power in April 2002. Venezuela alleged U.S. involvement in the ouster, while U.S. officials repeatedly rejected charges that the United States was involved. Nevertheless, strong U.S. statements critical of Chávez upon his return to power set the stages for continued deterioration in U.S.-Venezuelan relations and strong rhetoric on both sides. In 2006, however, the tenor of U.S. political rhetoric changed in the second half of the year with U.S. officials refraining from responding to Venezuela's rhetorical attacks. By 2008, U.S. policy had shifted to focusing on advancing a positive U.S. agenda for the

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<sup>64</sup> Joshua Goodman, "Venezuela's UN Security Council Bid Gains Backing," Associated Press, September 11, 2014

<sup>65</sup> "Black Eye for the Region," opinion editorial, *Miami Herald*, September 14, 2015; Christopher Sabatini, "In Venezuela, Hope Sinks," *Americas Quarterly*, September 15, 2014; and "Venezuela Likely to Win UNSC Seat," *Bloggings by Boz*, September 11, 2014, at <http://www.bloggingsbyboz.com/2014/09/venezuela-likely-to-win-unsc-seat.html>.

hemisphere and refraining from getting into any unneeded conflicts or spats with President Chávez. Nevertheless, U.S. relations took a turn for the worse in September 2008 when Venezuela expelled the U.S. Ambassador in solidarity with Bolivian President Evo Morales, who had expelled the U.S. Ambassador in La Paz after accusing him of fomenting unrest; the United States responded in kind with the expulsion of the Venezuelan Ambassador to the United States.

## Obama Administration Policy

Under the Obama Administration, tensions in bilateral relations have continued. In June 2009, hopes were raised for an improvement in relations when the United States and Venezuela announced that they had agreed to the return of respective ambassadors, but such an improvement did not occur. U.S. officials continued to speak out about the deterioration of democratic institutions and threats to freedom of expression in Venezuela and other concerns. In 2010, the Chávez government revoked an agreement for U.S. Ambassador-designate Larry Palmer to be posted to Venezuela, and the United States responded by revoking the visa of the Venezuelan Ambassador. In 2012, the Department of State declared as *persona non grata* the Venezuelan Consul General in Miami, after a television documentary had alleged that the official had, when based in Mexico, participated in discussions with Mexican students in plotting potential cyberattacks against the United States.

Despite the poor state of bilateral relations, the State Department maintained on numerous occasions that the United States was open to constructive engagement with Venezuela, focusing on such areas as anti-drug and counterterrorism efforts. There was some hope in June 2013, in the aftermath of Chávez's death, that bilateral relations were on track to improve after a meeting between Secretary of State John Kerry and Venezuela's Foreign Minister, but efforts to improve relations were thwarted by the Maduro government's strong rhetoric and actions. In September 2013, Venezuela expelled three U.S. diplomats in Venezuela, including the U.S. Embassy's chargé d'affaires, and accused the diplomats of attempting to destabilize the country. The State Department, which rejected the allegations of any type of conspiracy to destabilize the Venezuelan government, responded by expelling three Venezuelan diplomats in early October, including the chargé d'affaires of the Venezuelan Embassy in Washington, DC.

In 2014, the year began with positive statements from both countries about resuming a positive relationship, but Venezuela's heavy-handed crackdown on protesters beginning in February 2014 led to strong U.S. criticism of the Venezuelan government and calls for the government to engage in dialogue with the opposition. Venezuela expelled three U.S. diplomats in February, accusing them of organizing and financing the protests, while the United States rejected the allegations and responded by expelling three Venezuelan diplomats. U.S. officials pressed for Latin American countries to help resolve the situation in Venezuela, and encouraged UNASUR's efforts to initiate talks between the government and the opposition in April.

While the UNASUR-sponsored dialogue was going on, the Obama Administration maintained that the imposition of sanctions would be counterproductive but noted that sanctions would be considered as an option if there was no movement. Subsequently, in July 2014, in the aftermath of the failure of the UNASUR dialogue, the State Department imposed restrictions on travel to the United States by a number of Venezuelan government officials responsible for, or complicit in, human rights abuses.<sup>66</sup> In February 2015, the State Department announced additional visa restrictions on Venezuelan government officials believed to be responsible for human rights

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<sup>66</sup> U.S. Department of State, "Visa Restrictions Against Human Rights Abusers in Venezuela," July 30, 2014.

abuses and on persons considered to be involved in acts of public corruption.<sup>67</sup> U.S. officials noted that as of early March 2015, the State Department had imposed visa restrictions on a total of 56 Venezuelans on both human rights and public corruption grounds.<sup>68</sup>

### **Congressional Response to Venezuela's 2014 Suppression of Protests**

In response to the Venezuelan government's harsh suppression of protests, both houses of Congress approved resolutions in March 2014 condemning the violence and urging dialogue. The House approved **H.Res. 488** (Ros-Lehtinen), which, among its provisions, expressed support for the people of Venezuela in their pursuit of freedom of expression, denounced violence perpetrated against opposition leaders and protestors, and urged nations to actively encourage dialogue. The Senate approved **S.Res. 365** (Menendez), which, among its provisions, urged the President to immediately impose targeted sanctions (including visa bans and asset freezes) against those responsible for gross human rights violations against peaceful demonstrators, journalists, and other members of civil society.

Congress then turned to legislation to impose targeted sanctions on those in Venezuela responsible for human rights abuses. Ultimately, in December 2014, both houses approved **S. 2142, the Venezuela Defense of Human Rights and Civil Society Act of 2014**, signed into law on December 18 as **P.L. 113-278**. Among its provisions, the law requires the President to impose sanctions (asset blocking and visa restrictions) against those who the President determines are responsible for significant acts of violence or serious human rights abuses associated with the protests or, more broadly, against anyone that has 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 law includes presidential waiver authority for the application of sanctions if the President determines that doing so is in the national security interest of the United States. Under the law, the requirement to impose sanctions terminates at the end of December 2016.

U.S.-Venezuelan relations continued to spiral downward in the aftermath of the announcement of the additional visa restrictions in February 2015. The Venezuelan government once again alleged that the United States was involved in coup plotting and destabilization. In response, the State Department issued a public response calling the allegations "baseless and false" and stating that "the United States does not support political transitions by non-constitutional means."<sup>69</sup> On February 28, President Maduro announced that his government would limit the number of U.S. diplomats working in the country. On March 2, he called for the U.S. Embassy to come up with a plan within 15 days to reduce staff to 17 from about 100 to match the number of Venezuelans at their Embassy in Washington, DC. The State Department, which responded to the request via diplomatic channels, maintained that Venezuela dramatically understated the number of Venezuelan diplomats in the United States because, in addition to their embassy, they have eight consulates.<sup>70</sup>

In March 2015, President Obama issued Executive Order (EO) 13692 implementing the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278) that was enacted in December 2014 (see text box on "Congressional Response to Venezuela's 2014 Suppression of Protests") and going beyond the requirements of that law.<sup>71</sup> (The Treasury

<sup>67</sup> U.S. Department of State, "Additional Visa Restrictions Against Human Rights Abusers, Individuals Responsible for Public Corruption, and Their Family Members in Venezuela," Press Statement, February 2, 2015.

<sup>68</sup> White House, "Background Conference Call on the President's Executive Order on Venezuela," March 9, 2015.

<sup>69</sup> U.S. Department of State, "Response to Venezuelan Government Accusations About U.S. Involvement in a Coup," Press Statement, February 19, 2015.

<sup>70</sup> U.S. Department of State, Daily Press Briefing, March 3, 2015.

<sup>71</sup> *Federal Register*, March 11, 2015, pp. 12747-12751.

Department issued regulations<sup>72</sup> implementing P.L. 113-278 and EO 13692 in July 2015). The EO authorizes targeted sanctions (asset blocking and visa restrictions) against those involved in

- actions or policies that undermine democratic processes or institutions;
- significant acts of violence or conduct that constitute a serious abuse or violation of human rights, including against persons involved in antigovernment protests in Venezuela in or since February 2014 (noted in P.L. 113-278);
- actions that prohibit, limit, or penalize the exercise of freedom of expression or peaceful assembly (noted in P.L. 113-278); or
- public corruption by senior officials within the government of Venezuela.

