

Venezuela: Issues for Congress, 2013-2016

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Summary

Although historically the United States had close relations with Venezuela, a major oil supplier, friction in bilateral relations increased under the leftist, populist government of President Hugo Chávez (1999-2013), who died in 2013 after battling cancer. After Chávez's death, Venezuela held presidential elections in which acting President Nicolás Maduro narrowly defeated Henrique Capriles of the opposition Democratic Unity Roundtable (MUD), with the opposition alleging significant irregularities. In 2014, the Maduro government violently suppressed protests and imprisoned a major opposition figure, Leopoldo López, along with others.

In December 2015, the MUD initially won a two-thirds supermajority in National Assembly elections, a major defeat for the ruling United Socialist Party of Venezuela (PSUV). The Maduro government subsequently thwarted the legislature's power by preventing three MUD representatives from taking office (denying the opposition a supermajority) and using the Supreme Court to block bills approved by the legislature.

For much of 2016, opposition efforts were focused on recalling President Maduro through a national referendum, but the government slowed down the referendum process and suspended it indefinitely in October. After an appeal by Pope Francis, the government and most of the opposition (with the exception of Leopoldo López's Popular Will party) agreed to talks mediated by the Vatican along with the former presidents of the Dominican Republic, Spain, and Panama and the head of the Union of South American Nations. The two sides issued a declaration in November expressing firm commitment to a peaceful, respectful, and constructive coexistence. They also issued a statement that included an agreement to improve the supply of food and medicine and to resolve the situation of the three National Assembly representatives. Some opposition activists strongly criticized the dialogue as a way for the government to avoid taking any real actions, such as releasing all political prisoners. The next round of talks was scheduled for December but was suspended until January 2017, and many observers are skeptical that the dialogue will resume.

The rapid decline in the price of oil since 2014 hit Venezuela hard, with a contracting economy (projected -10% in 2016), high inflation (projected 720% at the end of 2016), declining international reserves, and increasing poverty—all exacerbated by the government's economic mismanagement. The situation has increased poverty, with severe shortages of food and medicines and high crime rates.

U.S. Policy

U.S. policymakers and Members of Congress have had concerns for more than a decade about the deterioration of human rights and democratic conditions in Venezuela and the government's lack of cooperation on antidrug and counterterrorism efforts. After a 2014 government-opposition dialogue failed, the Administration imposed visa restrictions and asset-blocking sanctions on Venezuelan officials involved in human rights abuses.

The Obama Administration continued to speak out about the democratic setback and poor human rights situation, called repeatedly for the release of political prisoners, expressed deep concern about the humanitarian situation, and strongly supported dialogue. The Administration also supported the efforts Organization of American States Secretary General Luis Almagro to focus attention on Venezuela's democratic setback.

Congressional Action

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

rights abuses (with a termination date of December 2016 for the requirement to impose sanctions). In July 2016, Congress enacted legislation (P.L. 114-194) extending the termination date of the requirement to impose sanctions set forth in P.L. 113-278 through 2019.

In September 2016, the House approved H.Res. 851 (Wasserman Schulz), which expressed profound concern about the humanitarian situation, urged the release of political prisoners, and called for the Venezuelan government to hold the recall referendum this year. In the Senate, a similar but not identical resolution, S.Res. 537 (Cardin), was reported, amended, by the Senate Foreign Relations Committee in December 2016.

For more than a decade, Congress has appropriated funding for democracy and human rights programs in Venezuela. An estimated \$6.5 million is being provided in FY2016, and the Administration requested \$5.5 million for FY2017. The House version of the FY2017 foreign operations appropriations bill (H.R. 5912, H.Rept. 114-693) would have provided \$8 million, whereas the Senate version (S. 3117, S.Rept. 114-290) would have fully funded the request. The 114th Congress did not complete action on FY2017 appropriations, although it approved a continuing resolution in December 2016 (P.L. 114-254) appropriating foreign aid funding through April 28, 2017, at the FY2016 level, minus an across-the board reduction of almost 0.2%.

Note: This report provides background on political and economic developments in Venezuela, U.S. policy, and U.S. legislative action and initiatives from 2013 to 2016 covering the 113th and 114th Congresses. It will not be updated. For additional information, see CRS In Focus IF10230, *Venezuela: Political Situation and U.S. Policy Overview*.

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Introduction and Recent Developments

This report, divided into three main sections, examines the political and economic situation in Venezuela and U.S.-Venezuelan relations. The first section surveys the political transformation of Venezuela under the populist rule of President Hugo Chávez (1999-2013) and the first two years of the government of President Nicolás Maduro, including the government's severe crackdown on opposition protests in 2014. The second section analyzes Venezuela's political and economic environment in 2015 and 2016, including the opposition's December 2015 legislative victory and the Maduro government's attempts to thwart the powers of the legislature; efforts to remove President Maduro through a recall referendum; deteriorating economic and social conditions in the country; and the government's foreign policy orientation. The third section examines U.S. relations with Venezuela, including the imposition of sanctions on Venezuelan officials, and selected issues in U.S. relations—democracy and human rights, energy, counternarcotics, and terrorism concerns. **Appendix A** provides information on legislative initiatives in the 113th and 114th Congresses, and **Appendix B** provides links to selected U.S. government reports on Venezuela.

Significant recent developments include the following:

- On January 4, 2017, President Maduro appointed former Interior Minister and Governor of Aragua state Tareck El Aissami as vice president, replacing Aristóbulo Istúriz, who served in the position for one year. The action was significant since El Aissami would serve out the remainder of President Maduro's term if the President were recalled or stepped down from office.
- On December 7, 2016, the Senate Foreign Relations Committee reported S.Res. 537 (Cardin), amended, expressing profound concern about the ongoing political, economic, social, and humanitarian crisis in Venezuela; urging the release of political prisoners; and calling for respect of constitutional and democratic processes, including free and fair elections.
- On November 18, 2016, a U.S. federal court in New York convicted two nephews of Venezuelan First Lady Cilia Flores for conspiring to transport cocaine into the United States. (See "Counternarcotics Issues," below.)
- On November 16, 2016, the Organization of American States (OAS) Permanent Council adopted a declaration supporting the national dialogue in Venezuela, encouraging the government and the 10-party opposition coalition known as the Democratic Unity Roundtable (*Mesa de la Unidad Democrática*, or MUD) "to achieve concrete results within a reasonable timeframe," and asserting the need for the constitutional authorities and all political and social actors to act with prudence and avoid any action of violence or threats to the ongoing process." (See "OAS Efforts on Venezuela," below.)
- On November 12, 2016, the Venezuelan government and opposition completed a second round of talks and issued a declaration expressing firm commitment to a peaceful, respectful, and constructive coexistence. They also issued a statement that included agreement to improve the supply of food and medicine, to resolve the situation of three National Assembly representatives who the Maduro government blocked from taking office, and to work together in naming two National Electoral Council (CNE) members whose terms expire in December. Some opposition activists have strongly criticized the dialogue as a way for the government to avoid taking any real actions, such as releasing all political prisoners. (See "Vatican Prompts Renewed Efforts at Dialogue," below.)

