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# Venezuela: Background and U.S. Relations

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## Venezuela: Background and U.S. Relations

Venezuela remains in a deep economic and humanitarian crisis under the authoritarian rule of Nicolás Maduro, who has consolidated power since his reelection in a 2018 presidential vote widely deemed fraudulent. Maduro, narrowly elected in 2013 after the death of Hugo Chávez (president, 1999–2013), and the United Socialist Party of Venezuela (PSUV) took de facto control of the National Assembly, the last independent branch of government, in January 2021. From 2019 through 2021, Maduro resisted U.S. and international pressure to cede power and allow a transition government led by Juan Guaidó, the National Assembly president elected in 2015 and once regarded as interim president by nearly 60 countries, to convene elections. Opposition parties, organized under a Unitary Platform since 2021 that includes Guaidó's party as one of many, resumed negotiations with Maduro officials in November 2022 to create better conditions for presidential elections due in 2024.

Despite a nascent economy recovery, Venezuela's economy contracted by roughly 75% from 2014 through 2021, exhibiting among the world's highest rates of hyperinflation, according to the International Monetary Fund (IMF). While hyperinflation may have technically abated, food insecurity and a collapse of health and other social services have left 7 million people in need of humanitarian assistance and led another 7.1 million Venezuelans to flee the country as of November 2022, according to U.N. agencies.

### U.S. Policy

The U.S. government ceased recognizing Maduro as Venezuela's legitimate president in January 2019, and the Trump Administration sought to compel him to leave office through diplomatic, economic, and legal pressure. The Biden Administration initially maintained a similar policy, although U.S. officials held direct talks with Maduro in March and June 2022 that led to a policy shift. In November 2022, the Biden Administration issued a license to allow Chevron to resume some operations in Venezuela after the Maduro government resumed negotiations with the opposition. Further sanctions relief may depend upon the results of the negotiations. From FY2017 through FY2022, the United States provided \$1.94 billion in humanitarian aid to Venezuela and countries sheltering Venezuelans. U.S. democracy, development, and health support for the Venezuela crisis totaled \$323 million through FY2021 (most recent year available). In July 2022, the Biden Administration announced an extension of Temporary Protected Status for Venezuelans to March 10, 2024.

### Congressional Action

Congress has supported efforts to promote negotiations leading to a restoration of democracy in Venezuela through sanctions and other means, as well as to provide humanitarian assistance to Venezuelans as authorized by the VERDAD Act of 2019 (P.L. 116-64, Division J, Title I). In March 2022, Congress enacted the FY2022 Consolidated Appropriations Act (P.L. 117-103), which included \$40 million for democracy programs in Venezuela (\$7 million more than the FY2021 allocation). The Biden Administration requested \$55 million in FY2023 funds for Venezuela. The House Appropriations Committee's reported version of the FY2023 State Department, Foreign Operations, and Related Programs appropriations bill (H.R. 8282) would provide \$50 million for Venezuela programs; the Senate-introduced version, S. 4662, would provide \$40 million. Oversight has focused on the Administration's approach to sanctions and negotiations. For example, some Members of Congress have expressed support for U.S. talks with Maduro, whereas others remain opposed to those talks and have introduced legislation that would prohibit U.S. imports of Venezuelan oil. S. 688, reported by the Senate Homeland Security and Governmental Affairs Committee in March 2021, would prohibit contracting with persons who do business with the Maduro regime.

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# Introduction

Venezuela, long one of the most prosperous countries in South America with the world's largest oil reserves, has experienced an unprecedented political, economic, and humanitarian crisis under the authoritarian rule of Nicolás Maduro of the United Socialist Party of Venezuela (PSUV). Under Maduro, Venezuela has become a source of regional instability. Since 2014, millions of Venezuelan migrants and refugees have fled to neighboring countries and to the United States; criminal and terrorist groups have operated with impunity; and Russia, China, and Iran have increased their footprints in the region. The possibility that renewed negotiations between Maduro and the opposition could lead to a gradual resolution of the prolonged political power struggle that has stymied efforts to restore democracy is of great interest to many in Congress. Congress may maintain a keen interest in assessing whether these negotiations can lead to improvements in political, human rights, and humanitarian conditions in Venezuela, or whether Maduro will use them as a delaying tactic as many argue he has in the past.<sup>1</sup>

## Venezuela at a Glance

<b>Population:</b> 26.9 million (2022 est., IMF)
<b>Area:</b> 912,050 km <sup>2</sup> (slightly more than twice the size of California)
<b>GDP:</b> \$82.1 billion (2022, current prices, IMF est.)
<b>GDP Growth:</b> 6% (2022, IMF est.)
<b>GDP Per Capita:</b> \$3,050 (2022, current prices, IMF est.)
<b>Poverty:</b> 5.5% (2021, ENCOVI survey)
<b>Key Trading Partners:</b> Exports—China: 30%, EU: 18%, Turkey: 17%. Imports—China: 30%, United States: 22%; Brazil: 15%, (2021, TDM) <sup>2</sup>
<b>Unemployment:</b> 45.0% (2021, EIU)
<b>Legislature:</b> 2015 National Assembly (unicameral), with 167 members; 2021 National Assembly, with 277 members (United States does not recognize)
<b>Sources:</b> Economist Intelligence Unit (EIU); International Monetary Fund (IMF); National Survey on Living Conditions (ENCOVI) Trade Data Monitor (TDM); U.N. Development Programme (UNDP).

U.S. relations with Venezuela, once a major oil supplier, deteriorated under the increasingly authoritarian Hugo Chávez government (1999–2013). Tensions deepened as the Maduro government has cracked down on the opposition, media, and civil society; engaged in drug trafficking and corruption; convened fraudulent elections; and impeded humanitarian aid distribution. The Trump Administration exerted diplomatic, economic, and legal pressure on Maduro, but Maduro refused to leave office. The Biden Administration has maintained most sanctions, and also implemented a policy shift towards supporting negotiations with Maduro. U.S. officials met with Maduro twice in 2022, negotiated an October 2022 U.S.-Venezuela prisoner swap, and issued a license to allow Chevron to restart some operations in the country.<sup>3</sup> The United States and other donors

have offered to review sanctions if Maduro officials make “meaningful progress” in talks with the opposition towards improving humanitarian conditions and restoring democracy.<sup>4</sup>

This report provides an overview of the overlapping political, human rights, economic, and humanitarian crises in Venezuela, followed by an overview of U.S. policy toward Venezuela and select issues of congressional interest.

<sup>1</sup> David Smilde and Geoff Ramsey, “International Peace-Making and Venezuela’s Intractable Conflict,” *European Review of Latin American and Caribbean Studies*, no. 109 (January-June 2020), pp. 157–179.

<sup>2</sup> Estimation of trade, based on mirror statistics of other countries’ reported trade with Venezuela.

<sup>3</sup> Julie Turkewitz, “As Venezuelan Antagonists Talk, the U.S. Softens Its Stance,” *New York Times*, November 25, 2022.

<sup>4</sup> U.S. Department of State, “Joint Statement on Venezuela Negotiations,” November 26, 2022.

# Political Situation

## Background<sup>5</sup>

In the late 1990s, Hugo Chávez rose to power on a populist platform that promised to redistribute Venezuela's oil wealth and political power from corrupt elites to the people of Venezuela. Under Chávez (1999-2013), Venezuela adopted a new constitution (ratified by plebiscite in 1999); a new unicameral legislature; and a new name for the country—the Bolivarian Republic of Venezuela, named after the 19<sup>th</sup>-century South American liberator Simón Bolívar. Buoyed by windfall profits from high oil prices, the Chávez government expanded the state's role in the economy. Chávez's charisma, use of oil revenue to fund social programs and provide subsidized oil to Cuba and other countries, and opposition to the United States captured global attention.

Chávez's legacy has been debated. President Chávez established an array of social programs and services that helped reduce poverty by some 20% and improve literacy and access to health care.<sup>6</sup> Nevertheless, his presidency was "characterized by a dramatic concentration of power and open disregard for basic human rights guarantees," especially after his brief ouster from power in 2002.<sup>7</sup> Declining oil production, combined with massive debt and high inflation, have shown the costs of Chávez's failure to save or invest past oil profits, tendency to take on debt and print money, and decision to fire thousands of technocrats after an oil workers' strike in 2002-2003.

## Maduro's First Term: 2013-2018

After Chávez's death in March 2013, Acting President Nicolás Maduro narrowly defeated Henrique Capriles of the Democratic Unity Roundtable (MUD) of opposition parties in April

### 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 from 2005 to 2006, when he became President Chávez's foreign minister. Maduro 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 reelection. Maduro often was 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 married in 2013.

elections. The opposition alleged significant irregularities and protested; Maduro sought to consolidate his authority. Security forces and allied civilian groups violently suppressed protests and restricted freedom of speech and assembly. In 2014, 43 people died and 800 were injured in clashes between pro-Maduro forces and student-led protesters concerned about rising crime. Maduro imprisoned opposition figures, including Leopoldo López, head of the Popular Will (VP) party, for allegedly inciting violence. In February 2015, the government again cracked down.

In the December 2015 legislative elections, the MUD captured a two-thirds majority in the National Assembly—a major setback for Maduro.

The PSUV-aligned Supreme Court blocked three MUD deputies from taking office, depriving the opposition of a two-thirds majority. From January 2016 to August 2017, the Supreme Court blocked laws and assumed the legislature's functions. In 2016, the National Electoral Council (CNE) suspended opposition efforts to recall President Maduro in a national referendum. Most of

<sup>5</sup> CRS Report R42989, *Hugo Chávez's Death: Implications for Venezuela and U.S. Relations*, by Mark P. Sullivan.

<sup>6</sup> Daniel Hellinger and Anthony Petros Spanakos, "The Legacy of Hugo Chávez," *Latin American Perspectives*, vol. 44, no. 1, January 2017, pp. 4-15.

<sup>7</sup> Human Rights Watch, "Venezuela: Chávez's Authoritarian Legacy," March 5, 2013.

the opposition (except the VP party) entered talks with the government mediated by the Vatican and others. By December, the talks failed as the Maduro government failed to meet its commitments.

**Figure 1. Map of Venezuela**



**Source:** Congressional Research Service.

In 2017, President Maduro appointed a hard-line vice president, Tareck el Aissami, a U.S.-designated drug kingpin, and cracked down on freedom of assembly and expression. Despite these moves, the Supreme Court's March 2017 rulings to dissolve the legislature reenergized the MUD. After domestic protests and international criticism, President Maduro urged the court to revise those rulings, and it complied. In April 2017, the government banned Capriles from seeking office for 15 years. Through July 2017, the opposition held large protests and, as security forces and armed civilian militias clashed with protesters, more than 130 people died.<sup>8</sup>

In May 2017, President Maduro announced he would convene a constituent assembly to revise the constitution and scheduled July elections to select delegates to that assembly. The Supreme Court ruled that Maduro could convoke the assembly without first holding a popular referendum (as the constitution requires). The opposition boycotted, arguing the elections were unconstitutional, a position shared by international observers (including the United States).

<sup>8</sup> Office of the United Nations High Commissioner for Human Rights (OHCHR), *Human Rights Violations and Abuses in the Context of Protests in the Bolivarian Republic of Venezuela from 1 April to 31 July 2017*, August 30, 2017.

Despite an opposition boycott, the government orchestrated the July 2017 election of a 545-member National Constituent Assembly (ANC), which served as a parallel legislative body until members of the PSUV-dominated National Assembly took their seats in January 2021.

In 2017, President Maduro gained the upper hand over the MUD despite international condemnation. In October 2017, the PSUV won 18 of 23 gubernatorial elections. Although fraud likely occurred, the opposition could not prove that it was widespread. The MUD coalition initially rejected the election results, but four victorious MUD governors took their oaths of office in front of the ANC (rather than the National Assembly), a decision that fractured the coalition. With the opposition in disarray, President Maduro moved to consolidate power and blamed U.S. sanctions for the country's economic problems. Maduro fired and arrested the head of Petróleos de Venezuela, S.A. (PdVSA) and the oil minister for corruption; he appointed a general with no experience in energy to fill both positions. The ANC approved a law to add more restrictions on freedom of expression and assembly. Most opposition parties did not participate in municipal elections held in December 2017; the PSUV won more than 300 of 335 mayoralties.

## May 2018 Presidential Election and Aftermath

In accordance with the Venezuelan constitution, presidential elections were due by December 2018. Although prominent opposition politicians had been imprisoned (Leopoldo López, under house arrest), barred from seeking office (Henrique Capriles), or in exile, some MUD leaders sought to unseat President Maduro through an election. Those leaders negotiated with the PSUV to try to obtain guarantees, such as a reconstituted National Electoral Council (CNE). In January 2018, the ANC ignored those negotiations and scheduled a presidential election for May 2018, violating a constitutional requirement that elections be called with at least six months' anticipation. The MUD boycotted, but Henri Falcón broke with the coalition to run.

Venezuela's presidential election proved to be minimally competitive and took place within a climate of state repression. There were no internationally accredited election monitors. The government coerced its workers to vote and used chip-embedded government assistance cards to condition access to future food and other aid on how people voted.<sup>9</sup> The CNE reported that Maduro received 67.7% of the votes followed by Falcón (21%) amidst low turnout (46%). After independent monitors reported widespread fraud, Falcón called for new elections.

Following the disputed election, Maduro faced coup attempts and international isolation. His government released some political prisoners but also increased Maduro's control over the judiciary and the intelligence services.

## Maduro's Second Term: 2019-Present

The United States, the European Union (EU), and many neighboring countries ceased to recognize Maduro as Venezuela's legitimate president in January 2019, following his reelection that had been widely deemed fraudulent.