The EO also authorizes targeted sanctions against any person determined to be a current or former leader of any entity that has, or whose members have, engaged in any of activity described above, or to be a current or former official of the government of Venezuela.

In an annex to the EO, President Obama froze the assets of seven Venezuelans: six members of Venezuela's security forces (Antonio José Benavides Torres, Gustavo Enrique González López, Justo José Noguera Pietri, Manuel Eduardo Pérez Urdaneta, Manuel Gregorio Bernal Martínez, and Miguel Alcides Vivas Landino) and one prosecutor (Katherine Nayarith Haringhton), who charged opposition leaders Ledezma and Corina Machado with conspiracy in politically motivated cases.

When President Obama issued the EO on Venezuela, he followed the method set forth in U.S. sanctions laws—the International Emergency Economic Powers Act and the National Emergencies Act. Using the standard required language, the President declared a “national emergency” to deal with the “unusual and extraordinary threat to the national security and foreign policy of the United States.”

As expected, President Maduro lashed out at the United States for the sanctions and warned Venezuela's National Assembly that the United States was poised to attack Venezuela, including a naval blockade. Some analysts maintain that the imposition of the sanctions played into Maduro's narrative of Venezuela once again being bullied by U.S. aggression. The opposition MUD voiced disapproval of the characterization of Venezuela as a threat and the imposition of unilateral sanctions. U.S. officials explained that the EO employed standard sanctions language. They also emphasized that the sanctions do not target the people or the economy of Venezuela and that the United States was using sanctions against those individuals involved in human rights abuses.

In the run-up to Venezuela's legislative elections in December 2015, the Obama Administration continued to speak out about the poor human rights situation and efforts by the Venezuelan government to disadvantage the opposition. In August 2015, the State Department expressed concern regarding actions taken by the Venezuela's CNE and Comptroller General banning certain opposition members from holding public office.<sup>73</sup> In September 2015, Secretary of State Kerry spoke out strongly about the conviction of Leopoldo López and called for his release. The Secretary also called on the government of Venezuela to respect the rights of all political prisoners and to guarantee fair and transparent public trials.<sup>74</sup> In November 2015, the State Department condemned the killing of an opposition member, called for the government to protect

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<sup>72</sup> 31 C.F.R. Part 591.

<sup>73</sup> U.S. Department of State, “Venezuela: Banning of Opposition Members from Holding Office,” August 4, 2015.

<sup>74</sup> U.S. Department of State, “Conviction of Leopoldo López,” September 11, 2015.

all candidates, and noted “that campaigns of fear, violence, and intimidation have no place in democracy.”<sup>75</sup>

Secretary of State Kerry congratulated the people of Venezuela in the aftermath of the legislative elections, maintaining that “Venezuelan voters expressed their overwhelming desire for a change in the direction of their country.” In January 2016, however, State Department officials expressed concern about the Venezuelan government’s efforts to interfere with the newly elected National Assembly.<sup>76</sup>

In 2016, the Obama Administration has continued to speak out about the poor human rights situation in Venezuela. In February 2016, the State Department expressed concern about Venezuelan government actions “to silence its opponents, which have led to a climate of intimidation and repression,” and about actions by the Supreme Court that limited the authority of the National Assembly. The State Department noted that “dozens of leaders from Venezuelan society have been imprisoned for their political belief,” specifically mentioning Leopoldo López, Caracas mayor Antonio Ledezma (under house arrest), former mayor Daniel Ceballos, and numerous students. The State Department called for dialogue among of branches of government in Venezuela to address the country’s social and economic challenges.<sup>77</sup> In March 2016, President Obama renewed the national emergency declared in EO 13692 for another year, a standard procedure with economic sanctions.<sup>78</sup> Venezuela responded by recalling its top diplomat in the United States, the *chargé d’affaires* at its embassy.

In April, the State Department reiterated a call for the release of those imprisoned for their political beliefs, noting that hearings held by the Inter-American Commission on Human Rights “painted a distressing picture of the conditions for prisoners of conscience in Venezuela.”<sup>79</sup> Secretary of State Kerry stated in a press interview that the United States was “prepared to engage in a full dialogue” with Venezuela and “prepared to help Venezuela get back on its feet economically,” but he also indicated that “we’ve got to have an executive authority in Venezuela which is ready to respect the people and respect the rule of law.”<sup>80</sup>

In congressional action, the Senate approved S. 2845 (Rubio) on April 29, 2016, by unanimous consent, a bill that would extend the date for the termination of the requirement to impose sanctions set forth in the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278), described above. The requirement to impose sanctions pursuant to that law will terminate December 31, 2016. Even if the requirement to impose sanctions terminated, the Administration could still impose sanctions authorized by EO 13692.<sup>81</sup> On the same day, the Senate approved a State Department authorization bill, S. 1635 (Corker), that includes a required report to Congress assessing U.S. democracy support for Venezuela and listing sanctioned Venezuelan government and security officials.

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<sup>75</sup> U.S. Department of State, “Condemn Killing of Opposition Member in Venezuela,” November 26, 2015.

<sup>76</sup> U.S. Department of State, “Daily Press Briefing,” January 4, 2016.

<sup>77</sup> U.S. Department of State, “Venezuela: Inclusion of All Parties a Key to Solving Challenges,” February 17, 2016.

<sup>78</sup> Executive Office of the President, “Continuation of the National Emergency with Respect to Venezuela,” 81 *Federal Register* 11999, March 7, 2016.

<sup>79</sup> U.S. Department of State, “Release Venezuelan Prisoners of Conscience,” April 8, 2016.

<sup>80</sup> U.S. Department of State, “Secretary Kerry Interview with Andrés Oppenheimer of CNN Español,” April 17, 2016, at <http://www.humanrights.gov/dyn/04/-secretary-kerry-interview-with-andres-oppenheimer-of-cnn-espanol/>.

<sup>81</sup> EO 13682 also cites as its authority the International Emergency Economic Powers Act, the National Emergencies Act and Section 212(f) of the Immigration and Nationality Act of 1952.

On May 13, 2016, U.S. intelligence officials reportedly briefed several U.S. reporters and said that a crisis was unfolding in Venezuela as the country faces shortages of basic goods, a looming foreign debt payment, high levels of crime, and political intransigence. The officials reportedly predicted that President Maduro was not likely to finish his term. Potential scenarios, according to the press reports, include Maduro's removal through a recall referendum, either this year or next year; his ouster by some members of his government, with help from some segment of the military; or a move by the military, potentially led by lower-ranking officers and enlisted members. The intelligence officials reportedly appeared to acknowledge that the United States has little leverage in the situation, maintaining that U.S. pressure alone is not going to resolve the issue. The Obama Administration has stressed regional efforts to help resolve the situation.<sup>82</sup>

## Democracy and Human Rights Concerns

Human rights organizations and U.S. officials have expressed concerns for more than a decade about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela. According to Human Rights Watch, Chávez's presidency was "characterized by a dramatic concentration of power and open disregard for basic human rights guarantees." The human rights group maintains that in the aftermath of his short-lived ouster from power in 2002, "Chávez and his followers seized control of the Supreme Court and undercut the ability of journalists, human rights defenders, and other Venezuelans to exercise fundamental rights." By Chávez's second full term in office (2007-2012), Human Rights Watch maintains that "the concentration of power and erosion of human rights protections had given the government free reign to intimidate, censor, and prosecute Venezuelans who criticized the president or thwarted his political agenda."<sup>83</sup>

Under the Maduro government, the human rights situation has continued to deteriorate. As described above, the government cracked down severely on protests in 2014, leading to more than 3,000 detentions and 43 people killed. In its 2015 human rights report, the State Department states that Venezuela's principal human rights abuses during the year included use of the judiciary to intimidate and prosecute government critics; indiscriminate police action against civilians leading to widespread arbitrary detentions and unlawful killings; and government actions to impede freedom of expression and freedom of the press.<sup>84</sup> In April 2016, Human Rights Watch and the Venezuelan human rights group PROVEA released a report documenting the Venezuelan government's crackdown since mid-2015 against low-income and immigrant communities with the stated purpose of combatting criminal gangs, which have contributed to high rates of violence in the country. The report alleged that security forces have committed serious human rights abuses during those raids, including extrajudicial killings, arbitrary detentions, forced evictions, the destruction of homes, and the arbitrary deportation of Colombian nationals.<sup>85</sup>

<sup>82</sup> "U.S. Concern Grows Over Possible Venezuela Meltdown: Officials," Reuters News, May 13, 2016; Karen DeYoung, "Crisis Coming in Venezuela, U.S. Experts Say," *Washington Post*, May 14, 2016; and Tracy Wilkinson, "Venezuela Crisis Portends Violence, Political Stalemate and Food Shortages Plague the Oil-Rich Country, Other Nations Fear the Ripples of a Collapse," *Los Angeles Times*, May 15, 2016.