- From October 31, 2016, to November 2, 2016, Under Secretary of State Thomas Shannon traveled to Venezuela to demonstrate support for the Vatican-facilitated dialogue. (See “Pressing for Respect for Human Rights, Democracy, and Dialogue in 2016,” below).
- On October 30, 2016, the government and representatives of most of the opposition (with the exception of Leopoldo López’s Popular Will party) held talks mediated by the Vatican along with the former presidents of the Dominican Republic, Spain, and Panama and the head of the Union of South American Nations (UNASUR.) (See “Vatican Prompts Renewed Efforts at Dialogue,” below.)
- On October 20, 2016, Venezuela’s CNE indefinitely suspended the recall referendum process after five state-level courts issued rulings alleging fraud in a signature collection drive held in June. (See “Efforts to Recall President Maduro,” below.)
- On September 27, 2016, the House approved H.Res. 851(Wasserman Schultz) expressing profound concern about the humanitarian situation, urging the release of political prisoners, and calling for the Venezuelan government to hold the recall referendum this year. (See “Pressing for Respect for Human Rights, Democracy, and Dialogue in 2016” and **Appendix A**, below.)
- On September 21, 2016, Venezuela’s CNE announced that the signature drive for the recall referendum process would be held over a three-day period from October 26, 2016, to October 28, 2016. The CNE also said that that if a recall referendum were held, it likely would take place in the middle of the first quarter of 2017. (See “Efforts to Recall President Maduro,” below.)
- On September 12, 2016, President Obama determined for the 12th consecutive year that Venezuela is not adhering to its international antidrug obligations. (See “Counternarcotics Issues,” below.)
- On August 11, 2016, the United States joined 14 other members of the Organization of American States (OAS), in issuing a joint statement urging the Venezuelan government and opposition “to hold as soon as possible a frank and effective dialogue” and calling on Venezuelan authorities to realize the remaining steps of the presidential recall referendum “without delay.” Previously, the 15 countries had issued a statement on June 15, 2016, that, among other measures, expressed support for a “timely, national, inclusive, and effective political dialogue” and for “the fair and timely implementation of constitutional mechanisms.” (See “OAS Efforts on Venezuela,” below.)
- On August 1, 2016, the U.S. Federal Court for the Eastern District of New York unsealed a 2015 indictment against two Venezuelan military officials for cocaine trafficking to the United States. One of those indicted, General Néstor Luis Reverol Torres, had been the former head of Venezuela’s National Anti-Narcotics Office. President Maduro responded by appointing General Reverol as Minister of Interior and Justice in charge of the country’s police forces. (See “Counternarcotics Issues,” below.)

Figure 1. Political Map of Venezuela



Source: Congressional Research Service (CRS).

Political Background

Background: Chávez's Rule, 1999-2013¹

For 14 years, Venezuela experienced enormous political and economic changes under the leftist populist rule of President Hugo Chávez. Under Chávez, Venezuela adopted a new constitution and a new unicameral legislature and even a new name for the country, the Bolivarian Republic of Venezuela, named after the 19th century South American liberator Simon Bolivar, whom Chávez often invoked. Buoyed by windfall profits from increases in the price of oil, the Chávez government expanded the state's role in the economy by asserting majority state control over foreign investments in the oil sector and nationalizing numerous enterprises. The government also funded numerous social programs with oil proceeds that helped reduce poverty. At the same time, democratic institutions deteriorated, threats to freedom of expression increased, and political polarization in the country also grew between Chávez supporters and opponents. Relations with the United States also deteriorated considerably as the Chávez government often resorted to strong anti-American rhetoric.

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

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

In the first several years of President Chávez's rule, Venezuela underwent huge political changes. In 1999, Venezuelans went to the polls on three occasions—to establish a constituent assembly

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

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

Temporary Ouster in 2002. Although President Chávez remained widely popular until mid-2001, his standing eroded after that amid growing concerns by some sectors that he was imposing a leftist agenda on the country and that his government was ineffective in improving living conditions in Venezuela. In April 2002, massive opposition protests and pressure by the military led to the ouster of Chávez from power for less than three days. He ultimately was restored to power by the military after an interim president alienated the military and public by taking hardline measures, including the suspension of the constitution.

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

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

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

The Venezuelan government also moved forward with nationalizations in key industries, including food companies, cement companies, and the country's largest steel maker; these followed the previous nationalization of electricity companies and the country's largest

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

³ See the official results reported by Venezuela's National Electoral Council (CNE) at http://www.cne.gob.ve/divulgacionPresidencial/resultado_nacional.php.

telecommunications company and the conversion of operating agreements and strategic associations with foreign companies in the oil sector to majority Venezuelan government control.

2008 State and Municipal Elections. State and local elections held in November 2008 revealed a mixed picture of support for the government and the opposition. Earlier in the year, President Chávez united his supporters into a single political party—the United Socialist Party of Venezuela (PSUV). In the elections, pro-Chávez candidates won 17 of the 22 governors’ races, while opposition parties⁴ won five governorships, including in three of the country’s most populous states, Zulia, Miranda, and Carabobo. At the municipal level, pro-Chávez candidates won over 80% of the more than 300 mayoral races, with the opposition winning the balance, including Caracas and the country’s second-largest city, Maracaibo. One of the major problems for the opposition was that the Venezuelan government’s comptroller general disqualified almost 300 individuals from running for office, including several high-profile opposition candidates, purportedly for cases involving the misuse of government funds.⁵

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

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

In December 2010, Venezuela’s outgoing National Assembly approved several laws that were criticized by the United States and human rights organizations as threats to free speech, civil society, and democratic governance. The laws were approved ahead of the inauguration of Venezuela’s new National Assembly to a five-year term in early January 2011, in which opposition deputies would have had enough representation to deny the government the two-thirds and three-fifths needed for certain actions. Most significantly, the outgoing Assembly approved an “enabling law” that provided President Chávez with far-reaching decree powers for 18 months. Until its expiration in June 2012, the enabling law was used by President Chávez more than 50

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

⁵ “Inhabilitaciones a Políticos en Venezuela Se Reducen de 400 a 272,” Agence France-Presse, July 11, 2008.

⁶ See the results on the website of the CNE, at http://www.cne.gov.ve/divulgacion_referendo_enmienda_2009/.