On January 5, 2019, the democratically elected, opposition-controlled National Assembly elected Juan Guaidó, a 35-year-old industrial engineer from the VP party, as its president. Guaidó then announced he was willing to serve as interim president until new elections were held. Buoyed by

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<sup>9</sup> Michael E. Penfold, *Food, Technology, and Authoritarianism in Venezuela's Elections*, Woodrow Wilson Center's Latin American Program, April 2018.

a huge turnout after calling for protests, Guaidó took the oath of office on January 23, 2019. The United States and nearly 60 countries recognized Guaidó as interim president.<sup>10</sup>

Over the past three years, Guaidó's domestic and international support has eroded substantially. In 2019, Guaidó's supporters organized two high profile but ultimately unsuccessful efforts to encourage security forces to abandon Maduro. Some observers then hoped talks mediated by Norway in 2019 could lead to a negotiated solution that would establish the conditions for the convening of internationally monitored elections.<sup>11</sup> Maduro left negotiations in August 2019 following new U.S. sanctions. In 2020, restrictions on freedom of assembly prompted by the Coronavirus Disease 2019 (COVID-19) pandemic impeded Guaidó's ability to mobilize supporters. He lost further support after reports surfaced that he had condoned a plan that ended in a botched raid against Maduro in May 2020.<sup>12</sup> Following those developments, some opposition parties and leaders, including Henrique Capriles, began to question Guaidó's approach. They urged opposition parties to compete in the November 2021 regional elections and to seek local and regional positions given that Maduro may remain in power for several years.<sup>13</sup>

A key to Maduro's resilience has been the loyalty he has retained among most Venezuelan security forces. For years, military leaders and other officials have enriched themselves through corruption, drug trafficking, and other illicit industries. Some military leaders also may fear that, under a new government, they could face prosecution or extradition abroad for human rights abuses. The U.S. government has said it may remove sanctions on officials who abandon Maduro, but doing so could be difficult. Finally, Venezuelan intelligence officials, trained and supported by Cubans, have arrested dissidents within the military. In June 2019, a naval officer died after being tortured in custody. (See "Human Rights" below.)

In 2020, Maduro used the COVID-19 pandemic to increase repression and secured control of the National Assembly by convening legislative elections that were due to be held by December 2020.<sup>14</sup> The CNE held elections on December 6, 2020, but most opposition parties boycotted. With low voter turnout, the PSUV captured 255 of the 277 seats at stake in the newly expanded National Assembly.

The Venezuelan opposition, unified under a Unitary Platform since 2021, continues to face a difficult future amidst internal divisions and government repression in a country with few civil liberties and a ranking of "not free" in Freedom House's 2022 *Freedom in the World* index. Nevertheless, following years of electoral boycotts, the opposition held Norway-mediated talks with Maduro representatives in Mexico City in August-September 2021 that, among other topics, sought to obtain electoral guarantees and address humanitarian issues. Although Maduro suspended the talks after the arrest of his close ally, Alex Saab, in October 2021, they restarted in Mexico City on November 26, 2022. Negotiators announced an agreement to unfreeze some \$3

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<sup>10</sup> Those countries included the United States, Canada, most of the member states of the EU, the United Kingdom, Australia, Japan, Israel, South Korea, and 16 Western Hemisphere countries led by Colombia.

<sup>11</sup> David Smilde and Geoff Ramsey, *International Peacemaking in Venezuela's Intractable Conflict*, Fundación Carolina, 2020; and International Crisis Group, *Peace in Venezuela: Is There Life After the Barbados Talks?*, Briefing No. 41, December 11, 2019.

<sup>12</sup> Nick Schifrin, "Inside the Botched Venezuela Raid That Maduro Is Trying to Exploit," *PBS News Hour*, May 12, 2020.

<sup>13</sup> "Venezuela's Capriles Calls for Opposition to Join Regional Vote," Reuters, August 11, 2021.

<sup>14</sup> This draws from International Crisis Group, *Venezuela: What Lies Ahead After Election Clinches Maduro's Clean Sweep*, December 21, 2020.

billion Venezuelan assets abroad as one source of funding for a U.N.-administered humanitarian fund for Venezuela.<sup>15</sup>

Separate efforts by civil society and parts of the opposition have led to some improvements in electoral conditions. In May 2021, the de facto National Assembly selected a reconstituted CNE with opposition representation and an invitation for the first EU electoral mission since 2006 to accompany the November 2021 gubernatorial and mayoral elections.<sup>16</sup> Although the EU cited lingering concerns about the unfair advantages PSUV candidates had over their competitors and authorities' bans on certain candidates, they also noted progress in some areas and issued recommendations on how to level the playing field for future elections.<sup>17</sup> A surprise opposition win in Chávez's home state of Barinas in the November 2021 gubernatorial contest and a January 2022 "re-do" election, after which the PSUV candidate conceded, have focused opposition efforts on uniting to compete in the 2024 presidential elections.<sup>18</sup> In October 2022, 10 major parties announced that they would convene a primary election by June 2023 to select one candidate to compete against Maduro.<sup>19</sup> (For prospects, see "Outlook" below.)

## Human Rights

International concern about human rights abuses and impunity for those abuses in Venezuela has captured the attention of numerous international organizations, including the Inter-American Commission on Human Rights (IACHR), the U.N. Office of the High Commissioner for Human Rights (OHCHR), and the International Criminal Court (ICC). According to a September 2022 report by the U.N. Fact Finding Mission on Venezuela (FFM), established by the U.N. Human Rights Council in 2019, Maduro and top officials "stand out as the main architects ... of a machinery with the purpose of repressing dissent" that committed crimes against humanity.<sup>20</sup> The State Department's Country Report on Human Rights Practices covering 2021 cited hundreds of "extrajudicial killings by security forces" reported by nongovernmental organizations; U.N. reports assert that such killings peaked in 2019 and have since diminished. The State Department report identified those killings, along with "forced disappearances; torture and cases of cruel, inhuman, and degrading treatment by security forces" as among the most serious human rights abuses in Venezuela.

Venezuela has among the highest homicide rates in Latin America and the Caribbean, with security forces accused of an increasing percentage of killings. According to the Venezuelan Violence Observatory, the overall homicide rate in Venezuela declined slightly in 2021 (40.9 homicides per 100,000 people, compared with 45.6 per 100,000 people in 2020), but remained the second highest rate in the region.<sup>21</sup> The Special Action Force of Venezuela's National Police (FAES), created in 2017, has been accused of hundreds of extrajudicial killings, including a

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<sup>15</sup> U.N. Secretary General, "Statement Attributable to the Spokesperson for the Secretary-General on the Agreement Announced by the Government and the Unitary Platform of Venezuela," November 26, 2022. Diego Oré, "Venezuelan's Frozen Funds to Be Gradually Released for Humanitarian Aid," Reuters, November 26, 2022.

<sup>16</sup> Washington Office on Latin America (WOLA), "Venezuela Weekly: A New Electoral Council (CNE) Announced in Venezuela," May 7, 2021; European Union External Action (EEAS), "Venezuela: EU Deploys Election Observation Mission," September 29, 2021.

<sup>17</sup> EEAS, Electoral Observation Mission Venezuela 2021, *Final Report – MOE UE Venezuela 2021*, February 22, 2022; available at [https://www.eeas.europa.eu/eom-venezuela-2021/final-report-moe-ue-venezuela-2021\\_en](https://www.eeas.europa.eu/eom-venezuela-2021/final-report-moe-ue-venezuela-2021_en).

<sup>18</sup> Catherine Osborn, "Venezuela's Opposition Wins on Hugo Chávez's Home Turf," *Foreign Policy*, January 14, 2022.

<sup>19</sup> "Venezuela Opposition to Hold Presidential Primary in June 2023," Reuters, October 14, 2022.

<sup>20</sup> *Ibid.*

<sup>21</sup> InSight Crime, "InSight Crime's 2021 Homicide Round-Up," February 1, 2022.

January 2021 massacre.<sup>22</sup> Human Rights Watch has documented killings and torture by Venezuelan armed forces during a March 2021 offensive they subsequently abandoned against Revolutionary Armed Forces of Colombia (FARC) dissidents on the border with Colombia.<sup>23</sup>

Throughout his rule, Maduro has used security forces, buoyed by corrupt courts, to detain and abuse his critics, including military officers, opposition politicians, and civic leaders, as well as journalists and human rights defenders. As of November 2022, the government had imprisoned 257 political prisoners (139 soldiers), according to Foro Penal, a Venezuelan human rights group. The number of political prisoners has stayed stable over time, as some political detainees have been released (but remain under surveillance) and others have been arrested.<sup>24</sup> Dozens of legislators elected in 2015 have been detained in recent years (and, upon release, monitored by the Maduro government) or have fled into exile (including Leopoldo López in 2020).

Others have been detained, held in inhumane conditions without access to counsel or contact with their families, and subjected to torture for crimes such as corruption, often without evidence.<sup>25</sup> Venezuelan authorities imprisoned six Citgo executives, five with dual U.S. citizenship and one U.S. legal permanent resident in 2017, and then sentenced the five to multiyear sentences in 2020.<sup>26</sup> The Maduro government released one of those executives in March 2022. It released the other five in September 2022, along with two other unjustly detained Americans, when U.S. officials released two nephews of Maduro's wife who were serving drug trafficking sentences.<sup>27</sup>

## United Nations Human Rights Reporting on Venezuela

In July 2019, the OHCHR issued a report documenting a range of significant human rights abuses perpetrated by the Maduro government, including evidence that security forces committed some 6,800 extrajudicial killings from January 2018 to May 2019.<sup>28</sup>

In September 2019, the U.N. Human Rights Council (HRC) passed a resolution that condemned human rights abuses by the Maduro government and established an independent fact-finding mission (FFM) in Venezuela. The FFM has issued four reports:

- **September 2020:** provides findings that some abuses committed by Venezuelan security forces since 2014, including extrajudicial executions, enforced disappearances, and torture, amounted to crimes against humanity.<sup>29</sup>
- **September 2021:** documents how the Venezuelan executive branch has used the judiciary to investigate “perceived and real opponents of the Government,” but

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<sup>22</sup> Amnesty International, “International Criminal Court Prosecutor Must Include New Mass Extrajudicial Executions in Preliminary Examination,” February 18, 2021.

<sup>23</sup> Human Rights Watch, *Venezuela: Security Force Abuses at Colombia Border*, April 26, 2021.

<sup>24</sup> For more information, see Foro Penal, <https://foropenal.com/presos-politicos/>. For analysis on how the Maduro government has relied on cycles of repression to maintain its grip on power, see Alfredo Romero, *The Repression Clock: A Strategy Behind Autocratic Regimes*, Woodrow Wilson Report on the Americas, #40, August 2020.

<sup>25</sup> U.N. Human Rights Council (HRC), *Report of the Independent International Fact-Finding Mission on the Bolivarian Republic of Venezuela*, A/HRC/48/69, September 16, 2021, [https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/FFMV/A.HRC.48.69\\_EN.pdf](https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/FFMV/A.HRC.48.69_EN.pdf) (hereinafter U.N. HRC, A/HRC/48/69, September 2021).

<sup>26</sup> Jaclyn Diaz, “6 U.S. Citgo Executives Convicted and Sentenced in Venezuela,” *NPR*, November 27, 2020.

<sup>27</sup> The White House, “Statement from President Joe Biden on the Return of Americans Wrongfully Detained in Venezuela,” October 1, 2022.

<sup>28</sup> OHCHR, *Report of the United Nations High Commissioner for Human Rights on the Situation of Human Rights in Bolivarian Republic of Venezuela*, Annual Report no. A/HRC/41/18, July 5, 2019.

<sup>29</sup> U.N. HRC, *Report of the Independent International Fact-Finding Mission on the Bolivarian Republic of Venezuela*, A/HRC/45/33, September 25, 2020.

- also demonstrates the lack of progress made in investigating and prosecuting the perpetrators of serious human rights abuses documented in the 2020 report.<sup>30</sup>
- **September 2022:** describes how the intelligence services received orders from Maduro and other top officials to surveil, detain, torture, and otherwise abuse those suspected of “dissent” as part of government efforts to stay in power.<sup>31</sup>
  - **September 2022:** details human rights abuses committed by state forces and illegally armed groups engaged in illicit mining against indigenous peoples and other vulnerable groups in the Orinoco region and other areas in Bolívar state.<sup>32</sup>

In October 2022, the HRC voted to extend the mission’s mandate through 2023 (as some Members of Congress sought in House-reported H.R. 8813). Although Venezuela won a three-year seat on the Human Rights Council in 2019, which is to conclude in January 2023, the Maduro government was not selected to continue on the HRC.

## **Inter-American Commission for Human Rights (IACHR)**

The IACHR has issued annual reports documenting the situation of human rights in Venezuela.<sup>33</sup> In October 2019, the IACHR created a Special Follow-Up Mechanism for Venezuela (MESEVE) to work with the U.N. to respond to human rights violations within Venezuela and in countries hosting Venezuelans. The MESEVE receives and responds to requests for “precautionary measures” from those under serious threat and supports litigation regarding Venezuela before the Inter-American Court of Human Rights.<sup>34</sup> The IACHR’s Special Rapporteur for Freedom of Expression has condemned public slander of journalists, the closure of four independent radio outlets, and the issuing of search and arrest warrants without causes against particular journalists and their families.<sup>35</sup>

## **International Criminal Court**

In September 2018, Argentina, Canada, Chile, Colombia, Paraguay, and Peru submitted a joint claim asking the International Criminal Court (ICC) to investigate serious human rights abuses committed by the Maduro government. Successive ICC prosecutors opened a preliminary investigation in February 2018 and a full investigation in November 2021, although the Maduro administration has sought to delay the investigation.

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<sup>30</sup> U.N. HRC, A/HRC/48/69, September 2021.

<sup>31</sup> U.N. HRC, *Report of the Independent International Fact-Finding Mission on the Bolivarian Republic of Venezuela*, A/HRC/51/43, September 2022 (hereinafter U.N. HRC, A/HRC/51/43, September 2022).

<sup>32</sup> Ibid. Abuses include “kidnapping; torture and cruel, inhuman, and degrading treatment; and sexual and gender-based violence, notably against residents and workers of the mining areas in Bolívar state.”

<sup>33</sup> Inter-American Commission for Human Rights (IACHR), “Special Report: Venezuela,” in *Annual Report 2021*, <https://www.oas.org/en/iachr/docs/annual/2021/Chapters/IA2021cap4B.Venezuela-en.pdf>.