<sup>83</sup> Human Rights Watch, "Venezuela: Chávez's Authoritarian Legacy," March 5, 2013, at <https://www.hrw.org/news/2013/03/05/venezuela-chavez-s-authoritarian-legacy>.

<sup>84</sup> U.S. Department of State, Country Reports on Human Rights Practices 2015, April 13, 2016, Venezuela chapter at <http://www.state.gov/documents/organization/253261.pdf>.

<sup>85</sup> Human Rights Watch and PROVEA (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/>.

The Venezuelan human rights group *Foro Penal Venezolano* lists 93 political prisoners as of May 2016, with some cases dating back to 2003 but the majority detained since 2014.<sup>86</sup> The list includes Leopoldo López, imprisoned since February 2014 and sentenced to almost 14 years in September 2015; Mayor Daniel Ceballos of San Cristóbal, imprisoned in March 2014 and moved to house arrest in August 2015; metropolitan Caracas Mayor Antonio Ledezma, arrested and imprisoned in February 2015 and moved to house arrest in April 2015; former governor of Zulia state and former presidential candidate Manuel Rosales, detained in October 2015 after returning from exile. **Table 1**, below, provides links to current reporting on the human rights situation in Venezuela by several human rights groups and the U.S. Department of State.

In a prominent human rights case that captured worldwide attention, Judge María Lourdes Afiuni was imprisoned on charges of corruption in December 2009 after she ordered the release of a businessman who had been imprisoned without trial on charges of corruption. Afiuni reportedly was held in deplorable conditions and received inadequate health treatment until she was released from prison and placed under house arrest in February 2011. She subsequently said that she had been raped in prison and had an abortion after becoming pregnant.<sup>87</sup> International human rights groups continued to call for the charges to be dropped and the United Nations Working Group on Arbitrary Detention asked Venezuela to release Afiuni from house arrest.<sup>88</sup> In June 2013, a Venezuelan court ordered Afiuni to be freed, although, according to the State Department's human right report, she is prohibited from leaving the country, talking to the media, or using social media. Afiuni was cited in a Senate resolution introduced in September 2015, S.Res. 262 (Ayotte), that calls the release of 20 female prisoners around the world.

**Threats to Freedom of Expression.** The Venezuelan government has taken actions over the past decade that have undermined the right to free expression. While vibrant political debate in Venezuela is still reflected in some print media and radio stations, the government has discriminated against media that offer views of political opponents. It has used laws and regulations regarding libel and media content as well as legal harassment and physical intimidation that, according to human rights groups, have effectively limited freedom of speech and the press. According to Human Rights Watch, fear of government reprisal has made self-censorship a serious problem.<sup>89</sup>

Under President Chávez, the Venezuelan government expanded state-owned media, including radio and television stations, newspapers, and websites, in order to counter what it viewed as imbalance in the media environment. In 2012, the Committee to Protect Journalists issued a special report documenting the Chávez government's attacks on private media and its establishment of a large state media that disseminates government propaganda and often is used to launch smear campaigns against critics.<sup>90</sup> With regard to television broadcasting, the Venezuela government targeted two prominent stations—RCTV and *Globovisión*—that had been strongly critical of the government and its policies.

<sup>86</sup> For a current listing of political prisoners, see Foro Penal's website at <https://foropenal.com/presos-politicos/lista-publica>.

<sup>87</sup> María Eugenia Díaz and William Neuman, "Venezuelan Judge Who Angered Chávez Says She Was Raped While in Prison," *New York Times*, November 27, 2012.

<sup>88</sup> "UN Working Group Calls for Judge Afiuni's Release," *El Universal* (Venezuela), March 7, 2012.

<sup>89</sup> Human Rights Watch, World Report 2016, Venezuela chapter, at <https://www.hrw.org/world-report/2016/country-chapters/venezuela>.

<sup>90</sup> Joel Simon, "Chávez's Decade of Media Repression," *Miami Herald*, August 28, 2012; Committee to Protect Journalists, *Venezuela's Private Media Wither Under Chávez Assault*, August 2012, at <http://cpj.org/reports/venezuela2012-english.pdf>.

- **RCTV.** In 2007, the government closed RCTV, sparking protests and worldwide condemnation. The government maintained that it did not renew the station's broadcast license because of the station's actions in support of the April 2002 coup that temporarily removed Chávez from power. The 2007 closure shut down RCTV's general broadcast station available nationwide, but allowed RCTV to operate with a more limited cable station known as *RCTV-Internacional*. In 2010, however, the Venezuelan government took the cable station off the air. In September 2015, the Inter-American Court of Human Rights criticized the government's refusal to grant a broadcasting license to RCTV and ordered the government to reinstate the license. Venezuela's Supreme Court ruled that the court's action was nonbinding.
- **Globovisión.** In 2009, the Venezuelan government targeted *Globovisión*, a Caracas-area television news station that was often critical of the government in a combative style. In March 2010, the president of *Globovisión*, Guillermo Zuloaga, was arrested for making remarks deemed offensive to President Chávez. After strong domestic and international criticism, Zuloaga was released, but in June 2010, he fled the country after another arrest warrant. Mounting fines and harassment by the government ultimately led *Globovisión*'s owners to sell the station in May 2013. The station immediately took a new editorial line and promised "impartial coverage." A number of high-profile journalists and shows critical of the government were taken off the air, leading media rights observers to lament the loss of independent critical television media in the country.<sup>91</sup> In the aftermath of Venezuela's December 2015 legislative elections, however, CPJ maintains that *Globovisión* has dropped its pro-government stance. It now covers the National Assembly, interviewing both opposition and pro-government supporters, and also reportedly conducts more in-depth reporting on such issues as food shortages, inflation, and allegations of government mismanagement.<sup>92</sup>

In March 2016, human rights organizations condemned the four-year prison sentence of Venezuelan newspaper editor David Natera Febres, who was convicted for criminal defamation, and maintained that the conviction would have significant negative effects on press freedom and investigative journalism. Natera Febres was the editor of the *Correo del Caroní* in the southeastern state of Bolívar, which had been covering alleged corruption involving a state-owned company.<sup>93</sup>

**Trafficking in Persons.** Another human rights issue in U.S. relations with Venezuela has been concerns about Venezuela's efforts to combat trafficking in persons. For 2012 and 2013, the State Department placed Venezuela on its Tier 2 Watch List in its annual mandated report on trafficking in persons pursuant to the Trafficking Victims Protection Act (TVPA, P.L. 106-386). A country on the Tier 2 Watch List may only remain on it for two consecutive years unless its government has a written plan to bring itself into compliance with the minimum standards to combat trafficking in

<sup>91</sup> Maria Isabel Sanchez and Valeria Pacheco, "Voice of Venezuelan Anti-Government TV Station Down to a Whimper," Agence France Presse, August 20, 2013.

<sup>92</sup> John Otis, "After Venezuelan Elections, Globovisión Shows More Defiant Stance," Committee to Protect Journalists, March 31, 2016.