⁷ Juan Forero, “Chávez Wins Removal of Term Limits,” *Washington Post*, February 16, 2009.

⁸ “Venezuela Country Report,” Economist Intelligence Unit (EIU), November 2010.

times, including decrees to change labor laws and the criminal code, along with a nationalization of the gold industry.⁹

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

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

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

For President Chávez, the election affirmed his long-standing popular support, as well as support for his government's array of social programs that have helped raise living standards for many Venezuelans. In his victory speech, President Chávez congratulated the opposition for their participation and civic spirit and pledged to work with them. At the same time, however, the

⁹ Ezequiel Minaya, "Chávez's Decree Powers Expire, But Not Before Heavy Use," Dow Jones Newswires, June 18, 2012.

¹⁰ See the CNE's official results at http://www.cne.gob.ve/resultado_presidencial_2012/r/1/reg_000000.html.

¹¹ Michael Shifter, "Henrique Capriles' Moment," *El Colombiano*, February 15, 2012.

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

president vowed that Venezuela would “continue its march toward the democratic socialism of the 21st century.”¹³

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

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

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

After considerable public speculation about the presidential inauguration scheduled for January 10, 2013, Vice President Maduro announced on January 8 that Chávez would not be sworn in on that day. Instead, the vice president invoked Article 231 of the Constitution, maintaining that the provision allows the president to take the oath of office before the Supreme Court at a later date.¹⁵ A day later, Venezuela’s Supreme Court upheld this interpretation of the Constitution, maintaining that Chávez did not need to take the oath of office to remain president. According to the court’s president, Chávez could take the oath of office before the Supreme Court at a later date, when his health improved.¹⁶ Some opposition leaders, as well as some Venezuelan legal scholars, had argued that the January 10 inauguration date was fixed by Article 231 and that,

¹³ Laurent Thomet, “Chávez Reaches Out to Opposition After Victory,” *Agence France Presse*, October 8, 2012.

¹⁴ Juan Forero, “Chávez Heads to Cuba for 4th Surgery,” *Washington Post*, December 10, 2012.

¹⁵ “Presidente Chávez Formalizará Juramentación Después el 10-E ante el TSJ,” *Agencia Venezolana de Noticias*, January 8, 2013.

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

since Chávez could not be sworn in on that date, then the president of the National Assembly, Diosdado Cabello, should have been sworn in as interim or caretaker president until either a new election was held or Chávez recovered pursuant to Article 234 of the Constitution.¹⁷

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

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

The Post-Chávez Era, 2013-2014

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

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

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

April 2013 Presidential Election

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

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

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

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

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

Nicolás Maduro

A former trade unionist who served in Venezuela's legislature from 1998 until 2006, Nicolás Maduro held the position of National Assembly president in 2005-2006 until he was selected by President Chávez to serve as foreign minister. He retained that position until mid-January 2013, concurrently serving as vice president beginning in October 2012 when President Chávez tapped him to serve in that position following his re-election. He has often been described as a staunch Chávez loyalist. Maduro's partner since 1992 is well-known Chávez supporter Cilia Flores, who served as the president of the National Assembly from 2006 to 2011; the two were married in July 2013.

¹⁸ The CNE's results are available at http://www.cne.gob.ve/resultado_presidencial_2013/r/1/reg_000000.html.

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

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

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

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

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

December 2013 Municipal Elections

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

²¹ *Misión de Apoyo Internacional a la Observación de las Elecciones Presidenciales in Venezuela 14 de abril 2013*, Instituto de Altos Estudios Europeos, June 2013, at http://www.iaee.eu/material/Informe_Final_Observacion_Electoral_Venezuela_14_abril_2013.pdf.

²² *Preliminary Report, Study Mission of The Carter Center, Presidential Elections in Venezuela April 14, 2013*, The Carter Center, July 2, 2013, pp. 73-77, at http://www.cartercenter.org/resources/pdfs/news/peace_publications/election_reports/venezuela-pre-election-rpt-2013.pdf.

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

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

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

Protests and Failed Dialogue in 2014

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

Protests Challenge the Government in 2014

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

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

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

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

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

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

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

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

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

²⁶ Verashni Pillay, "Why Are Young People Dying in Venezuela?" *Mail & Guardian Online*, February 27, 2014.

²⁷ Amnesty International, 2014/2015 Annual Report.

²⁸ Nick Miroff, "Venezuelan Opposition Leader Faces Long Odds," *Washington Post*, September 2, 2014.

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

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

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

Efforts Toward Dialogue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

³⁷ "UNASUR Forges a Breakthrough," *LatinNews Daily*, April 8, 2014.

³⁸ UNASUR, "Comunicado Del Consejo de Ministras y Ministros de Relaciones Exteriores de UNASUR," May 23,

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

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

2014.

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

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

Political and Economic Environment in 2015-2016

The political and economic situation in Venezuela continued to deteriorate in 2015 and 2016, with the Maduro government continuing its repression of the political opposition, the economy entering deeper into recession, with a growing humanitarian crisis.

In February 2015, Venezuela's intelligence service detained the opposition metropolitan mayor of Caracas, Antonio Ledezma, who was subsequently charged with conspiracy in an alleged plot to overthrow the government. (He was released from jail in April 2015 for surgery and has been under house arrest since June 2015.) Ledezma, along with Leopoldo López (imprisoned since 2014) had signed a communiqué entitled the "National Agreement for Transition" to take measures to overcome the country's political and economic crisis, including free and transparent presidential elections.⁴¹ The Maduro government viewed the document as tantamount to calling for the government's overthrow and similar to the "*la salida*" (exit or solution) strategy adopted by López in 2014 that tried to force Maduro from power through street protests.

Venezuela at a Glance

Population: 30.69 million (2014, WB).

Area: 912,050 square kilometers (slightly more than twice the size of California)

GDP: \$260 billion (2015, current prices, IMF est.).

GDP Growth (%): -3.9% (2014); -6.2% (2015); -10% (2016 forecast) (IMF).

GDP Per Capita Income: \$8,494 (2015, current prices, IMF est.)

Key Trading Partners: Exports—U.S. 38%, India 19.6%, China 16.7%. Imports—U.S. 29%, China, 18.5%, Brazil, 12% (2015, EIU).

Life Expectancy: 74.2 years (2014, WB)

Literacy: 95.5% (2013, UNDP)

Legislature: National Assembly (unicameral), with 167 members.

Sources: *Economist Intelligence Unit (EIU); International Monetary Fund (IMF); World Bank (WB); United Nations Development Programme (UNDP); and U.S. Department of State.*

December 2015 Legislative Elections and Aftermath

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

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

⁴¹ "Por este documento arrestaron al opositor Antonio Ledezma," *Infobae* (Argentina), February 19, 2015, at <http://www.infobae.com/2015/02/19/1628005-por-este-documento-arrestaron-al-opositor-antonio-ledezma>.

the elections. In the absence of international observers, electoral observation by Venezuelan domestic groups, such as the Observatorio Electoral Venezolano, became all the more important.

