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Venezuela: Political Crisis and U.S. Policy

Venezuela, under the authoritarian rule of Nicolás Maduro, remains in a deep economic and humanitarian crisis worsened by the Coronavirus Disease 2019 (COVID-19) pandemic. Maduro has consolidated power over all of Venezuela's democratic institutions since his narrow 2013 election following the death of President Hugo Chávez (1999-2013). His United Socialist Party of Venezuela (PSUV) took de facto control of the National Assembly, the last independent branch of government, in January 2021.

Maduro has quashed dissent and resisted international pressure to step down since his reelection in a May 2018 presidential vote that was widely condemned as fraudulent. Meanwhile, international support for opposition leader Juan Guaidó, the former National Assembly president once regarded as interim president by the United States and nearly 60 other countries, has dissipated. The Biden Administration and Congress have maintained pressure on Maduro and support for Guaidó. U.S. policy could change, however, if recently restarted negotiations between the opposition and Maduro officials bring meaningful progress toward democracy.

Political Situation

Maduro has used security forces, buoyed by corrupt courts, to quash dissent. His government has rewarded allies, particularly in the security forces, with income earned from illegal gold mining, drug trafficking, and other illicit activities. Those forces have detained and abused Maduro's opponents, including military officers, opposition politicians, humanitarian actors, and civic leaders. As of September 13, 2021, the government held 261 political prisoners, according to Foro Penal, a Venezuelan human rights group. The U.N. Office of the High Commissioner for Human Rights has documented thousands of extrajudicial killings and other abuses committed by security forces that it describes as crimes against humanity.

The Venezuelan opposition has been weak and divided, with many of its leaders in exile. Guaidó challenged Maduro's authority in 2019; his support has since faded. After Norway-led negotiations stalled in mid-2019, the Maduro government increased persecution of Guaidó's supporters. Guaidó and other opposition legislators face prosecution by judicial authorities, who assert the legislators no longer have immunity because their terms ended in January.

In April 2021, Guaidó called on opposition parties, labor and civic groups, and business leaders to form a Unity Platform to negotiate with Maduro officials. The Unity Platform seeks better human rights, humanitarian, and electoral conditions; Maduro's team seeks sanctions relief and international recognition. Mediated by Norway, the negotiations began in Mexico in September. Unlike in past

failed negotiation efforts, Russia is accompanying the Maduro team and the Netherlands is accompanying the opposition. Most opposition parties also are fielding candidates in November's state and local elections, even though the elections are unlikely to be free or fair.

Economic and Humanitarian Crisis

By most accounts, Maduro's government has mismanaged the economy and engaged in massive corruption, exacerbating the effects of a decline in oil prices and production on the country's economy. In September 2021, the Economist Intelligence Unit estimated Venezuela's economy has contracted by more than 77% since 2013. In 2020, the economy shrank by 30%, according to the International Monetary Fund (IMF). The IMF predicts 3.8% growth for 2021, partially due to higher global oil prices.

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 most recent available), the percentage of Venezuelans living in poverty increased to 96% in 2019. A February 2020 World Food Program (WFP) assessment estimated that 9 million Venezuelans were food insecure. In April 2021, Maduro allowed the WFP to launch a school lunch program that aims to reach 1.5 million children. Health indicators, particularly infant and maternal mortality rates, have worsened. Previously eradicated diseases such as diphtheria and measles have returned and spread.

According to data from Johns Hopkins University (JHU), Venezuela reported 4,200 deaths from COVID-19 (as of September 15, 2021), but experts maintain the actual number is much higher. The pandemic has strained Venezuela's hollowed-out health system. JHU suggests that 15% of Venezuelans were vaccinated as of mid-September. Venezuela has contracted to receive Russian and Cuban vaccines and has received Chinese vaccines through the COVID-19 Vaccines Global Access (COVAX) Facility.

As of September 2021, U.N. agencies estimated 5.7 million Venezuelans had left the country; some 28 million remain. Some 4.6 million migrants fled to other Latin American and Caribbean countries. Migrants have faced obstacles keeping jobs and accessing health care during the pandemic. In 2021, Colombia began granting 10-year temporary protective status to Venezuelan migrants.