<sup>93</sup> "Four-year Jail Term for Newspaper Editor who Investigated Corruption," Reporters Without Borders, March 17, 2016; "Venezuelan Editor Sentenced to 4 Years in Prison for Criminal Defamation," Committee to Protect Journalists, March 11, 2016; Inter-American Commission on Human Rights, "Office of the Special Rapporteur Expresses Concern over Defamation Conviction in Venezuela," March 14, 2016.

persons. Venezuela does not have such a written plan, and as a result, the State Department downgraded the country to Tier 3 in its annual Trafficking in Persons Report for 2014 and 2015. Countries on Tier 3 are those whose governments do not fully comply with the TVPA's minimum standards and are not making significant efforts to do so. According to the 2015 State Department report, Venezuela is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor. The report noted that Venezuelan authorities convicted three sex traffickers and reported training government officials on human trafficking but that lack of reliable data on the government's anti-trafficking efforts made these efforts difficult to assess.<sup>94</sup>

**U.S. Funding to Support Democracy and Human Rights.** For more than a decade, the United States has provided democracy-related assistance to Venezuela through the U.S. Agency for International Development (USAID) and the National Endowment for Democracy (NED).

From 2002 through December 2010, USAID supported democracy projects in Venezuela through its Office of Transition Initiatives (OTI) to provide assistance to monitor democratic stability and strengthen the country's democratic institutions. More than 600 small-grant and technical assistance activities were funded by OTI from 2002 through 2010. The objectives of the assistance, according to USAID, were to enhance access to objective information and peaceful debate on key issues, and to promote citizen participation and democratic leadership.<sup>95</sup> At the end of December 2010, USAID's support for such activities for Venezuela was transferred from OTI to USAID's Latin America and Caribbean Bureau.

In recent years, U.S. democracy assistance to Venezuela implemented by USAID amounted to \$5 million in FY2011, \$6 million in FY2012, \$5.8 million in FY2013, and \$4.3 million in each of FY2014 and FY2015, provided through the Economic Support Fund (ESF) foreign aid funding account. For FY2016, the Administration requested \$5 million, but Congress appropriated \$6.5 million (as noted in the explanatory state to the FY2016 omnibus measure, P.L. 114-113).

For FY2017, the Administration requested \$5.5 million in ESF to "defend democratic practices, institutions, and values that support human rights, freedom of information, and Venezuelan civic engagement." According to the request, the assistance "will support diverse civil society actors who promote constitutionally-mandated democratic checks and balances."<sup>96</sup>

NED has funded democracy projects in Venezuela since 1992. U.S. funding for NED is provided in the annual State Department and Foreign Operations appropriation measure. Generally, funds for Venezuela have not been earmarked in annual appropriations measures that provide funding for the NED. According to information on NED's website, its funding for Venezuela for FY2015 amounted to \$1.9 million and included 43 projects.<sup>97</sup>

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<sup>94</sup> U.S. Department of State, *2015 Trafficking in Persons Report*, July 2015.

<sup>95</sup> U.S. Agency for International Development, USAID/OTI Venezuela Annual Summary Report, October 2009-September 2010.

<sup>96</sup> U.S. Department of State, Congressional Budget Justification, Foreign Operations FY2017, Appendix 3, February 26, 2016, p. 489.

<sup>97</sup> National Endowment for Democracy, Venezuela funding (from the FY2015 NED Annual Report), at <http://www.ned.org/region/latin-america-and-caribbean/venezuela-2015/>.

**Table I. Online Human Rights Reporting on Venezuela**

Organization	Document/Link
<b>Amnesty International</b>	Human Rights in Bolivarian Republic of Venezuela, <a href="https://www.amnesty.org/en/countries/americas/venezuela/">https://www.amnesty.org/en/countries/americas/venezuela/</a>
<b>Committee to Protect Journalists</b>	<a href="http://www.cpj.org/americas/venezuela/">http://www.cpj.org/americas/venezuela/</a>
<b>Foro Penal Venezolano</b>	<a href="http://foropenal.com/">http://foropenal.com/</a>
<b>Human Rights Watch</b>	<a href="http://www.hrw.org/en/americas/venezuela">http://www.hrw.org/en/americas/venezuela</a>
<b>Inter-American Commission on Human Rights (IACHR)</b>	<a href="http://www.cidh.oas.org/DefaultE.htm">http://www.cidh.oas.org/DefaultE.htm</a> ; Annual Report of the IACHR 2015, March 2016, chapter IV includes an extensive section on Venezuela, <a href="http://www.oas.org/en/iachr/docs/annual/2015/doc-en/InformeAnual2015-cap4-Venezuela-EN.pdf">http://www.oas.org/en/iachr/docs/annual/2015/doc-en/InformeAnual2015-cap4-Venezuela-EN.pdf</a>
<b>Programa Venezolano de Educación-Acción en Derechos Humanos (PROVEA)</b>	<a href="http://www.derechos.org.ve/">http://www.derechos.org.ve/</a>
<b>Reporters Without Borders</b>	<a href="https://rsf.org/en/venezuela">https://rsf.org/en/venezuela</a>
<b>U.S. State Department</b>	Country Report on Human Rights Practices 2015, April 13, 2016, <a href="http://www.state.gov/documents/organization/253261.pdf">http://www.state.gov/documents/organization/253261.pdf</a>
<b>Venezuelan Politics and Human Rights</b>	Blog hosted by the Washington Office on Latin America, <a href="http://venezuelablog.tumblr.com/">http://venezuelablog.tumblr.com/</a>

## Energy Issues

Venezuela has proven reserves of 300 billion barrels of oil in 2016, the largest in the world, according to the *Oil and Gas Journal*.<sup>98</sup> This is up from previously reported figures of 211 billion barrels in proven reserves in 2012, and 99.4 billion barrels in 2009. The increase results from including the extra-heavy oil in Venezuela's Orinoco belt region. Venezuela's proven natural gas reserves are estimated to be 198 trillion cubic feet (the second largest in the hemisphere after the United States). Most of Venezuela's proven natural gas reserves are associated gas linked to its oil production. Moreover, the petroleum industry consumes a significant portion of Venezuela's natural gas production to aid crude oil extraction. As a result, Venezuela actually imports gas to meet its demand.

Under President Chávez, the Venezuelan government asserted greater control over the country's oil reserves. By 2006, it had completed the conversion of its 32 operating agreements with foreign oil companies to joint ventures, with the Venezuelan government now holding a majority share of between 60% and 80% in the ventures. In 2007, the government completed the conversion of four strategic associations involving extra-heavy oil Orinoco River Basin projects. Subsequent bilateral agreements for the development of additional Orinoco Belt resources have involved Venezuelan state oil company PdVSA partnering with a number of foreign oil companies, including U.S.-based Chevron.

Despite its vast oil reserves, production in Venezuela has declined from its peaks in the late 1990s and early 2000s. According to the U.S. Energy Information Administration (EIA), Venezuela's

<sup>98</sup> "Worldwide Look at Reserves and Production," *Oil & Gas Journal*, December 7, 2015.

total oil production fell from 3.46 million barrels per day (b/d) in 2000 to 2.58 million b/d in 2003. The decline was caused by a 2002-2003 strike when PdVSA fired some 18,000 workers. According to the EIA, PdVSA still has not recovered from the loss of human capital, which has continued to affect the company's overall production levels and contributed to its lack of reinvestment because PdVSA is diverting revenues to social investment. The EIA reported that in 2014, Venezuela's total oil production was 2.69 million b/d.<sup>99</sup>

Venezuela remains a major oil supplier to the United States, even though the amounts and share of U.S. oil imports from the country have declined due to Venezuela's decreased production, the overall decline in U.S. oil imports worldwide, and the increased amount of U.S. oil imports from Canada. In 2015, Venezuela provided the United States with about 830,000 b/d of total crude oil and products, accounting for about 8.8% of such U.S. imports worldwide and making Venezuela the third-largest foreign supplier of crude oil and products to the United States in 2015 (after Canada and Saudi Arabia). This figure is down from 2005, when the United States imported 1.53 million b/d of total crude oil and products from Venezuela, accounting for 11% of such U.S. imports.<sup>100</sup>

According to U.S. trade statistics, Venezuela's oil exports to the United States were valued at \$14.8 billion in 2015, accounting for 95% of Venezuela's exports to the United States.<sup>101</sup> This figure is down from \$29 billion in 2014, reflecting the steep decline in the price of oil. U.S. Gulf coast refineries are specifically designed to handle heavy Venezuelan crude oil. PdVSA owns CITGO, which operates three crude oil refineries in the United States (Louisiana, Texas, and Illinois); 48 petroleum product terminals; and three pipelines. CITGO also jointly owns another six pipelines.