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

In the aftermath of the MUD's electoral victory, the Maduro government thwarted the power of the incoming opposition legislature. To secure control of the 32-member Supreme Court, the outgoing PSUV-controlled National Assembly confirmed 13 new magistrates whose terms were not up until the end of 2016. In doing so, the outgoing National Assembly prevented the new opposition-controlled National Assembly from confirming the judges. The Supreme Court subsequently blocked three newly elected National Assembly representatives (all from the state of Amazonas) from the MUD from taking office, which deprived the opposition of its two-thirds majority. A two-thirds majority would have provided the opposition with extensive powers, including the abilities to submit bills directly to national referendum, approve and amend organic laws, remove Supreme Court Justices in cases of serious misconduct, and convene a Constituent Assembly to rewrite the constitution. Nevertheless, a simple and a three-fifths majority are supposed to convey significant power to the opposition, including providing it with a major role in the government's budget, the ability to remove ministers and the vice president from office, and powers to overturn enabling laws that give the president decree powers.

Since the National Assembly took office in January 2016, the Supreme Court has blocked several laws and actions approved by the legislature. In February, the Supreme Court upheld President Maduro's emergency economic decree, which the National Assembly had rejected in January; the measure provides the president with broad enabling powers circumventing the powers of the legislature.⁴² In March, the Supreme Court ruled that the legislature had no right to examine the Maduro government's rushing through of 13 magistrates in late 2015.⁴³ In April, the court declared an amnesty law unconstitutional on grounds that it would have granted impunity for common crimes; the measure would have pardoned opposition leader Leopoldo López and other political prisoners—about 120 in all.⁴⁴ In April, the court also struck down a constitutional amendment that would have reduced the presidential term of office from six years to four years, maintaining that any constitutional change could not be retroactive.⁴⁵ In July 2016, Venezuela's National Assembly swore in the three opposition legislators that the Supreme Court had blocked from taking office, which led the Supreme Court to rule in early September that the National Assembly's bills would be "null and void."⁴⁶ In November 2016, the three legislators stepped down as a concession to ease tension between the government and the opposition.

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

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

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

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

⁴⁶ "Venezuela Politics – Quick View, National Assembly Stripped of Legislating Powers," *EIU ViewsWire*, September 9, 2016.

Efforts to Recall President Maduro

With the power of the National Assembly stymied by the Maduro government, opposition efforts for much of 2016 focused on attempts to recall President Maduro in a national referendum. The government, however, resorted to delaying tactics that slowed down the process considerably, and on October 20, 2016, Venezuela's National Electoral Council (CNE) indefinitely suspended the process after five state-level courts issued rulings alleging fraud in a signature collection drive held in June.

The opposition had been working for a recall referendum to be held before January 10, 2017, the four-year point of the six-year presidential term. Under Venezuela's constitution, if the recall were approved after January 10, 2017, the appointed vice president would become president for the remainder of the presidential term. (On January 4, 2017, President Maduro appointed former Interior Minister and Governor of Aragua state Tareck El Aissami as vice president, replacing Aristóbulo Istúriz, a former governor of Anzoátegui state who served in the position for one year.) If the recall had been held before January 10, 2017, a new presidential election would have been called within 30 days, giving the opposition an opportunity to compete for the presidency before the next regularly scheduled election in late 2018.

Multiple steps are required for the referendum to go forward. The recall process began in April 2016; Venezuela's CNE released forms needed to begin the procedure of seeking a recall referendum, but it did so only after several opposition National Assembly legislators had chained themselves to the CNE's office to protest the body's refusal to provide the paperwork.

The opposition then needed to collect signatures from 1% of Venezuela's electorate in each state—almost 198,000 signatures nationwide. On May 2, 2016, the opposition delivered more than 1.95 million signatures to the CNE. On June 10, the CNE announced that it had disqualified 605,727 of the signatures but that the remaining 1.35 million signatures were ready to be validated. The validation process began June 20 and was not completed until August 1, 2016, when the CNE announced that the opposition had successfully collected the signatures.

The next step was for the opposition to gather the signatures of at least 20% of registered voters—about 3.9 million signatures. Initially, the CNE announced in August 2016 that the collection of 20% of signatures would *possibly* take place at the end of October. Then, on September 21, 2016, the CNE announced that the signature drive would be held over a three-day period from October 26, 2016, to October 28, 2016. As part of the process, the CNE approved 5,392 voting machines (in 1,356 voting centers) for more than 19 million registered voters and is requiring the signatures of 20% of registered voters in each state.⁴⁷ (In contrast, the opposition wanted some 19,500 voting machines to be made available and for the requirement of 20% of signatures collected to be at the national level instead of required for each state.) As noted above, the CNE suspended the recall referendum process on October 20, 2016, and the signature collection did not take place.

If the signature collection had taken place, the next step would have been for the CNE to verify that enough signatures were received. If so, the referendum would have taken place within 90 days. For the recall of the president to occur, the referendum would have needed to be approved by more than the number of votes that Maduro received when elected—almost 7.6 million.

Major opposition protests occurred at several junctures over the government's delays with the recall referendum process. In May 2016, opposition protests erupted over the CNE's slowness in

⁴⁷ CNE, "CNE aprobó cronograma para recolección del 20% de solicitudes para activar referendo revocatorio," Noticias, September 21, 2016.

verifying the signatures collected. On May 13, 2016, President Maduro decreed a 60-day national emergency, maintaining that there were plots supported by the United States to topple his government. Protests continued despite the state of emergency, and a number of protesters were arrested. On June 9, several opposition National Assembly members, including majority leader Julio Borges, were physically attacked by armed PSUV supporters after they were turned away from the CNE by police. On September 1, 2016, hundreds of thousands of Venezuelans protested peacefully in Caracas to press for the recall referendum to be held this year. The CNE's suspension of the recall referendum process prompted massive protests in cities nationwide on October 26, 2016.

OAS Efforts on Venezuela⁴⁸

OAS Secretary General Luis Almagro has spoken out strongly about the situation in Venezuela. On May 18, 2016, the Secretary General published a public letter to President Maduro, partly in response to Maduro's accusations that Almagro was an agent of the U.S. Central Intelligence Agency (CIA).⁴⁹ Almagro called for Maduro to "return the riches of those who have governed with you to your country ... to return political prisoners to their families ... [and] ... to give the National Assembly back its legitimate power." He expressed hope that no one should commit the folly of carrying out a coup against Maduro and that Maduro himself would not do so (Maduro threatened to make the National Assembly disappear).⁵⁰ With regard to the recall referendum, Almagro said, "You have an obligation to public decency to hold the recall referendum in 2016, because when politics are polarized the decision must go back to the people. To deny the people that vote, to deny them the possibility of deciding, would make you just another petty dictator, like so many this Hemisphere has had."