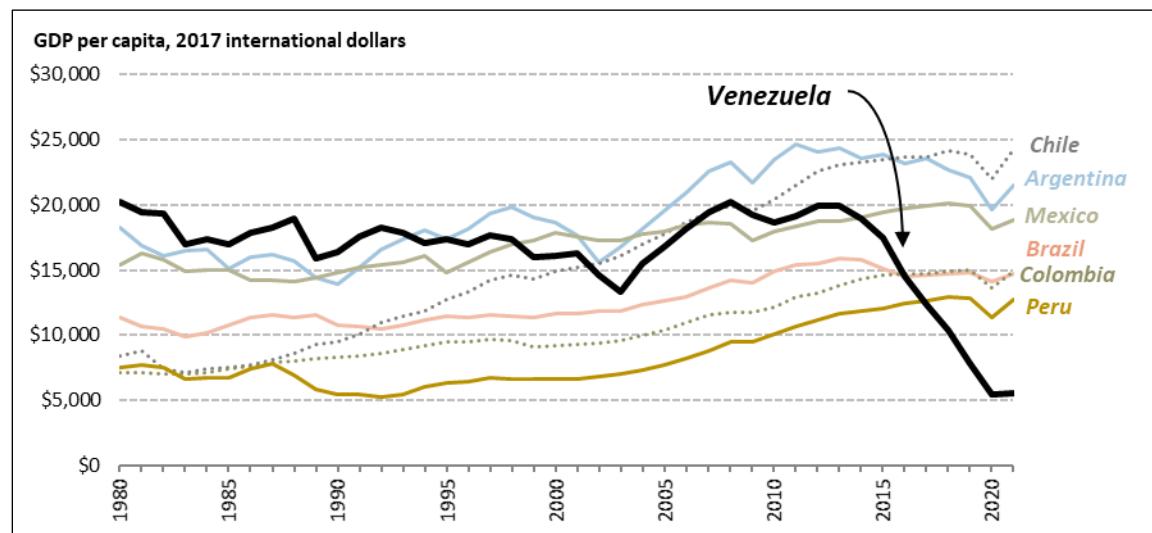
<sup>34</sup> Organization of American States (OAS), IACHR, “Precautionary Measures,” at <http://www.oas.org/en/iachr/decisions/precautionary.asp>.

<sup>35</sup> OAS, IACHR, “The Office of the Special Rapporteur Expresses its Concern Regarding Stigmatizing Statements, Media Closures and Prosecution of Journalists in Venezuela,” Press Release 19/22, January 28, 2022.

## Economy: Prolonged Crisis and Nascent Recovery?<sup>36</sup>

Venezuela has the world's largest proven reserves of oil in the world, and for decades, was one of South America's most prosperous countries (see **Figure 2**). However, decades regarded as economic mismanagement under the Chávez and Maduro governments, fluctuations in global oil prices, U.S. sanctions targeting the Venezuelan government and oil sector, and economic disruptions from the pandemic have contributed to a nearly decade-long economic crisis in the country. The Maduro government has recently adopted some market-orientated reforms that may be stabilizing the economy; sanctions relief in the oil sector may also provide an economic boost.

**Figure 2. Venezuela GDP per Capita**



**Source:** IMF, *World Economic Outlook Database*, October 2022.

**Notes:** An international dollar would buy in the cited country an amount of goods and services comparable to what a U.S. dollar would buy in the United States. This term is used in conjunction with Purchasing Power Parity (PPP) data.

The immediate trigger for Venezuela's economic crisis was the crash in world oil prices in 2014. Oil traditionally has accounted for more than 90% of Venezuelan exports and funded the government. When world oil prices fell by nearly 50% in 2014, the main industry in Venezuela, and the main source of government revenue, was hit hard. However, the collapse in oil prices also exposed the damage to Venezuela's economy from years of economic mismanagement. Under Chávez, the government engaged in widespread expropriations and nationalizations, implemented price and currency controls, and borrowed heavily. Corruption also proliferated. These policies introduced market distortions, deterred foreign investment, and did not diversify the economy. Venezuela's economy was buoyed in the 2000s by high oil prices, but government mismanagement made the economy vulnerable to the 2014 oil price shock.

The Maduro government was initially slow to address the economic crisis or acknowledge the government's role in creating it. Instead, it largely blamed the country's struggles on a foreign "economic war," a reference to U.S. sanctions.<sup>37</sup> Piecemeal efforts to address the crisis, including price controls and the creation of a new digital currency, were ineffective. The government

<sup>36</sup> This section was authored by Rebecca M. Nelson, Specialist in International Trade and Finance.

<sup>37</sup> Rachelle Krygier, "After Years of Crisis, Venezuela's Maduro Might Finally Be Ready to Accept Some Help," *Washington Post*, December 12, 2018.

pledged to restructure debt and balance the budget, but never did so. The economy contracted, hyperinflation reduced the value of household savings, and imports of critical items, including food and medicine, fell.

Meanwhile, continued mismanagement of the oil sector and U.S. sanctions targeting Venezuela's oil sector contributed to a fall in oil production, such that even as global oil prices rebounded, Venezuela's economy did not recover. Subsequent rounds of U.S. sanctions targeting the government, central bank, and gold sectors, as well as limiting Venezuela's access to the U.S. financial system, exacerbated economic pressures in Venezuela. With private creditors unwilling and unable (due to sanctions) to purchase new Venezuelan debt, the Maduro government routinely turned to its main international financial backers—China, Iran, and Russia.

The outbreak of the COVID-19 pandemic further exacerbated economic challenges. The government and economy were ill prepared to address the pandemic's health or economic effects. Social distancing mandates disrupted economic activities, even as they were difficult for Venezuelans to obey; the majority of people must work in crowded, informal sector jobs. Remittances, a major lifeline to the struggling economy, fell by an estimated 50% in the first part of 2020.<sup>38</sup> The government re-imposed price controls on many basic food items; increased gas prices for the first time in two decades; and lifted long-standing bans on gold, diamond, and mining bans in rivers in the Amazon (where mining was already occurring illegally).

## Recent Developments and Outlook

After years of crisis, Venezuela's economy has seen some positive developments. Since 2020, the government, including a new generation of officials, has advanced some market-oriented reforms.<sup>39</sup> Reforms include, for example, dismantling currency controls, allowing more dollar transactions, reviving local stock markets, and partial divestment of state-owned enterprises.<sup>40</sup> The reforms are having some positive impacts. Poverty has fallen to an estimated 50.5% in 2022, down from 65.2% in 2021, according to a university survey.<sup>41</sup> The IMF estimates that Venezuela's economy grew by 6% in 2022, and forecasts growth of 6.5% in 2023.<sup>42</sup>

The government has also narrowed budget deficits, from a peak of 30% of GDP in 2018 to 4.5% of GDP in 2021 (**Figure 3**).<sup>43</sup> Fiscal reforms focused on cuts to public works spending and subsidies; an uptick in oil prices has also increased government revenues.<sup>44</sup> There are some signs that inflation has improved, although on-the-ground estimates vary widely.<sup>45</sup> The sanctions relief

<sup>38</sup> Moises Rendon, "Covid-19 in Venezuela: How the Pandemic Deepened a Humanitarian Crisis," Center for Strategic & International Studies, September 23, 2020.

<sup>39</sup> Gideon Long, "Venezuela Takes Tentative Steps Towards Market Reform," *Financial Times*, January 11, 2021; Gideon Long, "Venezuela Seeks to Breathe Life into Moribund Bourse," *Financial Times*, February 5, 2021; Anatoly Kurmanov, "Venezuela's Leader Trades Old Guard for Slick Technocrats to Keep Power," *New York Times*, March 2, 2022; "Venezuelan Government Offers Shares in State-Owned Firms," *Economist*, June 1, 2022.

<sup>40</sup> Gideon Long, "Venezuela Takes Tentative Steps Towards Market Reform," *Financial Times*, January 11, 2021; Gideon Long, "Venezuela Seeks to Breathe Life into Moribund Bourse," *Financial Times*, February 5, 2021; "Venezuelan Government Offers Shares in State-Owned Firms," *Economist*, June 1, 2022; Alex Vasquez and Nicolle Yapur, "Venezuela Moves Closer to Dollarization with New Bank Rules," *Bloomberg*, January 21, 2021.

<sup>41</sup> Vivian Sequera, "Venezuela Poverty Rate Falls to 50.5% in 2022-Study," Reuters, November 10, 2022.

<sup>42</sup> IMF, World Economic Outlook, October 2022.

<sup>43</sup> IMF, World Economic Outlook, October 2022.

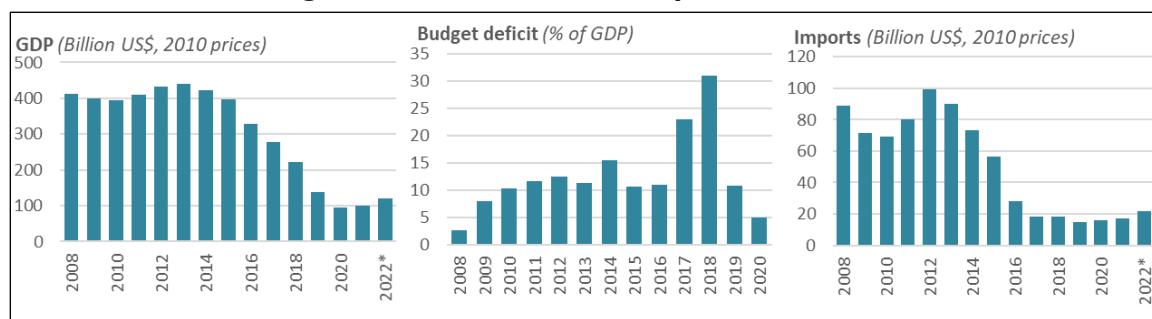
<sup>44</sup> Economist Intelligence Unit, *Country Report: Venezuela*, Accessed November 15, 2022.

<sup>45</sup> Reuters, "Venezuela's Monthly Inflation Slows to 6.2% in October," November 4, 2022; Fabiola Zerpa, Ezra Fieser, and Andreina Itriago Acosta, "Inflation Soars over 300% in Venezuela in Blow to Maduro Rebound," *Bloomberg*, November 1, 2022.

under discussion, which could revive Venezuela's oil industry and reopen U.S. and European markets to Venezuelan oil exports, could also help boost the economy.<sup>46</sup>

The extent to which the economy has stabilized should not be overstated, however. Economic outputs and imports remain well below pre-crisis (2010-2014) levels (**Figure 3**). Half the country lives in poverty and economic liberalization reforms have been piecemeal. In Caracas, blackouts remain common and running water is scarce.<sup>47</sup> Investors holding defaulted Venezuelan bonds are engaged in a years-long legal battle to seize a controlling stake of Citgo, as are dozens of other creditors of Venezuela's government.<sup>48</sup> The Maduro government has shown no interest in working with the IMF on a financial assistance package; indeed, successive Venezuelan governments have not cooperated with the IMF on a regular assessment of its economy, as is required for all IMF members, since 2004.

**Figure 3. Venezuela's Economy: Recent Trends**



**Source:** Economist Intelligence Unit (EIU), *Country Report: Venezuela*, accessed November 15, 2022.

**Notes:** \*2022 data is an estimate.

## Humanitarian Situation and Response<sup>49</sup>

Beginning in 2017, the humanitarian situation in Venezuela began to deteriorate and has since become a protracted humanitarian crisis in the country as well as in the region.

### Situation Inside Venezuela

Well before the COVID-19 pandemic, Venezuelans were facing a lack of food, medicine and health care, and access to social services. Political persecution, hyperinflation, loss of income, and poverty also contributed to a dire situation.

In 2022, an estimated 7.7 million Venezuelans required humanitarian assistance, with pregnant and nursing women, those with chronic illnesses, indigenous people, migrants, children under

<sup>46</sup> Patricia Garip, Vivian Salama, and Kejal Vyas, "U.S. Looks to Ease Venezuela Sanctions, Enabling Chevron to Pump Oil," *Wall Street Journal*, October 5, 2022.

<sup>47</sup> "Venezuela Opposition Leader Juan Guaidó Vows to Fight On," *Wall Street Journal*, November 10, 2022.

<sup>48</sup> Andrew Scurria, "Venezuela Bondholders' Claim on Citgo to be Decided by New York's Top Court," *Wall Street Journal*, October 13, 2022.

<sup>49</sup> This section was authored by Rhoda Margesson, Specialist in International Humanitarian Policy. For background, see CRS In Focus IF11029, *The Venezuela Regional Humanitarian Crisis and COVID-19*, by Rhoda Margesson and Clare Ribando Seelke.

five, and people with disabilities particularly in need.<sup>50</sup> Food insecurity remains a significant issue, mainly due to the price of food rather than its lack of availability.<sup>51</sup> Many households do not have reliable access to potable water and interruptions in electrical service and gas supplies are common. With a collapsed health system, overall health indicators, particularly infant and maternal mortality rates, have worsened. Previously eradicated diseases such as diphtheria and measles also have become a major concern, along with COVID-19. Fuel shortages, exacerbated by the end of U.S.-licensed oil for diesel swaps in the fall of 2020, reportedly have made food distribution and humanitarian aid delivery more challenging.<sup>52</sup> After delays in negotiations to reach consensus with President Maduro's government, the United Nations launched the 2022 Humanitarian Response Plan for Venezuela on August 15 requesting \$795 million in funding for the humanitarian response.<sup>53</sup>

## Population Displacement in the Region

As of October 12, 2022, U.N. agencies estimated that more than 7.1 million Venezuelans have fled the country. Approximately 5.9 million (about 83%) of the refugees and migrants are living in 17 host countries in Latin America and the Caribbean (LAC), of which nearly 2.5 million Venezuelans are in Colombia (see **Figure 4**).<sup>54</sup> Brazil, Chile, Ecuador, and Peru have also received larger numbers of Venezuelans. While the U.N. High Commissioner for Refugees (UNHCR) does not consider most displaced Venezuelans to be refugees, it asserts that a significant number need humanitarian assistance, international protection, and opportunities to regularize their status.<sup>55</sup> The displacement crisis has affected the entire region, as neighboring countries strain to absorb arrivals often malnourished and in poor health. Responses to the Venezuelan arrivals have varied by country and continue to evolve with events on the ground. Millions of Venezuelans lack identification documents, making them vulnerable to exploitation.<sup>56</sup> Although countries in the region have granted residence permits or other options to just over 2.4 million Venezuelans,<sup>57</sup> the International Organization for Migration (IOM) asserts that 4.3 million Venezuelan arrivals struggle to access food, shelter, and employment.<sup>58</sup>

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<sup>50</sup> U.S. Agency for International Development (USAID), "Venezuela Regional Crisis," Fact Sheet #4, September 26, 2022.