While Venezuela exports a significant portion of its petroleum products to the United States, the country also has diversified its oil export markets. One of the fastest-growing destinations for Venezuelan crude oil exports has been Asia, especially India and China. In 2014, the EIA estimates that Venezuela exported more than 300,000 b/d of oil to India and more than 218,000 b/d of oil to China.<sup>102</sup>

For more than a decade, the Venezuelan government has provided oil under favorable terms to Cuba and other Caribbean Basin nations. Venezuela signed an agreement with Cuba in 2000 that provided the island nation with some 100,000 barrels of oil per day. In payment for the oil, Cuba has provided extensive services to Venezuela, including thousands of medical personnel and advisers in a number of areas. A cutoff of Venezuelan oil to Cuba would have significant economic consequences for Cuba.

Since 2005, Venezuela has provided oil 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, and several Central American countries participate in the program. In recent years, analysts have expressed concern about the increasing debt owed to Venezuela by Caribbean nations, many of which were already saddled with high levels of public debt.<sup>103</sup> In 2015, however, the Dominican Republic and

<sup>99</sup> U.S. Energy Information Administration (EIA), International Energy Statistics, and EIA, "Country Analysis Brief, Venezuela," November 25, 2015.

<sup>100</sup> Oil statistics are from the U.S. Energy Information Administration.

<sup>101</sup> Trade statistics are from Global Trade Atlas, which uses Department of Commerce statistics.

<sup>102</sup> EIA, "Country Analysis Brief, Venezuela," November 25, 2015.

<sup>103</sup> David L. Goldwyn and (name redacted), "Uncertain Energy, the Caribbean's Gamble with Venezuela," Atlantic Council, July 2014.

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.<sup>104</sup>

Some reports indicate that the amount of Venezuelan oil provided to PetroCaribe beneficiaries already has declined as oil prices have dropped and U.S. shale oil and gas development has led to increased U.S. energy exports to PetroCaribe countries. In 2014, Venezuelan oil exports to PetroCaribe countries reportedly fell 12% from the previous year to almost 99,000 b/d per day.<sup>105</sup>

Until recently, a domestic subsidy made gasoline virtually free for Venezuelans, a practice that has been costly for the Venezuelan government, reportedly some \$12 billion annually. The subsidy increased consumption, spurred smuggling operations at the border with Colombia, and reduced government revenue that could be used toward building infrastructure or providing services.<sup>106</sup> In February 2016, however, the government raised the price of gas for the first time since 1994, to approximately 15 cents a gallon (still the cheapest gasoline in the world). President Maduro said that the price increase would save some \$2 billion a year, which would be applied to importing more food. Raising the price of gasoline, however, is sensitive politically in Venezuela; in 1989, austerity measures that included gas price increases led to riots in which several hundred people were killed.<sup>107</sup>

## Counternarcotics Issues

Because of Venezuela's extensive 1,370-mile border with Colombia, it is a major transit route for cocaine destined for the United States. Venezuela suspended its cooperation with the U.S. Drug Enforcement Administration (DEA) in August 2005 because it alleged that DEA agents were spying on the Venezuelan government. U.S. officials maintained that the charges were baseless. From 2005 to 2008, President Bush annually made a determination that Venezuela, pursuant to international drug control certification procedures set forth in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228), had failed demonstrably to adhere to its obligations under international narcotics agreements. At the same time, the President waived economic sanctions that would have curtailed U.S. assistance for democracy programs in Venezuela. President Obama has taken the same action annually, most recently in September 2015, marking the 11<sup>th</sup> consecutive year for Venezuela's designation as a country not adhering to its anti-drug obligations. The most recent determination noted that "as a matter of government policy, Venezuela does not encourage or facilitation illegal activity involving drug trafficking" but that "credible reporting indicates that individuals members of the government and security forces ... engaged in or facilitated drug trafficking activities."<sup>108</sup>

The United States and Venezuela were on the verge of signing an anti-drug cooperation agreement in 2006 that had been negotiated in 2005 (an addendum to the 1978 Bilateral Counternarcotics Memorandum of Understanding, or MOU), but Venezuelan approval of the

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<sup>104</sup> David L. Goldwyn and (name redacted), "The Waning of Petrocaribe? Central America and Caribbean Energy in Transition," Atlantic Council, May 2016.

<sup>105</sup> Ibid, statistics in the Atlantic Council report are from Jorge Piñon, Latin America & Caribbean Energy Program, Jackson School of Geosciences, The University of Texas at Austin.

<sup>106</sup> Angel Gonzalez, "In Venezuela, Almost-Free Gas Comes at a High Cost," *Wall Street Journal*, April 12, 2013.

<sup>107</sup> 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.

<sup>108</sup> The White House, "Presidential Determination – Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2016," September 14, 2015.

agreement has still not taken place. The issue has been repeatedly raised by the United States as a way to improve bilateral anti-drug cooperation.

In July 2014, Aruban authorities detained retired General Hugo Carvajal at the request of the U.S. government on drug trafficking charges, but he was ultimately released after Dutch officials ruled that Carvajal was protected by diplomatic immunity. As noted below, the Treasury Department sanctioned Carvajal in September 2008 for involvement in drug trafficking. Before his detainment in Aruba, Carvajal had been named as Venezuela's consul general but had not yet been confirmed. U.S. officials expressed deep disappointment with the decision of the government of the Netherlands to release Carvajal and concern about credible reports that the Venezuelan government threatened Aruba and the Netherlands to gain Carvajal's releases. Press reports alleged that Venezuela threatened Aruba economically and militarily. After Carvajal's arrest, federal indictments against him in Miami and New York were unsealed, detailing allegations of his involvement in cocaine trafficking with Colombian narcotics traffickers.<sup>109</sup>

The State Department reported in its 2016 *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 western 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 2015 were destined for the Eastern Caribbean, Central America, United States, West Africa, and Europe. Colombian drug trafficking organizations—including multiple criminal bands (BACRIM), the Revolutionary Armed Forces of Colombia (FARC), and the National Liberation Army (ELN)—facilitate drug transshipment through Venezuela. Media reports indicate that Mexican drug-trafficking organizations, including the Sinaloa Cartel and Los Zetas, operate in the country.
- “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.”
- Counternarcotics cooperation between the United States and Venezuela has been limited and inconsistent since 2005. Venezuela and the United States continue to use a 1991 bilateral maritime agreement. In 2015, Venezuela cooperated with the U.S. Coast Guard in 10 maritime drug interdictions cases (up from 2 cases in 2014).
- 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.” Cooperation could be advanced by Venezuela's signing of the outstanding addendum to the 1978 Bilateral Counternarcotics MOU that was

<sup>109</sup> U.S. Department of State, Daily Press Briefing, July 28, 2014; Kejal Vyas and Juan Forero, “U.S. Indicts Three Top Ex-Venezuelan Officials,” *Wall Street Journal*, July 25, 2014; Kejal Vyas and Jose de Cordoba, “Aruba Says Venezuela Pressured it Militarily,” *Wall Street Journal*, July 29, 2014; and William Neuman, “Venezuelan Officers Tied to Colombia Traffickers,” *New York Times*, July 29, 2014.

negotiated in 2005. As in past years, the report concluded that “enhanced cooperation could increase the exchange of information and ultimately lead to more drug-related arrests, help dismantle organized criminal networks, aid in the prosecution of criminals engaged in narcotics trafficking, and stem the flow of illicit drugs transiting Venezuela.”

### U.S. Sanctions on Venezuelans for Narcotics Trafficking

The Treasury Department has imposed sanctions on at least 15 Venezuelans for narcotics trafficking, freezing the assets of these individuals subject to U.S. jurisdiction and blocking U.S. persons from engaging in any transactions with them. The sanctioned individuals include eight current or former Venezuelan officials.