On May 31, 2016, Secretary General Almagro invoked the Inter-American Democratic Charter when he called (pursuant to Article 20) on the OAS Permanent Council to convene an urgent session on Venezuela to decide whether "to undertake the necessary diplomatic efforts to promote the normalization of the situation and restore democratic institutions." The Secretary General issued an extensive report on the political and economic situation in Venezuela concluding that there are "serious disruptions of the democratic order" in the country. The report made several recommendations, including the holding of a recall referendum in 2016, the immediate release of

Article 20 of the Inter-American Democratic Charter

In the event of an unconstitutional alteration of the constitutional regime that seriously impairs the democratic order in a member state, any member state or the Secretary General may request the immediate convocation of the Permanent Council to undertake a collective assessment of the situation and to take such decisions as it deems appropriate.

The Permanent Council, depending on the situation, may undertake the necessary diplomatic initiatives, including good offices, to foster the restoration of democracy.

If such diplomatic initiatives prove unsuccessful, or if the urgency of the situation so warrants, the Permanent Council shall immediately convene a special session of the General Assembly. The General Assembly will adopt the decisions it deems appropriate, including the undertaking of diplomatic initiatives, in accordance with the Charter of the Organization, international law, and the provisions of this Democratic Charter.

The necessary diplomatic initiatives, including good offices, to foster the restoration of democracy, will continue during the process.

⁴⁸ For background on the OAS, including its democracy-promotion efforts, see CRS Report R42639, *Organization of American States: Background and Issues for Congress*, by Peter J. Meyer.

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

⁵⁰ Chris Kraul and Mery Mogollon, "President Issues Threat as Unrest Grips Venezuela," *Chicago Tribune*, May 19, 2016.

all those imprisoned for political reasons, and a halt to the executive branch's permanent blocking of laws adopted by the National Assembly. According to the Secretary General's report, the situation requires that the hemispheric community assume its responsibility for moving forward with the procedure outlined in Article 20 in a progressive and gradual manner.⁵¹

Prior to the Secretary General's action, the leadership of Venezuela's National Assembly had asked Almagro to invoke the charter, contending that the Venezuelan government had acted in an unconstitutional and antidemocratic fashion that had severely undermined and impaired the democratic order. They maintained that "there exists a grave crisis of democracy, of the rule of law, and of human rights ... a clear impairment of the essential elements of representative democracy" set forth in the charter.⁵² Human Rights Watch also called for the OAS to invoke the charter "to press Venezuela to restore judicial independence and the protection of fundamental rights."⁵³ The Maduro government has strongly opposed OAS involvement in Venezuela's political situation, arguing that the Secretary General is a pawn of the United States.⁵⁴

Separate from considering the Secretary General's report, the OAS Permanent Council met on June 1, 2016, to consider a draft declaration on the situation in Venezuela submitted by Argentina and co-sponsored by Barbados, Honduras, Mexico, Peru, and the United States. Before its adoption by consensus, the resolution was amended at the behest of Venezuela to add language noting respect for the "principle of non-intervention" and "full respect for ... [Venezuela's] sovereignty," but it kept key provisions of the original resolution. As approved, the declaration offered Venezuela support to identify a course of action to search for solutions through open and inclusive dialogue, supported the initiative of the former leaders of Spain (José Luis Rodríguez Zapatero), the Dominican Republic (Leonel Fernández), and Panama (Martín Torrijos) to reopen an effective dialogue between the government and the opposition, and supported other dialogue efforts that could lead to the resolution of differences and the consolidation of representative democracy.⁵⁵ At Venezuela's request, the Permanent Council held a special meeting on June 21 to hear from former President Rodríguez Zapatero about the status of the dialogue initiative.

With regard to the Secretary General's request invoking Article 20, the Permanent Council held a special session on June 23, 2016, to receive the presentation of the Secretary General's report. Venezuela had argued that the meeting itself should not be held, but a majority of countries voted to proceed with the agenda for the session. Nevertheless, the Permanent Council did not take any action on the Secretary General's report. When the Secretary General originally called the meeting, he wanted the Permanent Council to decide (by majority vote of 18 of 34 members) if it agreed with his report concluding that an alteration of the constitutional regime had taken place and, if so, what diplomatic initiatives may be taken, such as the offering of "good offices" (e.g., serving as a mediator or facilitating dialogue) to resolve the situation.⁵⁶

⁵¹ OAS, *Report of the Secretary General to the Permanent Council on the Situation in Venezuela*, May 30, 2016, at <http://www.oas.org/documents/eng/press/OSG-243.en.pdf>.

⁵² Bolivarian Republic of Venezuela, National Assembly, Office of the Speaker, Letter to OAS Secretary General Luis Almagro, May 16, 2016.

⁵³ Human Rights Watch, "Venezuela: OAS Should Invoke Democratic Charter," May 16, 2016.

⁵⁴ "Venezuela's Maduro Entreats Latin America Not to Isolate Him," Reuters News, June 4, 2016.

⁵⁵ OAS, Permanent Council, "Declaration of the Permanent Council about the Situation in the Bolivarian Republic of Venezuela," CP / DEC63 2076/16, June 1, 2016.

⁵⁶ If the Permanent Council took such initiatives and the measures were not successful, then the Permanent Council could call for a special session of the General Assembly to take action as appropriate, including additional diplomatic initiatives. Pursuant to Article 21 of the Inter-American Democratic Charter, if the General Assembly determined that there has been an unconstitutional interruption of the democratic order and that diplomatic initiatives have failed, then

On June 15, 2016, at the OAS General Assembly held in the Dominican Republic, 15 of 34 OAS member states—including the United States, along with Argentina, Belize, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay—issued a statement on the situation in Venezuela that reaffirmed the Permanent Council resolution adopted on June 1, 2016. In the statement, the 15 member states expressed support for a “timely, national, inclusive, and effective political dialogue”; encouraged respect for the Venezuelan constitution, which enshrines “the separation of powers, respect for the rule of law and democratic institutions”; expressed support “for the fair and timely implementation of constitutional mechanisms”; condemned “violence regardless of its origin”; and called on the “responsible authorities to guarantee due process and human rights, including the right to peaceful assembly and free expression of ideas.”⁵⁷