<sup>51</sup> World Food Program (WFP), "Venezuela Food Security Assessment: Main Findings," February 23, 2020; and WFP, "Venezuela Country Brief," August 2022.

<sup>52</sup> Antonio Maria Delgado and Camille Rodríguez Montilla, "'The Country's Whole Food Supply Is at Risk': Diesel Shortages Hit Venezuela's Truckers," *Miami Herald*, March 11, 2021; U.N. Regional Refugee and Migrant Response Plan: January-December 2022, December 2021.

<sup>53</sup> U.N. Office for the Coordination of Humanitarian Affairs, Humanitarian Response Plan: Venezuela: 2022-2023, August 15, 2022. See also USAID, "Venezuela Regional Crisis," Fact Sheet #4, September 26, 2022.

<sup>54</sup> U.N. Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela, "Response for Venezuelans (RV4) Data Portal," November 22, 2022.

<sup>55</sup> UNHCR, "Guidance Note on the Outflow of Venezuelans," March 2018; and UNHCR and International Organization for Migration (IOM), *Regional Refugee and Migrant Response Plan for Refugees and Migrants from Venezuela: RMRP 2022*, December 2021.

<sup>56</sup> The Venezuelan government has made it difficult for Venezuelans to obtain a valid passport, which makes it difficult to establish legal status outside the country.

<sup>57</sup> U.N. Inter-Agency Coordination Platform for Refugees and Migrants from Venezuela, RV4 Data, August 5, 2022 (latest available).

<sup>58</sup> IOM, "Three-Quarters of Refugees and Migrants from Venezuela Struggle to Access Basic Services in Latin America and the Caribbean," October 12, 2022.

Since 2017, Venezuela's exodus has become an unprecedented displacement crisis for the Western Hemisphere, which has in place some of the highest protection standards in the world for displaced and vulnerable persons. Countries in the region have been under pressure to examine their respective migration and asylum policies and to address, as a region, the legal status of Venezuelans who have fled their country. In a move welcomed in the region and by the international community, the Colombian government announced an initiative in February 2021 to provide 10-year temporary protection status to Venezuelan migrants in Colombia.<sup>59</sup> More recently, as part of its new migrant regularization process, on September 1, 2022, the Government of Ecuador opened online registration to an estimated 120,000 Venezuelans, which is to provide a 180-day residency permit, possible two-year temporary residency visa, and protection from deportation.<sup>60</sup>

Separately, Quito Member States<sup>61</sup>—a coordination mechanism among 14 LAC countries established in 2018 to respond to the Venezuelan displacement crisis in the region—signed an eighth Quito Process Joint Declaration in July 2022 that reaffirmed their commitment to migrants and refugees.<sup>62</sup>

With separate global compacts on refugees and migration adopted in 2018, experts continue to urge timely and reliable funding from the international community to support efforts by host governments to assist Venezuelan refugees and migrants and their host communities.<sup>63</sup> The United Nations' 2022 Regional Refugee and Migrant Response Plan seeks \$1.72 billion in humanitarian funding to support the international response across the region.<sup>64</sup>

## International Actors in Venezuela's Crisis

Since Maduro's fraudulent reelection in 2018, numerous international actors have been involved in Venezuela's prolonged crisis—with the United States and many other countries initially focused on isolating Maduro, supporting Guaidó, and promoting political dialogue. More

**Figure 4. Venezuelan Migrants and Asylum Seekers: Flows to the Region and Beyond**



Source: U.N. High Commissioner for Refugees.

<sup>60</sup> USAID, "Venezuela Regional Crisis," fact sheet #4, September 26, 2022.

<sup>59</sup> Venezuelans living in Colombia without regular status affects their ability to access essential services, protection, and assistance. UNHCR-IOM Joint Press Release, "UNHCR and IOM Welcome Colombia's Decision to Regularize Venezuelan Refugees and Migrants," February 8, 2021.

<sup>60</sup> USAID, "Venezuela Regional Crisis," fact sheet #4, September 26, 2022.

<sup>61</sup> The 14 Member States include Argentina, Brazil, Colombia, Chile, Costa Rica, Ecuador, Guyana, Mexico, Panama, Paraguay, Peru, Dominican Republic, and Uruguay.

<sup>62</sup> USAID, "Venezuela Regional Crisis," fact sheet #4, September 26, 2022.

<sup>63</sup> Following U.N.-led international meetings to promote humanitarian action and policy development globally, in 2018, U.N. member states adopted two global compacts—a Global Compact on Safe, Orderly and Regular Migration (GCM) and a Global Compact on Refugees (GCR). The compacts are separate documents and are a result of distinct processes, but both are designed to be coherent and complementary.

<sup>64</sup> U.N. Regional Refugee and Migrant Response Plan: 2023-2024, December 2022.

recently, approaches to engage more directly with the Maduro government have gained traction. Other global factors (such as Russia's invasion of Ukraine and global great power competition) have likely affected international approaches to Venezuela.

In 2019, the United States, Canada, most of the member states of the EU, Australia, Japan, Israel, South Korea, and 16 Western Hemisphere countries recognized Juan Guaidó as interim president. Led by the United States, some governments tried to put pressure on Maduro to step down and allow a transition government to convene elections. Canada, Switzerland, and the EU condemned authoritarian actions by the Maduro government and imposed targeted sanctions against Maduro officials. The Organization of American States (OAS) passed resolutions condemning the Maduro government's antidemocratic actions and 11 OAS member states parties to the Inter-American Treaty of Reciprocal Assistance imposed targeted sanctions on Maduro officials. In 2019, the OAS welcomed Guaidó's representative to participate in the Permanent Council until new elections occur in Venezuela after the Maduro government quit the OAS.<sup>65</sup> Peru and Colombia formed the "Lima Group" of Western Hemisphere countries that invited the Guaidó government into its efforts to resolve the crisis in 2019.

As a U.S.-led coalition confronted Maduro following his reelection in 2018, Russia, China, Cuba, Turkey, Iran, and others supported Maduro, his government, and its claim to power. Russia and China blocked U.S.-led efforts at the U.N. Security Council to recognize the Guaidó government. Russia became, and has remained, the Maduro government's primary political and military backer even though Venezuela's economic collapse has made the country unable to purchase the type of weaponry bought under President Chávez.<sup>66</sup> In return, Venezuela has supported Russia's invasion of Ukraine even as sanctions on Russian banks have prevented the Maduro government's ability to access currency in Russian accounts.<sup>67</sup>

Under Maduro, Russia has helped refurbish and service the equipment it sold and provided technical assistance and training. In December 2018, Russia deployed two nuclear capable bombers to Venezuela (the third such deployment since 2008). In March 2019, Russia deployed military personnel to Venezuela, which it argued was for maintenance of Russian-made military equipment.<sup>68</sup> In April 2019, the Russian government announced that it had built a training center for Venezuelan pilots of Russian-made military helicopters.<sup>69</sup> In 2019, Maduro also reportedly relied on Russian-linked contractors to bolster his personal security.<sup>70</sup> After reports emerged of Russian advisors embedded with Venezuelan military units operating near Colombia, Russian officials dismissed Colombian assertions of "foreign interference" in support of Venezuela.<sup>71</sup>

Russia has both economic and geostrategic interests in Venezuela, but analysts point out that Russia, like China, has not provided new financing to back the Maduro government in several

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<sup>65</sup> OAS, "Permanent Council Accepts Appointment of Designated Permanent Representative of Venezuela's National Assembly to the OAS," April 9, 2019.

<sup>66</sup> According to a 2019 Defense Intelligence Agency (DIA) report, Russian defense sales to Venezuela totaled roughly \$11 billion from 2001-2013. DIA, *Russia: Defense Cooperation with Cuba, Nicaragua, and Venezuela*, February 4, 2019, report to Congress required by P.L. 115-232.

<sup>67</sup> "Sanctions Against Russia to Also Hurt Its Latin American Allies," *Miami Herald*, March 1, 2022.

<sup>68</sup> Tom Balmforth and Maxim Rodionov, "Russia Says It Sent 'Specialists' to Venezuela, Rebuffs Trump," *Reuters*, March 28, 2019.

<sup>69</sup> "Russia Says It Has Opened Helicopter Training Centre in Venezuela," *Reuters*, April 2, 2019.

<sup>70</sup> Andrew Roth, "Russian Mercenaries Reportedly in Venezuela to Protect Maduro," *Guardian*, January 25, 2019.

<sup>71</sup> Tony Frangie Mawad, "Venezuela Is Just One More Card in Russia's Geopolitical Game," *Caracas Chronicles*, March 4, 2022; and "Russia Rejects Colombian 'Foreign Interference' Claims," *AFP*, April 2, 2022.

years.<sup>72</sup> Russia's Rosneft oil company invested some \$9 billion to support Venezuela's struggling oil industry and initially helped Venezuela evade U.S. oil sanctions imposed in 2019 by transporting the majority of Venezuela's oil deliveries.<sup>73</sup> In response, the Treasury Department sanctioned two subsidiaries of Russia's Rosneft oil company in 2020 and Rosneft sold its assets in country.<sup>74</sup> While Russia's role in Venezuela's energy sector has somewhat diminished, Russia has continued to use Venezuela as a platform from which to spread propaganda, disinformation, and Russian-related media.<sup>75</sup>

China, Cuba, Turkey and Iran also support the Maduro government. Some observers maintain that China's interest in Venezuela is primarily economic. Others argue that the Chinese have exported technology to help the Maduro government surveil its citizens, block its critics on social media and elsewhere, and deny food and services to those who do not vote in its favor.<sup>76</sup> Since 2000, Cuba has provided military and intelligence support to the Chávez and later Maduro governments in exchange for subsidized oil.<sup>77</sup> Over time, Cuban intelligence reportedly has helped its Venezuelan counterparts become particularly adept at detecting dissidents within the military.<sup>78</sup> In addition, Turkey has purchased large quantities of Venezuelan gold, despite U.S. sanctions.<sup>79</sup> Since May 2020, Iran has shipped gasoline to Venezuela in exchange for gold, and the countries signed a 20-year economic cooperation agreement in July 2022.

A third group of countries—including Mexico, Norway, Uruguay, and some Caribbean nations—have sought to remain neutral in the Venezuela crisis, and may now have key roles to play in potential Maduro-opposition negotiations. Since February 2019, the EU-backed International Contact Group has sought to “establish necessary guarantees for a credible electoral process, within the earliest time frame possible” and to hasten the delivery of humanitarian aid into Venezuela.<sup>80</sup> Norwegian representatives facilitated past dialogue efforts, including talks between Maduro and opposition leaders in August and September 2021.

Beginning with the EU in January 2021, many of the countries that recognized Guaidó as Venezuela's interim president still support the Venezuelan opposition, but do not regard Juan

<sup>72</sup> Kristen Martinez-Gugerli, “Taking Stock of Chinese and Russian Relations with Venezuela,” Washington Office on Latin America, August 10, 2020.

<sup>73</sup> Vladimir Rovinsky, *Russia's Continuing Engagement with Venezuela in 2019 and Beyond-An Update*, Woodrow Wilson Center, February 18, 2020; Christian Lowe and Rinat Sagdiev, “How Russia Sank Billions of Dollars into Venezuelan Quicksand,” Reuters, March 14, 2019.

<sup>74</sup> U.S. Department of the Treasury, “Treasury Targets Russian Oil Brokerage Firm for Supporting Illegitimate Maduro Regime,” February 18, 2020. Russia's Gazprom and Lukoil also are no longer invested in Venezuela.

<sup>75</sup> U.S. Department of State, Global Engagement Center, *Pillars of Russia's Disinformation and Propaganda Ecosystem*, August 2020.

<sup>76</sup> Stephen Kaplan and Michael Penfold, “China-Venezuela Economic Relations: Hedging Venezuelan Bets with Chinese Characteristics,” Woodrow Wilson Center, February 20, 2019; Angus Berwick, “How ZTE Helps Venezuela Create China-Style Social Control,” Reuters, November 14, 2018; and U.S. Congress, *The New Big Brother: China and Digital Authoritarianism*, democratic staff report for the Committee on Foreign Relations, U.S. Senate, July 21, 2020.

<sup>77</sup> Brian Fonseca, John Polga-Hecimovich, and Richard E. Feinberg, *Venezuela and Cuba: The Ties That Bind*, Woodrow Wilson Center, January 2020.

<sup>78</sup> Angus Berwick, “Special Report: How Cuba Taught Venezuela to Quash Military Dissent,” Reuters, August 22, 2019.

<sup>79</sup> Mayela Armas and Corina Pons, “Exclusive: Venezuela Removed Six Tonnes of Central Bank Gold at Turn of Year—Sources,” Reuters, March 12, 2020.

<sup>80</sup> Those “necessary guarantees” include naming a new electoral council, releasing political prisoners, and ending bans on political parties and candidates. Members of the International Contact Group now include Argentina, Chile, Costa Rica, the Dominican Republic, Ecuador, France, Germany, Italy, the Netherlands, Panama, Portugal, Spain, Sweden, the United Kingdom, and Uruguay.