In September 2008, the Treasury Department froze the assets of two senior Venezuelan intelligence officials—General Hugo Carvajal and General Henry Rangel—and former interior minister Ramón Rodríguez Chacín for allegedly helping the FARC with drug and weapons trafficking. General Rangel was subsequently appointed Venezuela’s defense minister in January 2012. He stepped down in October 2012 and went on to win the governorship of the Venezuelan state of Trujillo in December 2012 elections. Rodríguez Chacín was elected governor of the state of Guárico in December 2012. General Carvajal, the former head of military intelligence, was detained by Aruban authorities in late July 2014 at the request of the United States, but after a few days he was released and allowed to return to Venezuela.

In September 2011, the Treasury Department sanctioned four Venezuelan officials for supporting the weapons and drug-trafficking activities of the FARC. These individuals included Major General Cliver Antonio Alcalá Cordones; Freddy Alirio Bernal Rosales, a former PSUV representative to Venezuela’s National Assembly; Amilicar Jesus Figueroa Salazar, a former alternative president of the Latin American Parliament; and Ramon Isidro Madriz Moreno, an officer with the Venezuelan Intelligence Service (*Servicio Bolivariano de Inteligencia*, or SEBIN).

In August 2013, the Treasury Department sanctioned a former captain in Venezuela’s National Guard, Vassily Kotosky Villarroel Ramirez, for his role in international narcotics trafficking in both Colombia and Venezuela. Villarroel Ramirez had been indicted in U.S. federal court in New York on multiple cocaine-trafficking charges. Venezuela announced that Villarroel Ramirez was arrested in July 2015 over his link to drug trafficking.

**Source:** Department of the Treasury, Office of Foreign Assets Control (OFAC), “Additional Designations, Foreign Narcotics Kingpin Designation Act,” 73 *Federal Register* 54453, September 19, 2008; Department of the Treasury, OFAC, “Recent OFAC Actions, Specially Designated Nationals Update,” September 8, 2011; Department of the Treasury, “Treasury Targets Venezuelan Narcotics Trafficker,” August 21, 2013; and Department of the Treasury, OFAC, “Additional Designation, Foreign Narcotics Kingpin Designation Act,” 78 *Federal Register* 53007, August 27, 2013.

## Terrorism Issues

U.S. officials have expressed concerns over the past decade about Venezuela’s lack of cooperation on antiterrorism efforts, President Hugo Chávez’s past sympathetic statements for Colombian terrorist groups, and Venezuela’s relations with Iran. Since May 2006, the Secretary of State has made an annual determination that Venezuela has not been “cooperating fully with United States antiterrorism efforts” pursuant to Section 40A of the Arms Export Control Act (AECA). The most recent determination was made in May 2015.<sup>110</sup> As a result, the United States imposed an arms embargo on Venezuela in 2006, which ended all U.S. commercial arms sales and retransfers to Venezuela. (Other countries currently on the Section 40A list include Eritrea, Iran, North Korea, and Syria.) The United States also has imposed various sanctions on Venezuelan individuals and companies for supporting the FARC, Iran, and Hezbollah. The State Department’s *Country Reports on Terrorism 2014*, issued in June 2015 (hereinafter referred to as the “terrorism report”), stated that “there were credible reports that Venezuela maintained a permissive environment that

<sup>110</sup> Department of State, “Determination and Certification Under Section 40A of the Arms Export Control Act,” 80 *Federal Register* 30319, May 27, 2015.

allowed for support of activities that benefited known terrorist groups.”<sup>111</sup> The report stated that individuals linked to the FARC, ELN, and Basque Fatherland and Liberty (ETA; a Basque terrorist organization), as well as Hezbollah supporters and sympathizers, were present in Venezuela.

**Colombian Terrorist Groups.** Two leftist Colombian guerrilla groups—the FARC and ELN—have long been reported to have a presence in Venezuelan territory. In 2010, then-Colombian president Álvaro Uribe publicly accused the Venezuelan government of harboring members of the FARC and ELN in its territory.<sup>112</sup> The government presented evidence at the OAS of FARC training camps in Venezuela. In response, Venezuela suspended diplomatic relations in July 2010. However, less than three weeks later, new Colombian President Juan Manuel Santos met with President Chávez, and the two leaders agreed to reestablish diplomatic relations and improve military patrols along their common border.

Venezuelan-Colombian relations on border security improved after that agreement but flared up again in summer 2015, when President Maduro resorted to closing the border with Colombia. Maduro said that the closure was aimed at cracking down on smuggling, which he blamed on shortages in Venezuela, and at “paramilitaries” from Venezuela intent on destabilizing his government.

The United States has imposed sanctions on several current and former Venezuelan government and military officials for providing support to the FARC with weapons and drug trafficking (see “Counterterrorism Issues,” above). As noted in the State Department’s 2014 terrorism report, the FARC and ELN use Venezuela for incursions into Colombia and use Venezuelan territory for safe haven. Venezuela has captured and returned to Colombia several members of the FARC and ELN. Colombian peace talks with the FARC officially have been ongoing since 2012, and they have made significant progress. President Chávez was highly supportive of the peace talks, and President Maduro has continued Venezuela’s support.

**Relations with Iran.**<sup>113</sup> For a number of years, policymakers have been concerned about Iran’s growing interest and activities in Latin America, particularly its relations with Venezuela, although there has been disagreement over the extent and significance of Iran’s relations with the region. The 112<sup>th</sup> Congress approved the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220) in December 2012 that required the Secretary of State to conduct an assessment within 180 days of the “threats posed to the United States by Iran’s growing presence and activity in the Western Hemisphere” and a strategy to address these threats.

In June 2013, the State Department submitted its required report to Congress pursuant to P.L. 112-220. The State Department maintained in the unclassified portion of the report that “Iranian influence in Latin America and the Caribbean is waning” because of U.S. diplomatic outreach, the strengthening of allies’ capacity to disrupt illicit Iranian activity, international nonproliferation efforts, a strong sanctions policy, and Iran’s poor management of its foreign relations. The report also stated that U.S., European Union, and U.N. Security Council sanctions had limited the economic relationship between the region and Iran.<sup>114</sup> The State Department’s 2014 terrorism

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<sup>111</sup> U.S. Department of State, *Country Reports on Terrorism 2014*, Chapter 2, Western Hemisphere Overview, June 2015, at <http://www.state.gov/j/ct/rls/crt/2014/239409.htm>.

<sup>112</sup> U.S. Department of State, *Country Reports on Terrorism 2010*, August 18, 2011, at <http://www.state.gov/j/ct/rls/crt/2010/index.htm>.

<sup>113</sup> For further background on Iran’s relations with Latin America, see CRS Report RS21049, *Latin America: Terrorism Issues*, by (name redacted) and (name redacted) and CRS Report R44017, *Iran’s Foreign Policy*, by (name redacted) .

<sup>114</sup> U.S. Department of State, “Annex A, Unclassified Summary of Policy Recommendations,” included in report to (continued...)

report stated that “the United States remained vigilant in its efforts to monitor Iran’s influence in the Western Hemisphere.”

The personal relationship between Chávez and Iranian President Mahmoud Ahmadinejad (2005-2013) drove the strengthening of bilateral ties. In that period, Venezuela and Iran signed numerous accords, including agreements on construction projects (including housing, agricultural and food plants, and corn processing plants), car and tractor factories, energy initiatives (including petrochemicals and oil exploration in the Orinoco region of Venezuela), banking programs, and nanotechnology. A major rationale for this increased focus on Latin America was Iran’s efforts to overcome its international isolation and to circumvent international sanctions.

### **U.S. Sanctions on Venezuela Related to Iran and Hezbollah**

The United States imposed sanctions on three Venezuelan companies because of their support for Iran, although sanctions on two of these companies have been removed. The United States has also imposed sanctions on Venezuelan individuals because of their support for Hezbollah.