On August 11, 2016, the same 15 OAS members, including the United States, issued a joint statement urging the Venezuelan government and the opposition “to hold as soon as possible a frank and effective dialogue” and calling “on Venezuelan authorities to guarantee the exercise of the constitutional rights of the Venezuelan people.” The statement also called for the remaining steps of the presidential recall referendum to be “pursued clearly, concretely, and without delay” to contribute to a resolution of the current political, economic, and social difficulties facing the country.⁵⁸

On November 16, 2016, the OAS Permanent Council adopted a declaration supporting the national dialogue in Venezuela, encouraging the government and the MUD “to achieve concrete results within a reasonable timeframe,” and asserting the need for the constitutional authorities and all political and social actors to act with prudence and avoid any action of violence or threats to the ongoing process.”⁵⁹ The declaration supported the new role of the Vatican in the process as well as the former presidents of Spain, the Dominican Republic, and Panama. OAS Secretary General Almagro conveyed his gratitude for the adoption of the declaration and stated that the “prompt liberation of all political prisoners is imperative, as is the expediting of electoral processes.”⁶⁰ The Venezuelan Mission to the OAS rejected the actions of the Permanent Council as interventionist.⁶¹

Vatican Prompts Renewed Efforts at Dialogue

In late October 2016, after an appeal by Pope Francis, the Venezuelan government and most of the opposition (with the exception of Leopoldo López’s Popular Will party) agreed to talks mediated by the Vatican along with the former presidents of the Dominican Republic, Spain, and Panama, and the head of UNASUR.

it could (by a two-thirds vote) suspend Venezuela’s participation in the OAS.

⁵⁷ OAS, “Statement by Ministers and Heads of Delegation on the Situation in the Bolivarian Republic of Venezuela,” June 15, 2016.

⁵⁸ U.S. Department of State, “Joint Statement on Recent Developments in the Bolivarian Republic of Venezuela,” August 11, 2016.

⁵⁹ OAS, “Declaration of the Permanent Council Supporting the National Dialogue in the Bolivarian Republic of Venezuela,” November 16, 2016.

⁶⁰ OAS, “Statement of Secretary General Almagro on the Declaration of the Permanent Council Supporting the Dialogue in Venezuela,” November 16, 2016.

⁶¹ República Bolivariana de Venezuela, Embajada de EE.UU., “Venezuela Rechaza Intervencionismo de la OEA,” Comunicado Oficial, November 17, 2016.

The two sides issued a declaration on November 12 expressing firm commitment to a peaceful, respectful, and constructive coexistence.⁶² They also issued a statement that included agreement to improve the supply of food and medicine, resolve the situation of the three National Assembly representatives blocked from taking office, and work together in naming two CNE members whose terms expire in December.⁶³ As a result of the accord, the three MUD National Assembly members from the state of Amazonas who had been sworn into office in July 2016 over the objections of the Supreme Court resigned on November 15, 2016. Some opposition activists strongly criticized the dialogue as a way for the government to avoid taking any real actions, such as releasing all political prisoners. Many objected to the dialogue's lack of progress on either the recall referendum or the possibility of early presidential elections instead of waiting until late 2018.

The next round of talks, scheduled for December 6, 2016, was suspended until January 2017, but many observers are pessimistic about the dialogue's future. In late December, opposition leaders said that they would not return to talks if the government continued to stall on actions to allow humanitarian aid, reform the CNE, free jailed activists, and recognize the powers of the National Assembly.⁶⁴ On January 19, 2017, Venezuela's papal nuncio announced that the Vatican representative would not be attending the next meetings of the dialogue. During the third week of January, the head of UNASUR and the former presidents of the Dominican Republic, Spain, and Panama visited Venezuela in an attempt to reactivate the dialogue.

Economic and Social Conditions

During the Chávez era, the spike in oil prices fueled high rate rates of economic growth, especially between 2004 and 2008. The economic boom allowed President Chávez to move ahead with economic goals that fit into his "Bolivarian revolution." These included the expansion of a state-led development model, renegotiation of contracts with large foreign investors (especially in the petroleum sector) for majority government control, the restructuring of operations at the state oil company, and the nationalization of numerous private companies. The boom also allowed President Chávez to increase expenditures on social programs associated with his populist agenda. The government began implementing an array of social programs known as *misiones* or missions offering services in the fields of education, health, nutrition, the environment, sports, culture, and housing, as well as targeted programs for indigenous rights and services for street children and adolescents. As a result of the flourishing economy and increased social spending, poverty rates in Venezuela declined from 48.6% in 2002 to 25.4% in 2012, with extreme poverty or indigence falling from 22.2% to 7.1% over the same period.⁶⁵

Since mid-2014, however, the rapid decline in the price of oil, which accounts for 96% of Venezuelan exports, has hit Venezuela hard, with a contracting economy, rising inflation, declining international reserves, and increasing poverty—all exacerbated by what most observers see as the Maduro government's economic mismanagement. The economic situation has also

⁶² Luis Alvarado, "Conoce la declaración conjunta Convivir en Paz acordada por el Gobierno y oposición" November 12, 2016, VTV, available at <http://vtv.gob.ve/conoce-la-declaracion-conjunta-convivir-en-paz-acordada-por-el-gobierno-y-oposicion/>.

⁶³ República Bolivariana de Venezuela, Embajada de EE.UU., "Get to know the 5 agreements between the Venezuelan Government and the opposition to preserve institutional order," November 15, 2016.

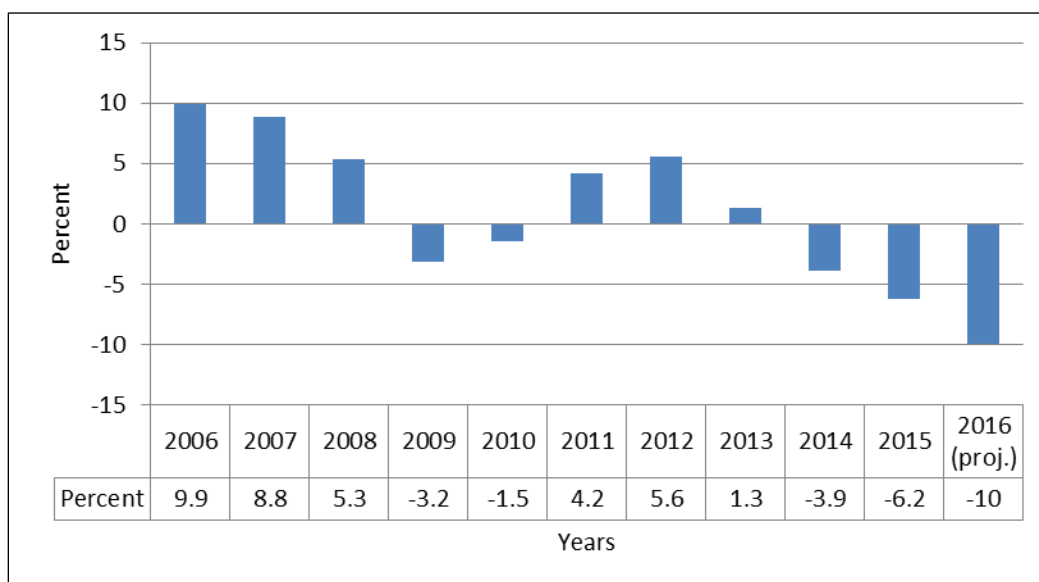
⁶⁴ "Venezuela Leader's Foes Say No More Talks Without Concessions," Reuters News, December 26, 2016.