Guaidó as Venezuela's interim president.<sup>81</sup> Leftist leaders have taken office in many Latin America countries, most recently in Brazil. Governments have begun restoring relations with Maduro, who has rejoined the Andean Community. Colombia, long a staunch Guaidó supporter, has restored diplomatic relations with the Maduro government under leftist President Gustavo Petro, who took office in August 2022; the two leaders met in November and Venezuela is hosting peace talks between Colombia and the National Liberation Army (ELN).<sup>82</sup> The Lima Group is defunct, and the OAS narrowly approved an October 2022 resolution for Guaidó's representative to continue participating in the organization.<sup>83</sup> These shifts may portend the possibility for global powers once divided on Venezuela to back recently restarted Venezuela-led negotiations as the UK, EU, and Canada did in a joint statement issued on November 26, 2022.<sup>84</sup> U.S. support for such negotiations remains controversial, particularly among some Members of Congress.<sup>85</sup>

## U.S. Policy

Since the mid-2000s, successive Administrations have expressed concern about the deterioration of human rights and democratic conditions in Venezuela, once a top U.S. oil supplier, and the lack of bilateral cooperation on counternarcotics and counterterrorism efforts. As the Maduro government became increasingly authoritarian, the Obama and Trump Administrations' used targeted sanctions on specific officials. U.S. policy toward Venezuela toughened after the U.S. government ceased to recognize Maduro as Venezuela's legitimate president in January 2019. After recognizing the Guaidó government in January 2019, President Trump and other officials suggested that U.S. military intervention in Venezuela was a possibility.<sup>86</sup> After U.S. allies and Members of Congress expressed opposition to that prospect, such statements became less frequent and the Trump Administration used other means to try to pressure Maduro to leave office.<sup>87</sup>

Under President Trump, U.S. policy towards Venezuela emphasized diplomatic efforts to bolster support for Guaidó and isolate Maduro; targeted sanctions and visa revocations on Maduro government officials and their families, broader sanctions on the economy and government; assistance for the Venezuelan people; and actions to cut off the Maduro government's illicit revenue sources.<sup>88</sup> In March 2020, the Administration issued a "democratic transition framework" backed by Guaidó. The framework would have lifted certain sanctions in exchange for Maduro releasing political prisoners and allowing the creation of a Council of State to carry out presidential duties until elections could be held. U.S. insistence that Maduro leave office prior to

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<sup>81</sup> An EU statement from January 25, 2021, asserts that Juan Guaidó and other opposition legislators are "important actors and privileged interlocutors" but does not recognize Guaidó as Venezuela's legitimate leader. Council of the European Union, "Council Conclusions on Venezuela," January 25, 2021.

<sup>82</sup> Joe Parkin Daniels, "Latin America Moves to Bring Venezuela's Maduro in from the Cold," *Financial Times*, November 6, 2022; "Colombia, ELN Rebels Set to Begin Peace Talks Next Week," Reuters, November 17, 2022.

<sup>83</sup> Manuel Rueda, "Support for Venezuela's Opposition Is Dwindling at OAS," Associated Press, October 6, 2022.

<sup>84</sup> U.S. Department of State, Office of the Spokesperson, "Media Note: Joint Statement on Venezuela Negotiations," November 26, 2022.

<sup>85</sup> Nahal Toosi, "Lawmakers Cry Foul as Biden Mulls Lifting Some Sanctions," *Político*, October 20, 2022.

<sup>86</sup> The White House, "Remarks by President Trump to the Venezuelan American Community," February 18, 2019

<sup>87</sup> Then-Secretary of State Michael Pompeo denied any U.S. involvement in the botched raid against Maduro in May 2020. See Karen De Young, Anthony Faiola, and Alex Horton, "U.S. Denies Involvement in Alleged Venezuela Invasion Attempt as Details Remain Murky," *Washington Post*, May 6, 2020.

<sup>88</sup> Testimony of Elliott A. Abrams, Special Representative for Venezuela, U.S. Department of State, in U.S. Congress, Senate Committee on Foreign Relations, August 4, 2020.

the convening of new elections and reticence to back negotiations reportedly strained U.S. and EU policy unity on Venezuela.<sup>89</sup>

The Biden Administration initially maintained a similar policy toward Venezuela, although U.S. talks with Maduro in March and June 2022, and the October prisoner releases to some extent signaled a policy shift. Biden officials considered, and then offered U.S. licensing changes, and potentially future sanctions relief in the energy sector to incentivize Maduro to negotiate a path toward free and fair elections in 2024.<sup>90</sup> The United States continues to recognize Juan Guaidó as Venezuela's legitimate leader; but some press reports indicate the United States may follow the opposition's lead and abandon that recognition in January 2023 but still not recognize the Maduro government. Assistant Secretary of State for Western Hemisphere Affairs Brian Nichols testified in September 2022, however, that U.S. patience with Maduro "is not limitless" and that the Administration could impose new sanctions if negotiations do not advance.<sup>91</sup> In July 2022, the Administration announced an 18-month extension of the Temporary Protected Status designation for Venezuelans first announced in March 2021. U.S. officials announced new policies in October 2022 that aimed to address a significant rise in apprehensions of Venezuelans at the Southwest border. (See "Migration Issues" below.)

The 116<sup>th</sup> Congress supported the Trump Administration's efforts to promote a restoration of democracy in Venezuela using sanctions without the use of military force and to provide humanitarian assistance to Venezuelans. Some Members expressed concerns about the humanitarian impact of broad U.S. economic sanctions. Congress enacted legislation to guide U.S. policy on Venezuela, including P.L. 116-94, which incorporated the Senate Foreign Relations Committee-reported version of the VERDAD Act (S. 1025), a comprehensive bill to address the crisis in Venezuela.

Many in the 117<sup>th</sup> Congress have closely followed the Biden Administration's gradually evolving approach to Venezuela. In March 2022, Congress enacted the Consolidated Appropriations Act, 2022 (P.L. 117-103), which includes \$40 million for democracy programs in Venezuela (\$7 million more than the FY2021 allocation). Congress is considering the Administration's FY2023 request of \$55 million for Venezuela. The House Appropriations Committee-reported FY2023 State Department, Foreign Operations, and Related Programs appropriations (SFOPS) bill (H.R. 8282) would provide \$50 million in funds for Venezuela, including democracy funding. The FY2023 SFOPS bill introduced in the Senate, S. 4662, would provide \$40 million.

Congressional oversight has focused on the Administration's approach to sanctions and negotiations. While some in Congress support continued pressure on the Maduro government, others assert that broad sanctions have hurt the Venezuelan people. Whereas some Members of Congress expressed support for recent U.S. talks with Maduro that reportedly broached energy-related topics, others opposed those talks and introduced legislation that would prohibit U.S. imports of Venezuelan oil (H.R. 6942, H.R. 7012, H.R. 7023, H.R. 7207, S. 3798). Among other bills, S. 688 (reported by the Senate Homeland Security and Governmental Affairs Committee in July 2021) would prohibit contracting with persons who do business with the Maduro regime. H.R. 8813, reported by the House Foreign Affairs Committee in September 2022, would direct the Administration to support extending the mandate of the Independent International Fact-Finding Mission on Venezuela beyond the expiration its mandate in September 2022. H.R. 6539

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<sup>89</sup> Elliott Abrams, "The EU Tries and Fails Again on Venezuela," *Foreign Policy*, February 3, 2021.

<sup>90</sup> "Chevron Gets New U.S. License to Pump Oil in Venezuela Again," *Dow Jones Institutional News*, November 27, 2022.

<sup>91</sup> U.S. Congress, Senate Foreign Relations Committee, *Assessing U.S. Policy Toward Venezuela*, 117<sup>th</sup> Cong., 2<sup>nd</sup> sess., September 15, 2022 (Washington, DC: GPO, 2022).

and S. 1417 would establish a fund to help repatriate frozen Venezuelan assets in the United States to the Venezuelan people.

## U.S. Sanctions on Venezuela<sup>92</sup>

For over 15 years, the United States has imposed sanctions in response to activities of the Venezuelan government and Venezuelan individuals.<sup>93</sup> The earliest sanctions related to Venezuela's lack of cooperation on antidrug and counterterrorism efforts. The Obama Administration imposed targeted sanctions against individuals for human rights abuses, corruption, and antidemocratic actions. The Trump Administration expanded economic sanctions in response to the increasing authoritarianism of President Maduro. Since 2019, the broad aim of the sanctions has been to add economic pressure to diplomatic efforts underway to compel Maduro to allow for the convening of free and fair elections by cutting off his government's access to key revenue sources. Three years later, Maduro, buoyed by illicit revenue, has quashed dissent and consolidated power.<sup>94</sup>

- **Visa Revocations and Sanctions on Individuals.** From January 2019 through August 2020, the State Department revoked more than 1,000 visas, including those of current and former Venezuelan officials and their families.<sup>95</sup> The Treasury Department has imposed financial sanctions on more than 160 Venezuela-linked individuals for terrorism (E.O. 13224); drug trafficking (Foreign Narcotics Kingpin Designation Act, P.L. 106-120, Title VIII; 21 U.S.C. §§1901 et seq.); and/or committing antidemocratic actions, human rights violations, or corruption (see E.O. 13692 in 2014 as codified in P.L. 113-278 and extended in P.L. 114-194 and, most recently, in P.L. 116-94).
- **Financial sanctions** restricting Maduro government and state oil company, PdVSA, access to U.S. financial markets, with certain exceptions to minimize the impact on the Venezuelan people and U.S. economic interests (E.O. 13808 in August 2017);<sup>96</sup> prohibiting transactions using cryptocurrency (E.O. 13827 in March 2018);<sup>97</sup> and barring purchases of Venezuelan debt or accounts receivable with the Maduro government, including PdVSA (E.O. 13835 in May 2018).<sup>98</sup>
- **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 in November 2018).<sup>99</sup>

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<sup>92</sup> For more information, see CRS In Focus IF10715, *Venezuela: Overview of U.S. Sanctions*, by Clare Ribando Seelke.

<sup>93</sup> See U.S. Department of the Treasury, "Venezuela-Related Sanctions," <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/venezuela-related-sanctions>.

<sup>94</sup> International Crisis Group (ICG), *Overcoming the Global Rift on Venezuela*, Latin America & Caribbean Report N°93, February 17, 2022.

<sup>95</sup> U.S. Congress, Senate Committee on Foreign Relations, *Venezuela*, 116<sup>th</sup> Cong., 2<sup>nd</sup> sess., August 4, 2020.

<sup>96</sup> Executive Order (E.O.) 13808, "Imposing Additional Sanctions with Respect to the Situation in Venezuela," 82 *Federal Register* 41155-41156, August 24, 2017.

<sup>97</sup> E.O. 13827, "Taking Additional Steps to Address the Situation in Venezuela," 83 *Federal Register* 12469-12470, March 19, 2018.

<sup>98</sup> E.O. 13835, "Prohibiting Certain Additional Transactions with Respect to Venezuela," 83 *Federal Register* 24001-24002, May 21, 2018.

<sup>99</sup> E.O. 13850, "Blocking Property of Additional Persons Contributing to the Situation in Venezuela," 83 *Federal Register* 55243-55245, November 1, 2018.

- **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 also authorized financial sanctions and visa restrictions on non-U.S. persons who assist or support the government. To allow continued humanitarian assistance, OFAC issued licenses authorizing transactions involving the delivery of food, agricultural commodities, and medicine; personal remittances; the work of international organizations; and communications services (E.O. 13884 in August 2019).<sup>100</sup>

In 2017-2020, the Trump Administration ratcheted up economic pressure on Venezuela and on Cuba, Russia, China, and Iran for supporting Venezuela through various sanctions frameworks.

## Impact of Sanctions

It is difficult to attribute precisely the extent of Venezuela's economic collapse that is due to U.S. sanctions versus broad economic mismanagement. A February 2021 Government Accountability Office (GAO) report asserted that "sanctions, particularly on the state oil company in 2019, likely contributed to the steeper decline of the Venezuelan economy."<sup>101</sup> The Maduro government has defaulted on all its bonds, and U.S. sanctions prohibit debt restructuring with creditors. The Trump Administration continued to impose sanctions during the pandemic and maintained that U.S. sanctions on Venezuela included broad exemptions and licenses to allow the provision of humanitarian assistance and the export of food, medicine, and medical devices.<sup>102</sup> Humanitarian organizations receiving U.S. funds told the GAO that sanctions had made financial transactions more challenging even for those with exemptions and licenses.<sup>103</sup>

In terms of the sanctions' political effects, the imposition of targeted sanctions on individuals in the Maduro government has not encouraged many of those not yet sanctioned to abandon Maduro or changed the behavior of the sanctioned individuals. Broader U.S. sanctions adopted since 2017 have yet to compel Maduro to leave office. They also have provided a scapegoat on which Maduro has blamed the country's economic problems.

Maduro has weathered U.S. sanctions, but remains deeply unpopular. Some economists assert that Maduro needs hard currency and may be motivated to negotiation in exchange for sanctions relief that could enable his government to restore infrastructure, provide basic services, and scale back austerity measures implemented to tame inflation.<sup>104</sup> The limited scope and duration of the license issued by the Treasury Department for Chevron in late November 2022 aims to keep the Maduro government negotiating in good faith in order to secure future sanctions relief.<sup>105</sup>

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<sup>100</sup> E.O. 13884, "Blocking Property of the Government of Venezuela," 84 *Federal Register* 38843, August 5, 2020.

<sup>101</sup> Government Accountability Office (GAO), *Venezuela: Additional Tracking Could Aid Treasury's Efforts to Mitigate Any Adverse Impacts U.S. Sanctions Might Have on Humanitarian Assistance*, GAO 21-239, February 2021 (hereinafter GAO 21-239).

<sup>102</sup> U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC), U.S. Department of the Treasury, "Fact Sheet: Provision of Humanitarian Assistance and Trade to Combat COVID-19," April 16, 2020; and U.S. Department of the Treasury, OFAC, "Guidance Related to the Provision of Humanitarian Assistance and Support to the Venezuelan People," August 6, 2017.

<sup>103</sup> GAO 21-239.

<sup>104</sup> Claudia Curiel Leídenz, *De las Sanciones a la Negociación: un Tema de Economía Política*, Institute for Integrated Transitions, June 21, 2022.

<sup>105</sup> "Chevron Gets New U.S. License to Pump Oil in Venezuela Again," *Dow Jones Institutional News*, November 27, 2022.

## Petroleum Sector Concerns and U.S. Economic Sanctions<sup>106</sup>

A founding member of the Organization of the Petroleum Exporting Countries (OPEC), Venezuela generally has been a major oil producer. However, as of October 2022, oil production in Venezuela stood at roughly 720,000 barrels per day—one of the lowest volumes among OPEC members.<sup>107</sup> Nevertheless, Venezuela's petroleum sector, which includes the world's largest proven oil reserves (more than 17% of global reserves), is a key element of the economy.<sup>108</sup> Oil's predominant role in Venezuela's economy, combined with the United States having been a preferred oil export destination, resulted in this sector being a target of U.S. economic sanctions.