- In 2008, the U.S. Treasury Department imposed sanctions on an Iranian-owned bank based in Caracas, the Banco Internacional de Desarrollo, C.A., under Executive Order 13382, which allows the President to block the assets of proliferators of weapons of mass destruction and their supporters. The bank was linked to the Export Development Bank of Iran (EDBI). The sanctions were removed in January 2016 as part of the comprehensive nuclear accord with Iran. (U.S. Department of the Treasury, “Export Development Bank of Iran Designated as a Proliferator,” October 22, 2008; Department of the Treasury, Office of Foreign Assets Control (OFAC), “Changes to Sanctions Lists Administered by the Office of Foreign Assets Control on Implementation Day Under the Joint Comprehensive Plan of Action,” 81 *Federal Register* 13561, March 14, 2016, p. 13564.)
- In 2011, the United States imposed sanctions on Venezuela’s state oil company, PdVSA, pursuant to the Comprehensive Iran Sanctions, Accountability, and Disinvestment Act of 2010 (P.L. 111-195), because the company provided \$50 million worth of reformate, an additive used in gasoline, to Iran between December 2010 and March 2011. Specifically, the State Department prohibited PdVSA from competing for U.S. government procurement contracts, securing financing from the Export-Import Bank, and obtaining U.S. export licenses. The sanctions specifically excluded PdVSA subsidiaries (CITGO) and did not prohibit the export of oil to the United States. The sanctions were removed in November 2015. (U.S. Department of State, “Seven Companies Sanctioned Under the Amended Iran Sanctions Act,” Fact Sheet, May 24, 2011; U.S. Department of State, “Removal of Sanctions on Person on Whom Sanctions Have Been Imposed Under the Iran Sanctions Act of 1996, as Amended,” 80 *Federal Register* 73866, November 25, 2015)
- In 2008, the State Department imposed sanctions on the Venezuelan Military Industries Company (CAVIM) pursuant to the Iran, North Korea, and Syria Nonproliferation Act (P.L. 109-353) for allegedly violating a ban on technology that could assist Iran in the development of weapons systems. The sanctions, which prohibit any U.S. government procurement or assistance to the company, were last renewed in December 2014 for a period of two years. (U.S. Department of State, Bureau of Verification, Compliance, and Implementation, “Imposition of Measures Against Foreign Persons, Including a Ban on U.S. Government Procurement,” 73 *Federal Register* 63226, October 23, 2008; and U.S. Department of State, “Imposition of Nonproliferation Measures Against Foreign Persons, Including a Ban on U.S. Government Procurement,” 79 *Federal Register* 78548, December 30, 2014.)
- With regard to Hezbollah, in 2008, the Treasury Department imposed sanctions on two Venezuelans—Ghazi Nasr al Din and Fawzi Kan’an—for providing financial and other support to the radical group. U.S. citizens are prohibited from engaging in any transactions with the two Venezuelans, including any business with two travel agencies in Caracas owned by Kan’an. In June 2012, the Treasury Department sanctioned three dual Lebanese-Venezuelan citizens and a Venezuelan company for involvement in the Lebanese Ayman Joumaa drug money laundering network that has links to Hezbollah. (“Treasury Targets Hizballah in Venezuela,” States News Service, June 18, 2008; U.S. Department of the Treasury, “Treasury Targets Major Money Laundering Network Linked to Drug Trafficker Ayman Joumaa and a Key Hizballah Supporter in South America,” June 27, 2012.)

(...continued)

Congress required by the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220), June 2013.

Venezuela also played a key role in the development of Iran's expanding relations with other countries in the region. This outreach has largely focused on leftist governments—Bolivia, Ecuador, and Nicaragua—that share the goal of reducing U.S. influence in the region. While Iran promised significant assistance and investment to these countries, observers maintain that there is little evidence that such promises have been fulfilled.

In the aftermath of the departure of Ahmadinejad from office and the death of Chávez in 2013, many analysts contend that Iranian relations with the region have diminished. Current Iranian President Hassan Rouhani, who took office in August 2013, campaigned on a platform of reducing Iran's international isolation and has not placed a priority on relations with Latin America.

## Outlook

Venezuela is in the midst of a multifaceted political and economic crisis. The popularity of President Maduro has plummeted, with 70% of Venezuelans reportedly wanting a change of government.<sup>115</sup> Yet the Maduro government is using the Supreme Court to cling to power by thwarting the authority of the opposition-dominated National Assembly. Although the opposition has begun the process of seeking a presidential recall referendum, whether the government will allow the process to go forward is unclear. If a recall referendum is completed before January 10, 2017, and Maduro is recalled, the next step would be for a new presidential election to be held within 30 days. If the recall is held after that date, the appointed vice president would serve as president for the remainder of Maduro's term, through 2018.

The government's popularity is undoubtedly affected by the profound economic and social crisis that Venezuela is experiencing. The rapid decline in the price of oil has been a major factor prompting the economic crisis, but economic mismanagement has also played a significant role. Many observers contend that the road to economic recovery will take several years, no matter who is in power.<sup>116</sup>

As noted above, U.S. intelligence officials reportedly judge that Maduro will not serve out the remainder of his term. If he is not removed by recall, then the officials set forth two other scenarios—Maduro's removal by members of his government along with some military support or his removal by the military alone.

U.S. relations with Venezuela under the Maduro government are likely to remain strained if the Venezuelan government does not take action to improve the human rights situation and demonstrate a commitment to engage in dialogue with the opposition. The Obama Administration has spoken out strongly against the undemocratic practices of the Maduro government and called for the release of those imprisoned for their political beliefs, including Leopoldo López. It has imposed visa restrictions on more than 50 current and former Venezuelan officials responsible for or complicit in human rights violations.

In 2014, the United States supported regional efforts to bring about a resolution to Venezuela's political crisis, but those efforts were unsuccessful. The Venezuelan crisis could likely be a topic of discussion at a special session of the OAS Permanent Council or at the upcoming regular session of the OAS General Assembly to be held June 13-15, 2016, in the Dominican Republic.

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<sup>115</sup> Andres Schipani, "Venezuela Protesters Fear Maduro Will Cling on at All Costs," *Financial Times*, May 16, 2016.

<sup>116</sup> "Venezuela's Long Path to Recover," *Stratfor*, May 2, 2016; "Country Report Venezuela," Economist Intelligence Unit (EIU), April 2016.

Obama Administration officials have said that that the United States stands with the international community in expressing concern about deteriorating conditions in Venezuela and maintains that a solution will require Venezuelan leaders to listen to diverse Venezuelan voices and work together peacefully to find solutions.<sup>117</sup>

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<sup>117</sup> See for example, White House, Daily Press Briefing, May 16, 2016; U.S. Department of State, Daily Press Briefing, May 17 and May 18, 2016.

## Appendix A. Legislation Initiatives

### 113<sup>th</sup> Congress

**P.L. 113-76 (H.R. 3547): Consolidated Appropriations Act, 2014.** Signed into law January 17, 2014. The Administration requested \$5 million in Economic Support Funds for Venezuela democracy and human rights projects, and ultimately an estimated \$4.3 million in appropriations is being provided.

**P.L. 113-235 (H.R. 83): Consolidated and Further Continuing Appropriations Act, 2015.** Signed into law December 16, 2014. Division J provides funding for democracy and human rights programs in Venezuela. The Administration requested \$5 million in Economic Support Funds to support such programs, although the funding measure did not specify how much to be appropriated.

**P.L. 113-278 (S. 2142): Venezuela Defense of Human Rights and Civil Society Act of 2014.** Introduced March 13, 2014; referred to the Committee on Foreign Relations. The Senate Foreign Relations considered and ordered the bill reported, amended, on May 20, 2014 by voice vote, although Senators Corker and Udall asked to be recorded as voting no (S.Rept. 113-175). Senate passed, amended, by voice vote December 8, 2014; House passed by voice vote December 10, 2014. President signed into law December 18, 2014. As signed into law:

- Section 5 (a) imposes sanctions (asset blocking and visa restrictions) against any foreign person, including a current or former Venezuelan government official or a person acting on behalf of that government, that the President determines (1) has perpetrated or is responsible for ordering, controlling, or otherwise directing, significant acts of violence or serious human rights abuses in Venezuela associated with antigovernment protests that began on February 4, 2014; (2) has ordered or otherwise directed the arrest or prosecution of a person because of the person's exercise of freedom of expression or assembly; or (3) has materially assisted, sponsored, or provided significant financial, material, or technological support for, or goods or services in support of, the actions just described in (1) and (2). Section 5(c) provides a presidential waiver of the sanctions if the President determines that it is in the national interests of the United States and, when or before the waiver takes effect, submits a notice and justification to four congressional committees. Section 5(e) terminates the requirement to impose sanctions on December 31, 2016.
- Section 6 requires a report to Congress from the Broadcasting Board of Governors including an evaluation of the obstacles to the Venezuelan people obtaining accurate, objective, and comprehensive news and information about domestic and international affairs; an assessment of current efforts relating to broadcasting, information distribution, and circumvention technology distribution in Venezuela by the U.S. government and otherwise; and a strategy for expanding such efforts in Venezuela, including recommendations for additional measures to expand upon current efforts.