⁶⁵ U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *2014 Social Panorama of Latin America*, 2014.

resulted in increasing shortages of food and medicines and high rates of violent crime. The country's economic outlook over the next several years is poor, with the economy expected to remain mired in recession. According to the World Bank, the Venezuelan government neglected to accumulate savings when the price of oil was high so that it could use its resources to ease a reversal in the terms of trade or to cushion necessary macroeconomic adjustments.⁶⁶

As a result, the economy has contracted significantly since oil prices began to decline in 2014. Venezuela's gross domestic product (GDP) declined 3.9% in 2014 and 6.2% in 2015, and it is projected to decline 10% in 2016, according to the International Monetary Fund (IMF; see **Figure 2**). (The Economist Intelligence Unit estimates that GDP contracted 13.7% in 2016 and projects a 5.6% decline in 2017.⁶⁷) Economic mismanagement has exacerbated the poor economic situation, and tight currency and price controls have led to shortages of some products and discouraged investment.

Figure 2. Venezuela's GDP Growth (%), 2006-2016



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

As the economy has contracted, inflation has increased significantly, with the government resorting to monetizing its public deficit, which was estimated at 20% of GDP at the end of 2015. Average annual consumer inflation increased to 62% in 2014 and 122% in 2015, and it is projected to average 476% in 2016 (see **Figure 3**). Year-end inflation increased to 180% in 2015 and is projected to reach 720% in 2016, according to the IMF. Venezuela's international reserves also have fallen in recent years, from almost \$30 billion in 2011 to some \$10.6 billion at the end of 2016.⁶⁸

Venezuela's educational and health systems have been severely affected by budget cuts, with shortages of medicines. Some hospitals face critical shortages of antibiotics, intravenous

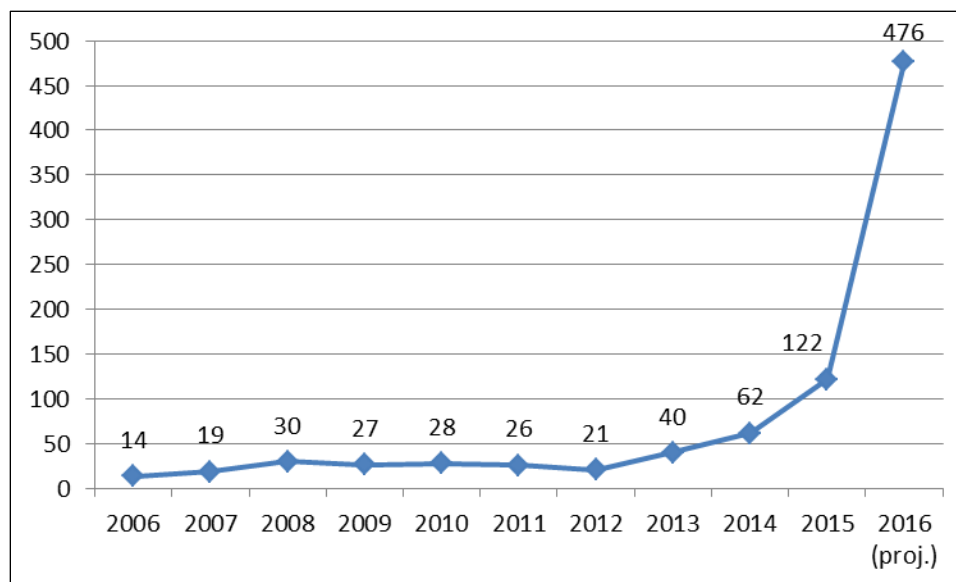
⁶⁶ World Bank, "Venezuela Overview," updated April 11, 2016, at <http://www.worldbank.org/en/country/venezuela/overview>.

⁶⁷ "Country Report Venezuela," Economist Intelligence Unit, January 2017.

⁶⁸ Ibid.

solutions, and even food.⁶⁹ Pharmacies are facing shortages, with more than 85% of drugs reported to be unavailable or difficult to find, according to the Pharmaceutical Federation of Venezuela.⁷⁰ In July 2016, almost 50 human rights organizations in Venezuela urged United Nations agencies in Venezuela, especially those dealing with health and nutrition, to speak out about the humanitarian situation in the country.⁷¹ During a trip to Argentina in early August 2016, UN Secretary General Ban Ki-moon expressed concern about the “humanitarian crisis” in Venezuela where “basic needs such as food, water, healthcare, and clothing cannot be met,” but the Venezuela government rejected the characterization.⁷² IMF officials have also expressed concern about the humanitarian situation in Venezuela in terms of health conditions, and they contend that the shortages of food and medicine could trigger a wave of migration to neighboring countries.⁷³

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



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

Venezuela temporarily opened a border crossing with Colombia in July 2016 (closed by Venezuela in 2015) to allow Venezuelans to buy food, medicines, and other consumer products in Colombia. In August 2016, Venezuela agreed to open pedestrian crossings at six border

⁶⁹ Nicholas Casey, Ana León, and Meridith Kohut, “Venezuela’s Hospitals Fail as Its Economy Collapses,” *New York Times*, May 16, 2016.

⁷⁰ Jim Wyss, “Venezuela’s Health Crisis Gives Rise to Benevolent ‘Drug Mules,’” *Miami Herald*, August 4, 2016; Whitney Eulich, “How Venezuelans Are Meeting Aid Needs Even as Government Denies Crisis,” *Christian Science Monitor*, August 3, 2016.

⁷¹ Hugo Pérez Hernáiz, “Are United Nations Agencies Failing Venezuela?” Venezuelan Politics and Human Rights, blog hosted by the Washington Office on Latin America, July 29, 2016.

⁷² “Venezuela Faces a Humanitarian Crisis, Ban Ki-Moon Claims,” *El Universal*, August 10, 2016; “Venezuela Rejects Ban Ki-moon’s ‘Humanitarian Crisis’ Label,” *Buenos Aires Herald*, August 15, 2016.