### Venezuela's Oil Sector and the Role of U.S. Companies

Commercial oil production in Venezuela began in 1914 and accelerated in the 1920s, following oil discoveries in Venezuela's Maracaibo Basin.<sup>109</sup> Several U.S. companies established concession agreements with Venezuela's government to invest in, explore, produce, and export the country's petroleum resources. In 1970, oil production in Venezuela was more than 3.7 million barrels per day, making Venezuela one of the largest oil-producing countries by volume.<sup>110</sup> Venezuela began to take control of its petroleum assets in 1971, fully nationalizing the sector in 1976 with the creation of PdVSA. After private companies were relegated to a service-based support role, oil production in Venezuela declined by more than 50% between 1971 and 1988.<sup>111</sup>

In an effort to reverse declining production, Venezuela embarked on a program that allowed international oil companies—including U.S. firms Chevron, Exxon, and Conoco—to either control oil fields or establish majority-owned joint ventures (JVs) with PdVSA.<sup>112</sup> Policies imposed by former President Chávez unilaterally modified contract terms contained in the production and JV agreements. Some companies (e.g., Exxon, Conoco) ceased operations and filed lawsuits for contractual violations. Others (e.g., Chevron) continued operating in Venezuela.

## Oil Sector Sanctions and Evolving Petroleum Trade Relationships

Sanctions targeting Venezuela's oil sector generally began in August 2017, with the issuance of an executive order that limits access to debt capital and prevents PdVSA from receiving cash distributions from Citgo, its U.S.-based oil-refining subsidiary.<sup>113</sup> Oil sector sanctions expanded in January 2019, with PdVSA added to Treasury's Specially Designated Nationals list pursuant to E.O. 13850. This action effectively prohibits U.S. persons and companies from transacting with PdVSA, unless Treasury issues them a general license.<sup>114</sup> The sanctions also prohibited non-U.S. entities from transacting with PdVSA in U.S. dollars and made non-U.S. entities subject to having their U.S. property blocked, should it be determined that they *materially assisted* PdVSA.

Following an authorized 90-day wind-down period, U.S. oil refineries ceased importing crude oil from Venezuela (see **Figure 5**). Under the sanctions framework, Treasury also has sanctioned

<sup>106</sup> This section was authored by Phillip Brown, Specialist in Energy Policy.

<sup>107</sup> Energy Information Administration, *Crude Oil Production, Venezuela, Monthly*, [https://www.eia.gov/opendata/qb.php?category=1039874&sdid=STEO.COPR\\_VE.M](https://www.eia.gov/opendata/qb.php?category=1039874&sdid=STEO.COPR_VE.M), accessed April 9, 2021.

<sup>108</sup> BP, *Statistical Review of World Energy*, 2020.

<sup>109</sup> Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, & Power* (New York: Simon & Schuster, 1991), p. 217-219.

<sup>110</sup> BP, *Statistical Review of World Energy*, 2020.

<sup>111</sup> Ibid.

<sup>112</sup> For a complete list of PdVSA JV partners, see Energy Information Administration, *Background Reference: Venezuela*, Table 1, January 7, 2019, [https://www.eia.gov/international/content/analysis/countries\\_long/Venezuela/venezuela\\_bkgd.pdf](https://www.eia.gov/international/content/analysis/countries_long/Venezuela/venezuela_bkgd.pdf).

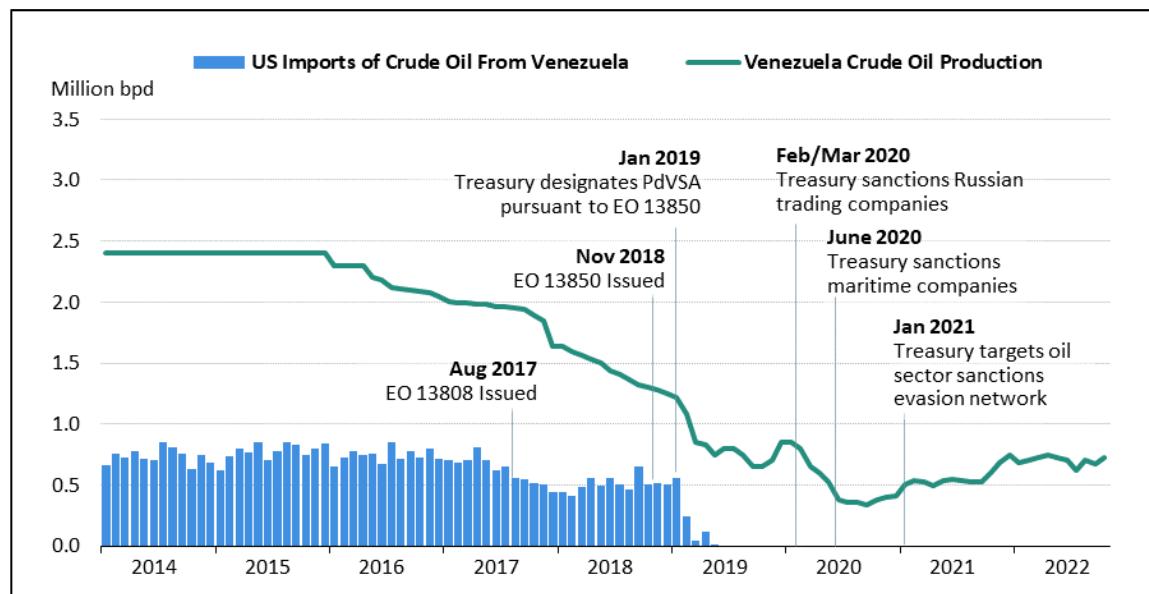
<sup>113</sup> E.O. 13808, "Imposing Additional Sanctions with Respect to the Situation in Venezuela," 82 *Federal Register* 41155, August 29, 2017.

<sup>114</sup> To date, Treasury global licenses permit Chevron and some oilfield service companies to continue limited activities and transactions in with PdVSA for essential operations.

numerous individuals, vessels, and companies involved in trading and shipping Venezuelan oil. This progressive application of sanctions has made it more difficult, though not impossible, for PdVSA to complete petroleum sales and export transactions.

With the United States no longer an export destination, PdVSA sought to develop other trading relationships to monetize the value of Venezuelan oil. Russian oil trading companies (i.e., Rosneft Trading and TNK Trading International) were large purchasers of Venezuelan oil, which they mostly delivered to refineries in Asia. Treasury sanctioned these companies in early 2020. Rosneft—an oil company controlled by the Russian government—then reorganized its corporate ownership structure and operations in Venezuela to minimize its sanctions exposure risk.

**Figure 5. Venezuela Crude Oil Production, U.S. Imports, and Selected Sanction Events**  
(January 2014–October 2022)



**Source:** CRS, using data from the Energy Information Administration.

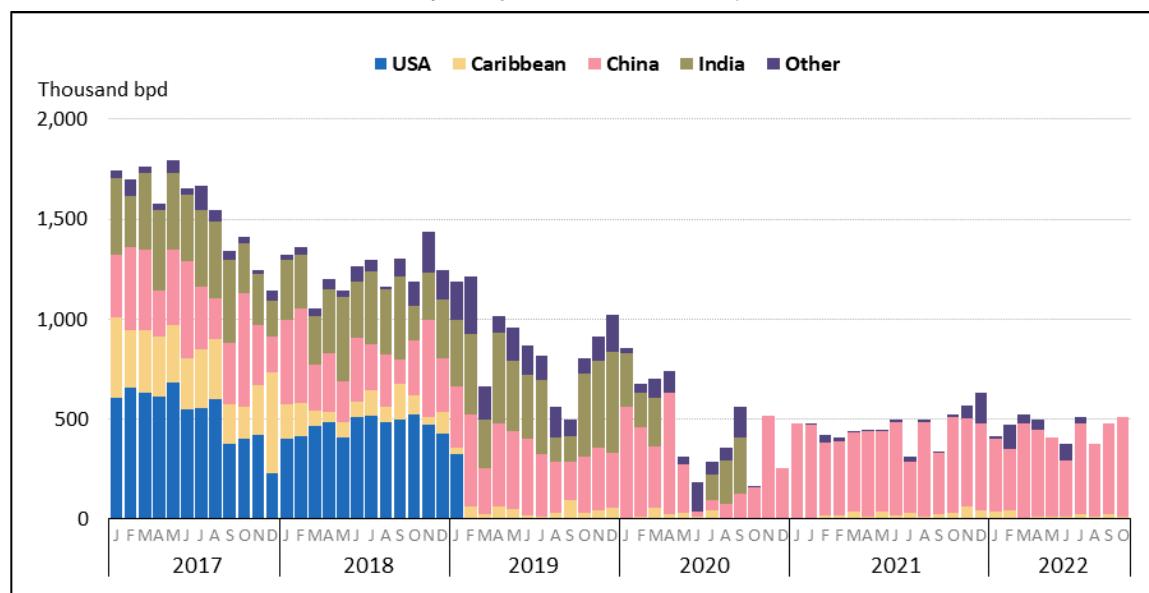
**Notes:** PdVSA = Petroleos de Venezuela S.A.; E.O. = executive order; bpd = barrels per day. E.O. 13808 imposed additional sanctions based on a national emergency declared in March 2015 (E.O. 13692), including limits imposed on PdVSA access to U.S. debt finance and a provision preventing PdVSA from receiving cash dividends from its U.S.-based Citgo refining and marketing subsidiary.

PdVSA has since employed other methods to facilitate oil transactions, including, among others, (1) oil-for-diesel fuel swap trades—authorized by Treasury until late October 2020—with refiners located in India and Spain; (2) sales transactions through intermediate oil trading companies; and (3) petroleum exchanges with Iran. Iran—also the target of numerous U.S. economic sanctions—has supplied Venezuela with multiple shipments of petroleum products (e.g., gasoline). Since January 2019, when exports to the United States ended, India and China have been the top two destinations for Venezuela's observable crude oil exports (see **Figure 6**), with China being the primary export destination between October 2020 and October 2022.

## Oil Market and Price Effects<sup>115</sup>

Notable sanctions-related effects on the global oil market include lower Venezuelan oil production and the elimination of U.S. imports of Venezuelan crude oil (see **Figure 5**). Attributing a precise volumetric effect on Venezuela's oil production is difficult, as production in the country was declining—generally attributed to inadequate management of oil production assets—prior to the imposition of oil sector sanctions. Nevertheless, data suggest that production declines accelerated following sanctions targeting Venezuela's oil sector. Lower global oil supply generally results in upward price pressure for crude oil and petroleum products. Venezuela's oil production decline of approximately 1.2 million bpd (August 2017 to October 2022) is large enough to potentially affect prices. However, many factors (e.g., demand/supply balances, OPEC production decisions, and general economic conditions) can influence oil prices.

**Figure 6. Observable Venezuela Crude Oil Exports by Destination**  
(January 2017–October 2022)



**Source:** CRS, using Bloomberg L.P. tanker tracking service data.

**Notes:** Export volumes represent crude oil volumes that were loaded onto tankers during each month. Other research companies and news media organizations report higher export volumes than those reflected in this figure. Oil exporting countries subject to U.S. economic sanctions employ various methods (i.e., ship-to-ship transfers and disabling transponders) to conceal export volumes and destinations. Actual Venezuela crude oil export volumes could differ from those reported by Bloomberg L.P.

Changes to U.S. refinery imports of Venezuelan crude oil are quantifiable. Prior to the start of oil sector sanctions, U.S. refineries imported between 500,000 and 700,000 barrels per day of crude oil from Venezuela. Crude oil imports from Venezuela ended in April 2019. As the market adjusted to this sanctions-related supply constraint, elevated regional spot prices—relative to other crude oil prices—indicated that substitute crude oils were temporarily in short supply.

<sup>115</sup> For additional information about how sanctions affect oil markets and prices, see CRS Report R46213, *Oil Market Effects from U.S. Economic Sanctions: Iran, Russia, Venezuela*, by Phillip Brown.

## Petroleum Sector Outlook

With proven oil resources and well-known geology, oil production in Venezuela could return to, or possibly exceed, pre-sanctions levels of approximately 2 million bpd. However, the poor condition of Venezuela's petroleum assets could present challenges for a rapid sector recovery.<sup>116</sup> President Maduro has aimed to increase oil production to 1.5 million barrels per day with "new production, financing and marketing mechanisms," according to a PdVSA announcement.<sup>117</sup> Details of Maduro's plan are limited, though the plan may allow oil companies more control over production activities. The International Energy Agency forecasts—assuming that Maduro remains in power and U.S. sanctions continue—indicate that oil production may remain near 500,000 bpd until 2026.<sup>118</sup> It is yet unclear how U.S. sanctions relief could alter that prediction.

The Biden Administration has offered licensing changes and potential sanctions relief in the petroleum sector as an incentive to urge Maduro to negotiate with the Venezuelan opposition. On November 26, 2022, Treasury issued a license allowing Chevron to resume production, import, and export of petroleum products at its existing joint ventures in Venezuela for an initial six-month period.<sup>119</sup> Petroleum production must be sold to Chevron and the United States can be the only export destination.

## Migration Issues

### Temporary Protected Status for Venezuela<sup>120</sup>

On March 8, 2021, Homeland Security Secretary Alejandro Mayorkas designated Venezuela for Temporary Protected Status (TPS) for a period of 18 months based on extraordinary and temporary conditions.<sup>121</sup> In the March 2021 *Federal Register* notice announcing a new TPS designation for Venezuela, Secretary Mayorkas cited many of those conditions, including "economic contraction; inflation and hyperinflation; deepening poverty; high levels of unemployment; reduced access to and shortages of food and medicine, ... among other factors."<sup>122</sup> U.S. Citizenship and Immigration Services estimates that approximately 323,000 individuals are eligible to file applications for TPS under the designation of Venezuela.<sup>123</sup> In July 2022, the Administration announced an 18-month extension of TPS for Venezuela; this extension is scheduled to be in effect through March 10, 2024.<sup>124</sup>

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<sup>116</sup> For additional information about Venezuela's oil sector, see Igor Hernández and Francisco Monaldi, *Weathering Collapse: An Assessment of the Financial and Operational Situation of the Venezuelan Oil Industry*, CID Working Paper Series 2016.327, November 2016.

<sup>117</sup> PdVSA, "Presidente Maduro: tenemos la meta de producir 1 millón 500 mil barriles diarios," January 15, 2021.