International Response

The international community is divided on policies toward Venezuela, potentially hindering the effectiveness of efforts to restore democratic processes. The United States has encouraged other countries to continue recognizing the Guaidó government, sanction Maduro officials, hold the Maduro government responsible for human rights

violations, and provide humanitarian aid to Venezuelans. The United States, European Union (EU), Canada, and 11 Western Hemisphere countries that are parties to the Inter-American Treaty of Reciprocal Assistance have imposed targeted sanctions and travel bans on Maduro officials. The United Kingdom and some Western Hemisphere countries still recognize Guaidó as interim president, although EU countries have not recognized him as such since January 2021. The EU and Canada have issued joint statements with the United States pledging to review sanctions policies if negotiations yield “enduring agreements” to improve conditions for the Venezuelan people.

Other countries, including China, Russia, Cuba, Turkey, and Iran, support Maduro. Russia and China have blocked anti-Maduro initiatives at the U.N. Security Council. Russia also has supported Venezuela’s oil industry, helped Venezuela skirt U.S. sanctions, and sent military personnel and equipment to the country. China continues to purchase Venezuelan oil and has provided surveillance equipment and other technology. Since May 2020, Iran has shipped gasoline to Venezuela in exchange for gold.

Recent U.S. Policy

The U.S. government ceased recognizing Maduro as Venezuela’s legitimate president in January 2019. The Trump Administration discussed using military force in Venezuela but ultimately sought to compel Maduro to leave office through diplomatic, economic, and legal pressure. U.S. efforts have failed to dislodge Maduro, raising questions for the Biden Administration about whether to change U.S. policy.

Thus far, the Biden Administration has sought to support the Venezuelan people while engaging in multilateral diplomacy to press for a return to democracy and hold corrupt and abusive Maduro officials accountable. As part of its efforts to support the Venezuelan people, on March 8, 2021, the Biden Administration designated Venezuela as a beneficiary country for Temporary Protected Status (TPS); the Trump Administration had ended removals of Venezuelans eligible for Deferred Enforced Departure in January 2021. Biden officials are reviewing U.S. sanctions as they relate to both Maduro-opposition negotiations and humanitarian conditions in Venezuela.

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

- **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 access to U.S. financial markets by the Maduro government and state oil company, *Petróleos de Venezuela* (PdVSA) (E.O. 13808); prohibiting transactions using cryptocurrency issued by the Maduro government (E.O. 13827); and prohibiting the purchase of Venezuelan debt (E.O. 13835)
- **Sectoral sanctions** blocking assets and prohibiting unlicensed transactions with PdVSA, Venezuela’s

central bank, and the state gold mining company, among other entities (E.O. 13850)

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

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

U.S. Assistance. The United States is providing assistance and helping to coordinate the regional response to the Venezuelan migration crisis. From FY2017 through the third quarter of FY2021, the United States had provided some \$1.4 billion of humanitarian aid to Venezuela and countries sheltering Venezuelans. The United States has provided at least \$13.7 million for the COVID-19 response in Venezuela. From FY2017 to FY2021, U.S. funds dedicated to democracy, development, and health programs, which are implemented by nongovernmental organizations in Venezuela, have totaled an estimated \$234 million.

Congressional Action. Congress has supported U.S. efforts to promote a return to democracy in Venezuela without the use of military force and to provide humanitarian assistance to Venezuelans. Some Members have expressed concerns about the humanitarian impact of broad U.S. sanctions.

The 117th Congress has continued close oversight of U.S. policy toward Venezuela through hearings, legislation, and letters to the Administration. In March 2021, the Senate Foreign Relations Committee reported S.Res. 44, which would denounce fraudulent legislative elections in Venezuela. Also in March, the Senate Homeland Security and Governmental Affairs Committee reported S. 688, which would prohibit contracting with persons who have business operations with the Maduro government. In July, the House passed its version of the FY2022 foreign aid appropriations bill, H.R. 4373, which would provide \$50 million for democracy programs in Venezuela (up from \$33 million in FY2021) and would ensure humanitarian assistance to countries hosting Venezuelan migrants.

Oversight has focused on the Biden Administration’s approach to sanctions, negotiations, and humanitarian relief for the Venezuelan people. Many Members of Congress praised the March 2021 designation of TPS for Venezuela. Although some in Congress support continued pressure on the Maduro government, others favor a more targeted approach, arguing that broad sanctions have not prompted political change but have hurt the Venezuelan people. Some Members have advocated for an end to any sanctions that have worsened the humanitarian crisis, whereas others have called for more targeted sanctions relief.

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*; and CRS In Focus IF11216, *Venezuela: International Efforts to Resolve the Political Crisis*.

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