Venezuela: Political Crisis and U.S. Policy

Venezuela remains in a deep crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Maduro, narrowly elected in 2013 after the death of President Hugo Chávez (1999-2013), began a second term on January 10, 2019, that is widely considered illegitimate. Since January 2019, Juan Guaidó, president of Venezuela's democratically elected, opposition-controlled National Assembly, has sought to form a transition government to serve until internationally observed elections can be held. The United States and 57 other countries recognize Guaidó as interim president, but he has been unable to use that support to wrest power from Maduro.

Guaidó's term as National Assembly president, a position that enabled his recognition as interim president, is to end in January 2021. Although Guaidó and many of his allies have called for a boycott of legislative elections scheduled for December 6, 2020, other sectors of the opposition, including two-time presidential candidate Henrique Capriles, have discussed fielding candidates. The Trump Administration and many Members of Congress continue to support Guaidó, but divisions within the opposition could enable Maduro to consolidate more power.

Background

Maduro, reelected in May 2018 in a fraudulent election, has used the Venezuelan courts, security forces, and electoral council to quash dissent. Security forces have detained and abused Maduro's opponents, including military officers and opposition politicians. Police have violently enforced a Coronavirus Disease 2019 (COVID-19) quarantine and arrested those who have criticized the government's response to the pandemic. As of September 7, 2020, the government held 333 political prisoners even after pardoning 110 people following negotiations with Capriles, according to *Foro Penal,* a human rights organization.

By most accounts, Maduro's government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in global oil prices and oil production on the country's economy. Maduro has rewarded allies, including the military, with income siphoned from state industries and from illegal gold mining, drug trafficking, and other illicit activities. The International Monetary Fund estimates the Venezuelan economy contracted by 35% in 2019 and inflation reached 9,585%. Economic conditions have deteriorated further in 2020 because of gasoline shortages, COVID-19, and broadened U.S. sanctions.

Shortages in food and medicine, declines in purchasing power, and a collapse of social services have created a humanitarian crisis. According to a 2019-2020 household survey, the percentage of Venezuelans living in poverty increased to 96% in 2019 (80% in extreme poverty). A

February 2020 World Food Program assessment estimated that 9 million Venezuelans were food insecure. Health indicators, particularly infant and maternal mortality rates, have worsened. Previously eradicated diseases such as diphtheria and measles have returned and spread.

The government reported only 485 deaths from COVID-19 (as of September 14), but experts maintain that the actual number is much higher and that the pandemic could decimate Venezuela's hollowed-out health system. Some 70% of Venezuelan hospitals surveyed in 2019 lacked access to clean water. A Maduro-Guaidó agreement negotiated in June 2020 has allowed the Pan American Health Organization to lead relief efforts.

In August 2020, U.N. agencies estimated 5.2 million Venezuelans had left the country; most have relocated to other countries in Latin America and the Caribbean. Migrants face obstacles maintaining employment and accessing health care, as neighboring countries have implemented quarantines and border closures to prevent the spread of COVID-19.

Political Situation

Guaidó retains diplomatic support abroad but lacks power at home. In 2019, Guaidó's supporters organized two unsuccessful efforts to encourage security forces to abandon Maduro. After those efforts failed, observers hoped negotiations between Guaidó and Maduro could lead to an electoral solution to the crisis. When talks stalled, Maduro increased persecution of Guaidó's supporters. Guaidó has lost domestic support since reports emerged that he may have condoned a plan that resulted in a botched raid against Maduro in early May 2020.

Maduro now seeks to take control of the National Assembly by convening elections. In June 2020, the Supreme Court ruled that because efforts to select a National Electoral Council (CNE) had stalled in the National Assembly, it would name new CNE rectors to oversee legislative elections. The Supreme Court then disbanded the leadership of three major opposition parties, and the CNE scheduled elections for December 6, 2020. While Guaidó and 37 opposition parties are boycotting due to concerns the elections would be neither free nor fair, Maduro has offered concessions, including dismissing charges against some political opponents and an openness to international election observers, to entice Henrique Capriles and his allies to participate. Capriles wants the elections to be postponed and observed by the European Union (EU)—conditions that appear unlikely to occur.

International Response

The international community remains divided over how to respond to the crisis in Venezuela. The United States,

Canada, most of the EU, and 16 Western Hemisphere countries recognize Guaidó as interim president. The United States, EU, Canada, and 11 Western Hemisphere countries that are parties to the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) have imposed targeted sanctions and travel bans on Maduro officials. The EU and most Western Hemisphere countries oppose military intervention to oust Maduro. The EU and some Latin American countries endorsed 2019 negotiations led by Norway, but those efforts did not prove successful.