<sup>118</sup> International Energy Agency, *Oil 2021: Analysis and Forecast to 2026*, March 2021.

<sup>119</sup> U.S. Department of the Treasury, OFAC, "General License No. 41: Authorizing Certain Transactions Related to Chevron Corporation's Joint Ventures in Venezuela," November 26, 2022.

<sup>120</sup> Congress created Temporary Protected Status (TPS) in 1990 (P.L. 101-649) to provide relief from removal and work authorization for foreign nationals in the United States from countries experiencing armed conflict, natural disaster, or other extraordinary conditions that prevent their safe return. See CRS Report RS20844, *Temporary Protected Status and Deferred Enforced Departure*, by Jill H. Wilson.

<sup>121</sup> See Immigration and Nationality Act, §244(b)(1)(C) (8 U.S.C. §1254a(b)(1)(C)).

<sup>122</sup> U.S. Department of Homeland Security, "Designation of Venezuela for Temporary Protected Status and Implementation of Employment Authorization for Venezuelans Covered by Deferred Enforced Departure," 86 *Federal Register* 13574-13581, March 9, 2021.

<sup>123</sup> Ibid.

<sup>124</sup> U.S. Department of Homeland Security, "DHS Announces Extension of Temporary Protected Status for Venezuela," press release, July 11, 2022.

## October 2022 Policies Related to Venezuelan Migrants<sup>125</sup>

On October 12, 2022, the Biden Administration announced new policies to address the record numbers of Venezuelans encountered at the U.S.-Mexico border in FY2022. Prior to these changes, the vast majority of Venezuelans encountered were processed for removal and released into the United States, where they could apply for asylum during immigration court proceedings. Now, Venezuelans apprehended between ports of entry are subject to the public health-related Title 42 policy, which allows U.S. Customs and Border Protection to expel migrants back to Mexico (in coordination with the government of Mexico).<sup>126</sup> At the same time, DHS made additional H-2B visas available for temporary nonagricultural workers.<sup>127</sup> (Historically, the majority of H-2B visas have been issued to Mexican nationals.)

The other major component of the policy changes is a new process to allow up to 24,000 Venezuelans who are outside the United States to travel by air to the U.S. interior and be paroled into the country.<sup>128</sup> Venezuelans granted parole are to be allowed to stay for up to two years and apply for work authorization. Parole does not provide a dedicated pathway to U.S. lawful permanent residence. As of early November 2022, some 500 Venezuelans had reportedly entered the country through the parole program.<sup>129</sup>

## U.S. Assistance

### Humanitarian Assistance (Including COVID-19 Assistance)

Since FY2017, the U.S. government has provided more than \$2.3 billion in humanitarian and emergency food assistance in response to the Venezuela regional crisis (as of September 2022). For FY2022, this included \$656.1 million in humanitarian funds to support Venezuelan refugees and migrants who fled to other countries (or for the communities hosting them).<sup>130</sup> The U.S. military has twice deployed a naval hospital ship on medical support deployments. In addition, the United States has provided at least \$40.8 million for the COVID-19 response in Venezuela.<sup>131</sup> In keeping with international humanitarian standards, U.S. humanitarian assistance is provided based on need and on the principles of universality, impartiality, and independence.<sup>132</sup>

An April 2021 USAID Office of Inspector General report assessed some of the challenges USAID has faced in responding to the Venezuela crisis, particularly in February 2019. At that time, the U.S. government pre-positioned emergency assistance for the Venezuelan people on the Colombia- and Brazil-Venezuela borders the request of Interim President Guaidó. Security forces loyal to Maduro prevented the delivery of the assistance and violence ensued. Many humanitarian

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<sup>125</sup> See CRS Insight IN12040, *New Immigration Policies Related to Venezuelan Migrants*, by Audrey Singer, Jill H. Wilson, and Clare Ribando Seelke.

<sup>126</sup> On November 15, 2022, a federal judge struck down the use of Title 42 to expel arriving migrants. At the request of the Biden Administration, the judge agreed to allow the Administration until December 21, 2022, to transition to new policies. Micah Danney, “Judge Allows Biden 5 Weeks to Wind Down Title 42,” *Law360*, November 16, 2022.

<sup>127</sup> For information on H-2B visas, see CRS Report R44849, *H-2A and H-2B Temporary Worker Visas: Policy and Related Issues*, by Andorra Bruno.

<sup>128</sup> Immigration parole is official permission to enter and remain temporarily in the United States. For more information, see CRS Report R46570, *Immigration Parole*, by Andorra Bruno.

<sup>129</sup> Maria Sacchetti and Maria Luisa Paúl, “Nearly 500 Venezuelans Admitted to U.S., Thousands Approved via New Plan,” *Washington Post*, November 3, 2022.

<sup>130</sup> USAID, “Venezuela Regional Crisis,” Fact Sheet #2, March 25, 2021.

<sup>131</sup> USAID, “COVID-19 Latin America and the Caribbean,” Fact Sheet #5, FY2022, June 30, 2022.

<sup>132</sup> USAID, Office of Foreign Disaster Assistance, *Policy for Humanitarian Action*, October 2015.

organizations, including U.N. entities, expressed concern about the prospect of humanitarian aid being used as a tool in a political contest.<sup>133</sup> In contrast, humanitarian experts praised the April 2021 agreement brokered between Maduro and Guaidó officials to allow the World Food Program to resume operating.<sup>134</sup>

## Democracy, Development, and Global Health-Related Assistance

For more almost two decades, the United States has provided democracy-related assistance to Venezuelan civil society through the U.S. Agency for International Development (USAID) and the National Endowment for Democracy (NED).

From FY2002 to FY2010, USAID supported small-grant and technical assistance activities through its Office of Transition Initiatives to provide assistance monitoring democratic stability and strengthening the country's democratic institutions. USAID's Latin America and Caribbean Bureau assumed control over those programs in FY2010. Since FY2010, USAID democracy programs in Venezuela have been funded primarily through the Economic Support Fund (ESF) account. U.S. democracy and human rights assistance appropriated to Venezuela amounted at least \$33 million in FY2021 (P.L. 116-260) and \$40 million in FY2022 (P.L. 117-103).

**Table I. U.S. Foreign Assistance to Venezuela by Account: FY2018-FY2023**  
(appropriations in millions of current U.S. dollars)

Account	FY2018 <sup>a</sup>	FY2019	FY2020	FY2021	FY2022	FY2023 Request
DA	93.1	0.0	0.0	0.0	0.0	0.0
ESF	19.0	18.0	30.0	33.0	40.0	50.0
GHP (USAID)	16.3	5.0	0.0	5.0	5.0	5.0
GHP (State)	0.0	0.0	0.0	0.0	3.6	0.0
DF	4.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>132.4<sup>a</sup></b>	<b>23.0<sup>ab</sup></b>	<b>30.0<sup>a</sup></b>	<b>38.0<sup>a</sup></b>	<b>48.6<sup>a</sup></b>	<b>55.0<sup>a</sup></b>

**Sources:** U.S. Department of State, *Congressional Budget Justifications for Foreign Operations, FY2020-FY2023*.

**Notes:** DA = Development Assistance; DF = Democracy Fund; ESF = Economic Support Fund; GHP = Global Health Programs.

- a. These totals do not include economic and development assistance funds that have been provided to support countries that are sheltering Venezuelan refugees and migrants.
- b. This total includes \$450,000 in ESF notified on August 6, 2020, to combat illegally armed groups in Venezuela.

USAID signed a bilateral agreement with the Guaidó government in October 2019 to expand its democracy and human rights-related programs in Venezuela and to start new health and agriculture programs. This expansion in programming supported the interim government's goals to facilitate a transition to democracy and to start rebuilding key sectors damaged by the economic crisis. Although most of the assistance supported programs in Venezuela, some also

<sup>133</sup> USAID, Office of Inspector General, *Enhanced Processes and Implementer Requirements Are Needed to Address Challenges and Fraud Risks in USAID's Venezuela Response*, Audit Report 9-000-21-005-P, April 16, 2021.

<sup>134</sup> "World Food Programme Reaches Deal to Supply Food to 185,000 Children in Venezuela," *UN News*, April 20, 2021.

funded work-related travel, salaries, and secure communications systems for interim government officials and staff. In addition to the democracy-related ESF assistance appropriated by Congress, the Administration reprogrammed additional Development Assistance, Global Health Program, and Democracy Fund assistance (see **Table 1**). The funding is being administered primarily through third-party contractors. Should a political transition occur, the State Department and USAID have developed plans to support the interim government's transition plan, *Plan País*.

For FY2023, the Administration requested \$5 million in global health assistance for Venezuela and \$50 million for democracy assistance. The FY2023 State Department, Foreign Operations, and Related Programs appropriations bill reported by the House Appropriations Committee (H.R. 8282) would provide \$50 million in funds for Venezuela, including democracy funding. The Senate-introduced version, S. 4662, would provide \$40 million.

The NED has funded democracy projects in Venezuela since 1992. U.S. funding for the NED is provided in the annual State Department and Foreign Operations appropriations measure, but country allocations for the NED are not specified in the legislation. In 2021, the NED funded some 71 projects in Venezuela totaling more than \$3.6 million.

## U.S. Efforts to Combat Illicit Revenue Sources

While financial sanctions have sought to limit Maduro's licit revenue sources and punish those who have stolen billions from PdVSA and government programs, criminal investigations and antidrug operations have targeted illicit revenue earned by the Maduro government.

Venezuela's corruption, weak institutions, extensive 1,370-mile border with Colombia, and general lawlessness have attracted the presence of illegally armed groups. Venezuela is among the most corrupt countries in the world, ranking 177<sup>th</sup> out of 180 countries covered in Transparency International's Corruption Perceptions Index. The country's ability to address organized crime is among the weakest in the world (188<sup>th</sup> of 193 countries ranked), due to state complicity with criminals and weak criminal justice system, according to the Global Organized Crime Index.<sup>135</sup>

High-level Venezuelan officials, many from the military, reportedly formed a drug trafficking organization (the Cartel of the Suns) in the early 2000s; some have maintained criminal networks that reportedly have had linkages with U.S.-designated foreign terrorist organizations.<sup>136</sup> Once aligned with the Revolutionary Armed Forces of Colombia (FARC), which demobilized in 2017, some Venezuelan officials now reportedly collude on a more ad-hoc basis with the National Liberation Army (ELN) and FARC dissidents (FARC-D).<sup>137</sup> In 2021, Venezuelan security forces reportedly worked with the ELN in an offensive against a dissident FARC faction that may have violated a drug trafficking arrangement; the offensive resulted in casualties and human rights abuses in Apure and displaced thousands into Colombia.<sup>138</sup> Maduro officials' ties with the increasingly powerful ELN could complicate the Maduro government's role in Colombia-ELN peace talks and the U.S. government's support for future Maduro-opposition negotiations.<sup>139</sup> The

<sup>135</sup> Global Initiative Against Transnational Organized Crime, *Global Organized Crime Index: Venezuela*, 2022, available at <https://ocindex.net/country/venezuela>.

<sup>136</sup> A May 2018 report by Insight Crime identified more than 120 high-level Venezuelan officials who had engaged in criminal activity. Insight Crime, *Venezuela: A Mafia State?* May 2018; U.S. Department of State, "Foreign Terrorist Organizations," <https://www.state.gov/foreign-terrorist-organizations/>. For an update, see Venezuelan Investigative Unit, *Beyond the Cartel of the Suns*, May 2022, <https://insightcrime.org/investigations/beyond-the-cartel-of-the-suns/>.

<sup>137</sup> Ibid.

<sup>138</sup> Human Rights Watch, "Venezuela: Security Force Abuses at Colombia Border," April 26, 2021.

<sup>139</sup> Human Rights Watch, "Letter to Colombian President Gustavo Petro on the Reestablishment of Diplomatic (continued...)"

Maduro government allegedly also has ties to Hezbollah through various intermediaries (see “U.S. Concerns About Terrorism”).

## Counternarcotics and U.S. Antidrug Prosecutions and Operations

Venezuela is a major transit route for cocaine destined for the United States. In 2005, Venezuela suspended its counternarcotics cooperation with the U.S. Drug Enforcement Administration.<sup>140</sup> Since 2005, Venezuela has been designated annually as a country that has failed to adhere to its international antidrug obligations, pursuant to international drug-control certification procedures in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228). In September 2022, President Biden again designated Venezuela as a country not adhering to its antidrug obligations.<sup>141</sup> At the same time, President Biden waived economic sanctions that would have curtailed U.S. assistance for the Venezuelan people (health, human rights, and democracy aid).

The State Department reported in its 2022 *International Narcotics Control Strategy Report* (INCSR) that illicit drugs, primarily cocaine, flowed from Venezuela by air through Mexico and Central America to the U.S. market and in maritime shipments through the Caribbean to the United States and Europe. The report described the increasing involvement of the ELN, FARC dissidents, and other groups in cocaine trafficking. The ELN, which is still engaged in armed conflict in Colombia, and its rival, the Popular Liberation Army (ELP), reportedly recruit Venezuelans to cultivate coca, the plant component of cocaine. According to the INCSR, Venezuelan authorities “failed to make any meaningful efforts to combat illegal drug activity or prosecute corrupt officials or suspected drug traffickers.”<sup>142</sup>

U.S. authorities have taken action against Maduro officials involved in drug trafficking and related crimes. In March 2020, the Department of Justice (DOJ) indicted Venezuela’s leader, Nicolás Maduro, and 14 other current and former high-ranking Venezuelan officials.<sup>143</sup> As charged, Maduro allegedly participated in the Cartel of the Suns drug trafficking organization in conspiracy with the FARC (then a designated FTO) to produce and traffic illicit drugs to the United States. Some 12 of the 18 individuals also are subject to U.S. sanctions. In addition to narcoterrorism conspiracy, the charges include drug trafficking, money laundering, and weapons charges. The State Department offered a total of up to \$55 million for information leading to the arrest, conviction, or both of five of these individuals (including Maduro).<sup>144</sup>

## Money Laundering and Asset Forfeiture

In addition to drug trafficking, the INCSR discusses Venezuela’s high level of vulnerability to money laundering and other financial crimes. According to the report, money laundering is

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Relations with the Nicolás Maduro Government,” October 24, 2022; Charles Larratt-Smith and Andrés Aponte González, “A Major Roadblock in Future U.S.-Venezuela Talks: The ELN,” *Americas Quarterly*, April 28, 2022.