**S.Res. 213 (Menendez).** Introduced August 1, 2013; marked up and reported favorably by the Senate Committee on Foreign Relations September 30, 2013; Senate approved and amended October 4, 2013, by unanimous consent. Expresses support for the free and peaceful exercise of representative democracy in Venezuela, condemns violence and intimidation against the country's political opposition, and calls for dialogue between all political actors in the country.

**H.Res. 488 (Ros-Lehtinen).** Introduced and referred to the House Committee on Foreign Affairs on February 25, 2014; marked up by the Subcommittee on the Western Hemisphere February 28, 2014. House approved (393-1) March 4, 2014. As passed by the House, the resolution (1) supports the people of Venezuela in their pursuit of freedom of expression and freedom of assembly to promote democratic principles in Venezuela; (2) deplors acts that constitute a disregard for the rule of law, the inexcusable violence perpetrated against opposition leaders and protestors, and the growing efforts to use politically motivated criminal charges to intimidate the country political opposition; (3) urges responsible nations throughout the international community to stand in solidarity with the people of Venezuela and to actively encourage a process of dialogue between the Venezuelan government and the political opposition to end the violence; (4) urges the Department of State to work in concert with other countries in the Americas to take meaningful steps to ensure that basic fundamental freedoms in Venezuela are in accordance with the Inter-American Democratic Charter and to strengthen the ability of the OAS to respond to the erosion of democratic norms and institutions in Venezuela; (5) urges the OAS and its Inter-American Commission on Human Rights to utilize its good offices and all mechanisms at its disposal to seek the most effective way to expeditiously end the violence in Venezuela in accordance with the Inter-American Democratic Charter; and (6) supports efforts by international and multilateral organizations to urge the Venezuelan government to adopt measures to guarantee the rights to life, humane treatment, and security, and the political freedoms of assembly, association, and expression to all of the people of Venezuela.

**S.Res. 365 (Menendez).** Introduced February 27, 2014; reported by the Committee on Foreign Relations March 11, 2014, without a written report. Senate approved by unanimous consent March 12, 2014. As approved, the resolution (1) reaffirms U.S. support for the people of Venezuela in their pursuit of the free exercise of representative democracy as guaranteed by the Venezuelan constitution and defined under the Inter-American Democratic Charter of the OAS; (2) deplors the use of excessive and unlawful force against peaceful protestors and the use of violence and politically motivated criminal charges to intimidate the country's political opposition; (3) calls on the Venezuelan government to disarm the "*colectivos*" and any other government-affiliated or supported militias or vigilante groups; (4) calls on the Venezuela government to allow an impartial, third-party investigation into the excessive and unlawful force against peaceful demonstrations on multiple occasions since February 4, 2014; (5) urges the President to immediately impose targeted sanctions, including visa bans and asset freezes, against individuals planning, facilitating, or perpetrating gross human rights violations against peaceful demonstrators, journalists, and other members of civil society in Venezuela; and (6) calls for the U.S. government to work with other countries in the hemisphere to actively encourage a process of dialogue between the Venezuelan government and the political opposition through the good offices of the OAS so that the voices of all Venezuelans can be taken into account through their country's constitutional institutions as well as free and fair elections.

## 114<sup>th</sup> Congress

**P.L. 114-113 (H.R. 2029): Consolidated Appropriations Act, 2016.** Initially, H.R. 2020 was the FY2016 military construction appropriations measure, but in December 2015 it became the vehicle for the FY2016 omnibus appropriations measure. The President signed it into law on December 18, 2015. The Administration had requested \$5.5 million for Venezuela democracy and human rights funding, whereas the explanatory statement to the omnibus bill provides \$6.5 million.

**S. 2845 (Rubio)/H.R. 5134 (Ros-Lehtinen): Venezuela Defense of Human Rights and Civil Society Extension Act of 2016.** The bill would extend the termination of sanctions with respect

to Venezuela under the Venezuela Defense of Human Rights and Civil Society Act of 2014. S. 2845 was introduced and reported by the Senate Committee on Foreign Relations on April 28, 2016, without written report. Passed Senate, amended, by unanimous consent April 29, 2016. H.R. 5134 introduced April 29, 2016; referred to House Committee on Foreign Affairs and to the Committee on the Judiciary.

**S. 1635 (Corker): Department of State Operations Authorization and Embassy Security Act, FY2016.** Introduced and reported by Senate Foreign Relations Committee on June 18, 2015, without written report. Senate passed, amended, by unanimous consent on April 29, 2016. As approved, Section 118 would require a report to Congress on political freedom in Venezuela assessing U.S. democracy support for Venezuela and listing sanctioned Venezuelan government and security officials involved in the use of force against antigovernment protests.

**S.Res. 262 (Ayotte): A resolution to support the empowerment of women and urge countries to #FreeThe20, including Judge Maria Lourdes Afiuni Mora of Venezuela.** Introduced September 22, 2015; referred to the Committee on Foreign Relations.

## Appendix B. Links to U.S. Government Reports

### **U.S. Relations with Venezuela, Fact Sheet, State Department**

*Date:* July 20, 2015

*Full Text:* <http://www.state.gov/r/pa/ei/bgn/35766.htm>

### **Congressional Budget Justification for Foreign Operations FY2017, Annex 3, pp. 489-490, State Department**

*Date:* February 26, 2016

*Full Text:* <http://www.state.gov/documents/organization/252734.pdf>

### **Country Reports on Human Rights Practices 2015, Venezuela, State Department**

*Date:* April 13, 2016

*Full Text:* <http://www.state.gov/documents/organization/253261.pdf>

### **Country Reports on Terrorism 2014 (Western Hemisphere Overview), State Department**

*Date:* April 2015

*Full Text:* <http://www.state.gov/j/ct/rls/crt/2014/239409.htm>

### **Department of State, Venezuela Country Page**

*Link:* <http://www.state.gov/p/wha/ci/ve/>

### **Venezuela Country Commercial Guide, Commerce Department**

*Date:* April 2016

*Full Text:* <http://www.export.gov/ccg/venezuela090914.asp>

### **International Religious Freedom Report for 2014, Venezuela, State Department**

*Date:* October 2015

*Full Text:* <http://www.state.gov/documents/organization/238792.pdf>

### **International Narcotics Control Strategy Report 2016, Vol. I, State Department**

*Date:* March 2016

*Full Text:* <http://www.state.gov/j/inl/rls/nrcrpt/2016/vol1/253323.htm>

### **International Narcotics Control Strategy Report 2016, Vol. II, State Department**

*Date:* March 2016

*Full Text:* <http://www.state.gov/j/inl/rls/nrcrpt/2016/vol2/253440.htm>

### **Investment Climate Statement, 2015, Venezuela, State Department**

*Date:* May 2015

*Full Text:* <http://www.state.gov/documents/organization/242002.pdf>

### **National Trade Estimate Report on Foreign Trade Barriers 2016, Office of the United States Trade Representative**

*Date:* March 2016

*Full Text:* <https://ustr.gov/sites/default/files/2016-NTE-Report-FINAL.pdf>

### **Trafficking in Persons Report 2015, State Department**

*Date:* July 2015

*Full Text:* <http://www.state.gov/j/tip/rls/tiprpt/countries/2015/243562.htm>

## Author Contact Information

(name redacted)  
Specialist in Latin American Affairs  
redacted@crs.loc.gov , 7-....

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