Russia, Cuba (which has provided military and intelligence support), Turkey, Iran, and a few other countries support Maduro. Russia and China have provided aid to Maduro and blocked efforts at the U.N. Security Council to recognize the Guaidó government. Russia has supported Venezuela's struggling oil industry, helped Venezuela skirt U.S. oil sanctions, and sent military personnel and equipment, a move that prompted U.S. condemnation. Since May 2020, Iran has shipped gasoline to Venezuela in violation of U.S. sanctions.

Recent U.S. Policy

The U.S. government ceased to recognize Maduro as Venezuela's legitimate president in January 2019. Although the Administration initially discussed the possibility of using military force in Venezuela, to date, it has sought to compel Maduro to leave office through economic pressure. In March 2020, the Administration issued a "democratic transition framework" backed by Guaidó. The framework would lift certain sanctions in exchange for Maduro releasing political prisoners, expelling foreign security forces, and creating a Council of State (which would not include Maduro or Guaidó) to carry out presidential duties until elections can be held. In July, the United States and many EU and Latin American countries pledged to support Guaidó regardless of the December election results.

Diplomacy. The United States has encouraged countries to recognize the Guaidó government, sanction Maduro officials, hold the Maduro government responsible for human rights violations, and provide humanitarian aid to Venezuelans who have fled. U.S. officials continue to denounce Cuban, Russian, and Iranian support of Maduro.

Sanctions. Sanctions are key parts of U.S policy toward Venezuela. They include

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

- **Financial sanctions** restricting Maduro government and state oil company, *Petróleos de Venezuela* (PdVSA), access to U.S. financial markets (E.O. 13808); prohibiting transactions using cryptocurrency (E.O. 13827); or purchasing Venezuelan debt (E.O. 13835);

- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela's central bank, and the state gold mining company, among other entities (E.O. 13850); and

- **Sanctions on the Maduro government** blocking assets in the United States and prohibiting transactions with that government unless authorized as part of efforts to aid the Venezuelan people (E.O. 13884).

Other U.S. Pressure. In March 2020, the Department of Justice indicted Maduro and 14 top officials for narco-terrorism, drug trafficking, and other crimes. The State Department offered a $15 million reward for information leading to Maduro's arrest. On April 1, President Trump announced the deployment of additional U.S. naval counterdrug assets to the Caribbean to curb drug trafficking emanating from Venezuela. Both actions target Maduro's illicit revenue.

U.S. Assistance. The United States is providing assistance and helping to coordinate and support the regional response to the Venezuelan migration crisis. Since FY2017, the Administration has provided $610.6 million in humanitarian assistance to support countries sheltering Venezuelans, including $76 million for humanitarian relief activities in Venezuela and $13.7 million for COVID-19. Since FY2018, USAID has provided some $125 million for new democracy, development, and global health programs.

Congressional Action. Congress has supported most of the Trump Administration's efforts to restore democracy in Venezuela and provide humanitarian assistance. Some Members have expressed concerns about the humanitarian effects of sanctions and called for their suspension due to COVID-19. Others are concerned about a potential unauthorized use of the U.S. military in Venezuela.

In December 2019, Congress enacted P.L. 116-94, which provided $30 million in FY2020 assistance for democracy programs in Venezuela. The act incorporated provisions from S. 1025, the VERDAD Act, authorizing $400 million in FY2020 humanitarian aid, codifying some sanctions, and authorizing $17.5 million to support elections in Venezuela. P.L. 116-94 included language from House-approved bills (H.R. 854, H.R. 920, and H.R. 1477). Congress also enacted P.L. 116-92, which prohibits federal contracting with persons doing business with the Maduro government. In July 2019, the House passed H.R. 549, designating Venezuela as a beneficiary country for temporary protected status. On July 30, 2019, a Senate effort to pass H.R. 549 by unanimous consent failed.

The Administration requested $205 million for Venezuela in its FY2021 budget request. The House-passed version of the FY2021 foreign aid measure (H.R. 7608, H.Rept. 116-444) would provide $30 in democracy aid and support additional aid if a democratic transition occurs. The House-passed version of the FY2021 National Defense Authorization Act (H.R. 6395, H.Rept. 116-442) would require a report on the crises in Venezuela. (See also CRS Report R44841, *Venezuela: Background and U.S. Relations*; CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*; CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*.)

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