<sup>140</sup> The Venezuelan government ended cooperation after alleging that U.S. Drug Enforcement Administration agents were spying on the government, charges U.S. officials dismissed as baseless. Prior to that time, the governments had negotiated an antidrug cooperation agreement (an addendum to a 1978 Bilateral Counternarcotics agreement) that would have enhanced information-sharing and antidrug cooperation. Venezuela never approved that agreement.

<sup>141</sup> The White House, “Presidential Determination—Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2021,” September 15, 2022.

<sup>142</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2022 INCSR, March 2022, vol. 1.

<sup>143</sup> U.S. Department of Justice (DOJ), “Nicolás Maduro Moros and 14 Current and Former Venezuelan Officials Charged with Narco-Terrorism, Corruption, Drug Trafficking and Other Criminal Charges,” March 26, 2020.

<sup>144</sup> U.S. Department of State, “Department of State Offers Rewards for Information to Bring Venezuelan Drug Traffickers to Justice,” March 26, 2020.

widespread in the country and worsened in 2021 as the Maduro government continued to relax its controls over foreign exchange, prices, and imports and authorized the opening of dozens of casinos. Rapid dollarization of the economy has created opportunities for corruption. Venezuela revised its laws against organized crime and terrorist financing in 2014 but excluded the government and state-owned industries from the scope of any investigations. The unit charged with investigating financial crimes has limited capabilities, and there is a lack of political will in the judicial system to combat money laundering and corruption. There has been no improvement since the Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued an alert to financial institutions in 2019 on transactions involving public corruption in Venezuela.<sup>145</sup>

Revenue from illicit Venezuela-linked activities has been laundered into accounts, real estate, and other industries around the world. U.S. prosecutors estimate that some \$300 billion ill-gotten Venezuelan wealth is held in south Florida alone, primarily in real estate.<sup>146</sup> Since 2010, DOJ has charged several dozen current or former officials, including a former national treasurer, senior state economic development bank official, military officer, judge, and officials from PdVSA and its subsidiaries with money laundering. The INCSR describes how DOJ charged two Venezuelans, including a former governor, and three Colombians in October 2021 with laundering \$1.6 billion (\$180 million through or to the United States) in proceeds from contracts to provide food and medicine to the Venezuelan people.<sup>147</sup>

According to the State Department, the U.S. government has coordinated its efforts to identify, confiscate, forfeit, and repatriate illicit Venezuelan assets, including through the U.S. Departments of the Treasury, Justice, and Homeland Security.<sup>148</sup> The Department of the Treasury's FinCEN is the U.S. financial intelligence unit and administrator of U.S. anti-money laundering laws pursuant to the Bank Secrecy Act. FinCEN collaborates with financial intelligence units around the world. The Department of the Treasury's Executive Office for Asset Forfeiture administers the Treasury Forfeiture Fund, a federal fund for forfeitures that are the result of actions by selected participating agencies, and DOJ administers a separate assets forfeiture fund.<sup>149</sup> Some observers have advocated for certain U.S. seizures of Venezuelan assets be redistributed to a charitable trust to benefit the Venezuelan people or placed in an account for use by a future democratically elected government.<sup>150</sup> The Trump Administration reportedly permitted the Guaidó government to use \$20 million in forfeited assets to address the COVID-19 crisis by providing a monthly bonus to health care workers.<sup>151</sup>

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<sup>145</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2022 INCSR, March 2022, vol. 2.

<sup>146</sup> Joshua Goodman, "U.S. Prosecutor in Miami Targeting Venezuela Graft Is Leaving," Associated Press, August 14, 2020.

<sup>147</sup> U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, 2022 INCSR, March 2022, vol. 2.

<sup>148</sup> U.S. Department of State, *Report on Recovering Assets Stolen from the Venezuelan People*, Section 151(b) of the Further Consolidated Appropriations Act, 2020 (Division J), P.L. 116-94.

<sup>149</sup> The Treasury Forfeiture Fund participating agencies are the Internal Revenue Service Criminal Investigations Division, U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, U.S. Secret Service, and U.S. Coast Guard. For information on DOJ's asset forfeiture fund, see <https://www.justice.gov/afp/fund/>.

<sup>150</sup> Michael J. Camilleri and Fen Osler Hampson, "Seize the Money of Venezuelan Kleptocrats to Help the Country and Its People," *Washington Post*, January 29, 2019.

<sup>151</sup> Karen DeYoung and Anthony Faiola, "Venezuela: Trump Administration Taps Frozen Funds in Effort to Oust Venezuelan Leader," *Washington Post*, August 21, 2020.

The Treasury Department has helped countries develop the legal and technical capacity to block transactions and seize assets. Analysts and U.S. officials have urged European countries and banks to intensify their efforts to detect and seize illicit assets tied to Maduro government.<sup>152</sup>

## Illegal Mining

Gold mining, both licit and illicit, has accelerated as the Venezuelan economy has collapsed in the face of low global oil prices and an ongoing political crisis. Over the past few years, a boom in illegal mining in Venezuela has reportedly contributed to deforestation and environmental degradation in indigenous areas, clashes between rival criminal gangs and violence committed by those gangs against miners whom they extort, and an outbreak of malaria (a disease that had been eradicated).<sup>153</sup> FARC dissidents and the ELN reportedly earn a majority of their income from illegal gold mining; the Maduro government also has increased its involvement in the sector as licit gold supplies have run out.<sup>154</sup> Numerous reports suggest the illegal mining industry also causes human rights violations, including the forcible recruitment of child labor and abuses of indigenous groups, including the Yanomami tribe.

The U.S. government has created an interagency gold working group, imposed sanctions on individuals for their involvement in the illicit gold industry, and stepped up border security efforts to detect illicit gold shipments out of Venezuela.<sup>155</sup> Introduced in November 2022, the U.S. Legal Gold and Mining Partnership Strategy Act (S. 5109) would require the President to develop a strategy to, among other measures, address illegal gold mining and its linkages to the Maduro government.

## Human Trafficking

Criminal groups, sometimes in collaboration with corrupt officials, have subjected men, women, and children to human trafficking both within Venezuela and abroad, particularly in border regions and the Caribbean coast.<sup>156</sup> Within the country, victims are trafficked from rural to urban areas to serve as prostitutes or domestic servants. Venezuelan women and girls are often trafficked abroad for sexual exploitation, and children are trafficked for forced labor and/or are forcibly recruited by FARC dissidents and the ELN. The September 2022 U.N. OHCHR report by the Venezuela FFM documented increasing sex and labor trafficking by illegally armed groups in mining regions.<sup>157</sup> Venezuelan migrants who have fled abroad lacking identity documents are particularly vulnerable to human trafficking.

The U.S. Department of State ranked Venezuela as Tier 3 for the ninth consecutive year in its June 2022 *Trafficking in Persons* (TIP) report. This ranking indicates that the country does not meet minimum standards for preventing human trafficking, nor is it making significant efforts to do so. The Maduro government issued a decree for the creation of a national action plan against

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<sup>152</sup> Douglas Farah, *The Maduro Regime's Illicit Activities: A Threat to Democracy in Venezuela and Security in Latin America*, Atlantic Council, August 13, 2020.

<sup>153</sup> Katie Jones, Javier Lizcano, and María Fernanda Ramírez, *Beneath the Surface of Illegal Gold Mining in the Amazon*, Insight Crime, November 8, 2022; Maria Eugenia Grillet et al., “Malaria in Southern Venezuela: The Hottest Hot Spot in Latin America,” *PLOS Neglected Tropical Diseases*, January 25, 2021.

<sup>154</sup> International Crisis Group, *Gold and Grief in Venezuela's Violent South*, February 2019.

<sup>155</sup> Atlantic Council, “Transcript: Countering the Maduro Regime’s Global Web of Illicit Activities,” August 14, 2020.

<sup>156</sup> U.S. Department of State, *2022 Trafficking in Persons Report: Venezuela*, June 25, 2020. See also Devon Cone and Melanie Teff, *Searching for Safety: Confronting Sexual Exploitation and Trafficking of Venezuelan Women and Girls*, Refugees International, August 2019.

<sup>157</sup> U.N. HRC, A/HRC/51/43, September 2022.

human trafficking, but did not dedicate specific funds for the plan's implementation. The government did not provide any data on TIP victims assisted, prosecutions, or convictions for human trafficking. In September 2021, the Biden Administration waived TIP-related sanctions on assistance to Venezuela that would have been triggered by that Tier 3 ranking, determining that the continuation of U.S. democracy and human rights assistance was in the U.S. national interest.

## U.S. Concerns About Terrorism

Since 2006, the Secretary of State has determined annually that Venezuela has not been "cooperating fully with United States antiterrorism efforts" pursuant to Section 40A of the Arms Export Control Act (AECA). Per the AECA, such a designation subjects Venezuela to a U.S. arms embargo, which prohibits all U.S. commercial arms sales and retransfers to Venezuela. The most recent determination was made in May 2020 and published on June 2, 2020.<sup>158</sup>

In 2008, the Department of the Treasury imposed sanctions (asset freezing and prohibitions on transactions) on two individuals and two travel agencies in Venezuela for providing financial support to Hezbollah, which the Department of State has designated a Foreign Terrorist Organization. The action was taken pursuant to E.O. 13224, aimed at impeding terrorist funding.

According to the State Department's *Country Reports on Terrorism 2020*, Venezuela has a permissive environment for known terrorist groups and the Maduro government has, at times, welcome terrorists into its territory.<sup>159</sup> As an example, the report maintains that photos taken in May 2020 captured images of former FARC leader Seuxis Pausías Hernández (alias Jesús Santrich), in Caracas with security guards reportedly provided by Maduro. (Santrich was killed in 2021).<sup>160</sup> The report also states that, in contrast to years past, the Venezuelan military clashed with FARC dissidents and killed a front commander in November 2020. In contrast, the *Country Reports on Terrorism 2019* described how financial ties with FARC dissidents and the ELN facilitated the Maduro government's corruption and graft.<sup>161</sup>

According to several DOJ indictments, there are alleged links between the Maduro government and Hezbollah through a few key intermediaries. One of them, Alex Saab, a Colombian subject to U.S. sanctions, was extradited from Cape Verde in 2021 to face U.S. money laundering charges.<sup>162</sup> DOJ also has charged a former Venezuelan legislator, Adel el Zabayar, with involvement in weapons for cocaine negotiations between the FARC and Hezbollah and Hamas.<sup>163</sup> Analysts have criticized the indictment for failing to provide conclusive evidence.<sup>164</sup>

Some Members of Congress have called for Venezuela to be designated as a state sponsor of terror. This designation would trigger an array of sanctions, including aid restrictions, requirement for validated export licenses for dual-use items, and other financial restrictions.

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<sup>158</sup> U.S. Department of State, "Determination and Certification of Countries not Cooperating Fully with Antiterrorism Efforts," Public Notice 11747, 87 *Federal Register* 31051, May 20, 2022.

<sup>159</sup> U.S. Department of State, *Country Reports on Terrorism 2020*, December 16, 2021.

<sup>160</sup> Julie Turkewitz and Anatoly Kurmanov, "Colombia Rebel Commander 'Jesus Santrich' Killed, Venezuelan Officials Say," *New York Times*, May 18, 2021.

<sup>161</sup> U.S. Department of State, *Country Reports on Terrorism 2019*, June 24, 2020.

<sup>162</sup> DOJ, "United States v. Alex Nain Saab Moran, Docket No. 19-CR-20450-RNS"; Joshua Goodman, "Venezuela Insider Seeks Dismissal of Criminal Charges," Associated Press, October 18, 2022.

<sup>163</sup> DOJ, "Former Member of Venezuelan National Assembly Charged with Narco-Terrorism, Drug Trafficking, and Weapons Offenses," May 27, 2020.

<sup>164</sup> "US Indictment Claims Venezuelan Politician Linked to Hezbollah, Hamas," *Insight Crime*, May 29, 2020.

Critics caution there is a lack of evidence to conclude that the Venezuelan government has “repeatedly provided support for acts of international terrorism,” as required by law.

## Outlook

The situation in Venezuela continues to represent a significant foreign policy challenge for the United States. Three years after the United States ceased to recognize Nicolás Maduro as the legitimate president of Venezuela, Maduro remains firmly entrenched in power even as poor economic and social conditions in the country are prompting record numbers of Venezuelans to seek entry into the United States. Meanwhile, the opposition—once united behind Juan Guaidó—has redirected its attention from trying to pressure Maduro to leave office to seeking to negotiate with Maduro officials in order to obtain the best conditions possible for the 2024 presidential and 2025 legislative elections.

The failure to dislodge Maduro from power demonstrated the limits of U.S. and other international efforts to prompt political change in Venezuela. Certain unilateral U.S. policies, such as oil sanctions, arguably worsened the humanitarian crisis in the country and caused divisions within the international coalition that once backed Guaidó. Despite these developments, some analysts have urged Biden officials to maintain broad sanctions on the Maduro government and to increase U.S. and international efforts to hold Maduro officials and their enablers accountable. Others have called on the Biden Administration to leverage potential sanctions relief as an incentive for Maduro to negotiate with the opposition. In the meantime, ensuring humanitarian aid reaches the Venezuelan people, both those within the country and those sheltering abroad, likely will remain a key priority for the United States and other donors.

Congress is likely to continue close oversight of U.S. policy toward Venezuela, including the Biden Administration’s actions regarding whether to maintain, relax, or potentially expand targeted and sectoral sanctions on Venezuela. Many Members of Congress have praised the March 2021 designation of TPS for Venezuela and the July 2022 extension of that designation through March 2024. Although some in Congress support continued pressure on the Maduro government, others support a more targeted approach, arguing that broad sanctions have not prompted political change but have hurt the Venezuelan people. Congress may examine new policy approaches by the Biden Administration, fund and oversee programs in Venezuela and in neighboring countries, and consider legislation to address discrete issues, or to update broad U.S. policy towards Venezuela similar to the VERDAD Act enacted as part of P.L. 116-94.

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