⁷³ IMF, “Transcript of a Press Briefing by the Western Hemisphere Department,” October 8, 2016; “IMF Says Hyperinflation, Mass Migration Loom for Venezuela,” *Reuters News*, October 7, 2016.

checkpoints that led tens of thousands of Venezuelans to travel to Colombia for food and other basic goods.⁷⁴

The opening of the border with Colombia helped to some to relieve shortages of food and other basic goods in border areas of Venezuela. The shortages had led to riots, protests, and looting around the country, and they have resulted in the deaths of several people shot by police and security officials. Some analysts have said that discontent over food and other shortages increases the risk of a social explosion in Venezuela.⁷⁵

Poverty rates began to increase in 2013 with Venezuela's economic slowdown under the Maduro government. In 2013, poverty increased to 32.1% (from 25.4% in 2012) and extreme poverty increased to 9.8% (from 7.1% in 2012).⁷⁶ With the economy mired in recession since 2014 and inflation reaching exorbitant levels, poverty likely has increased even further.

Venezuela's Foreign Policy Orientation

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

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

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

⁷⁴ "Over 127,000 Venezuelans Went to Colombia at the Weekend," *BBC Monitoring Americas*, August 16, 2016.

⁷⁵ "Venezuela – Government Stability," Eurasia Group, June 14, 2016.

⁷⁶ U.N. Economic Commission for Latin America and the Caribbean (ECLAC), *2015 Social Panorama of Latin America*, March 2016.

founded alliance. ALBA countries, however, have continued to express support for the Maduro government and in 2015 expressed their opposition to U.S. sanctions imposed against some Venezuelan officials.

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

Venezuela had difficult relations with Colombia during the administration of Colombian President Álvaro Uribe (2002-2010), with tensions over Venezuela’s support for leftist Colombian guerrilla groups. Relations improved markedly, however, under the Colombian government of President Juan Manuel Santos (2010-present). President Chávez played an important role in encouraging the Revolutionary Armed Forces of Colombia (FARC) to participate in peace talks with the Colombian government to resolve the conflict. In summer 2015, tensions with Colombia increased again when the Maduro government resorted to closing the border to crack down on smuggling into Colombia, which President Maduro blamed on shortages in Venezuela, but pedestrian border crossings reopened during summer 2016, ironically, to help ameliorate shortages in Venezuela.

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

Changes of government in Argentina and Brazil, however, are altering South American regional dynamics, which is leading to increased scrutiny of Venezuela. In Argentina, President Mauricio Macri, inaugurated in December 2015, has been critical of the Maduro government’s repression of its political opponents. In a sign of concern that it lost another ally in the region, the Maduro government strongly criticized the suspension of Brazilian President Dilma Rousseff pending an impeachment trial, labeling the act a parliamentary coup. Tensions over Venezuela also erupted within Mercosur (Common Market of the South), founded in 1991 by Argentina, Brazil, Paraguay, and Uruguay, to promote economic integration in South America. Venezuela became a full member of the group in 2012 and was supposed to assume the organization’s rotating presidency in July. In late July 2016, Venezuela claimed that it had assumed the rotating presidency from Uruguay, but the automatic transfer of the presidency was opposed by Argentina, Brazil, and Paraguay, with Uruguay initially supporting Venezuela. In September, all four founding members of Mercosur announced that Mercosur would give Venezuela until December 1, 2016, to meet its membership requirements (an estimated 300 rules and regulations) or be

suspended as a full member.⁷⁷ Venezuela ultimately was suspended from Mercosur in December 2016, and the rotating presidency of the group passed to Argentina.

Close relations with China and Russia have continued as Venezuela seeks continued trade and investment. From 2007 through 2015, China provided some \$65 billion in financing to Venezuela.⁷⁸ The money typically has been for funding infrastructure and other economic development projects, and Venezuela reportedly has committed significant amounts of oil to repay its loans to China. One high-profile infrastructure funded by China, a high-speed railway project, was abandoned in 2015.⁷⁹ While China officially has expressed support for continued engagement with Venezuela, reportedly concern in China about the economic crisis in Venezuela is leading to a more cautious approach toward Venezuela.⁸⁰

Venezuela was elected to the U.N. Security Council (UNSC) for a two-year term in October 2014. Venezuela had received the endorsement of Latin American and Caribbean nations for the seat at a United Nations meeting in July 2014. There are 10 non-permanent members of the UNSC, with 5 elected each year for two-year terms. While the Latin America and Caribbean region does not formally have designated seats, by tradition two nations from the region are selected by the United Nations General Assembly to sit on the UNSC representing the Group of Latin American and Caribbean States in the U.N. After a contentious race for a UNSC between Venezuela and Guatemala in 2006 (with Panama ultimately successful as a compromise candidate), Latin American nations reportedly agreed privately to alternate representation in a particular order, with Venezuela's turn in 2014.⁸¹ Some observers criticized the decision of Latin American and Caribbean nations to support Venezuela for the seat because of its human rights record, while others maintained that Venezuela's election would not alter the balance of voting and that its influence in the region overall is waning.⁸²

U.S. Relations and Policy

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

Declining Venezuelan cooperation on antidrug and antiterrorism efforts also became a major U.S. concern. Since 2005, Venezuela has been designated annually (by President George W. Bush and President Obama, as part of the annual narcotics certification process) as a country that has failed to adhere to its international antidrug obligations. Since 2006, the Department of State has made

⁷⁷ Timothy M. Gill, "Venezuela on the Outs with Mercosur," *Venezuelan Politics and Human Rights*, September 15, 2016, blog hosted by the Washington Office on Latin America, September 15, 2016.

⁷⁸ Kevin P. Gallagher and Margaret Myers, "China-Latin American Finance Database," *Inter-American Dialogue*, 2016.

⁷⁹ Joshua Goodman, "Chinese Bullet Train in Venezuela Stalls as Alliance Derails," *Associated Press*, May 14, 2016.

⁸⁰ Margaret Myers, "Venezuela's Friends in Beijing Worried," *Miami Herald*, August 14, 2016.

⁸¹ Joshua Goodman, "Venezuela's UN Security Council Bid Gains Backing," *Associated Press*, September 11, 2014.

⁸² "Black Eye for the Region," opinion editorial, *Miami Herald*, September 14, 2015; Christopher Sabatini, "In Venezuela, Hope Sinks," *Americas Quarterly*, September 15, 2014; and "Venezuela Likely to Win UNSC Seat," *Bloggings by Boz*, September 11, 2014, at <http://www.bloggingsbyboz.com/2014/09/venezuela-likely-to-win-unsc-seat.html>.

an annual determination that Venezuela has not been cooperating fully with U.S. antiterrorism efforts, and as a result has imposed an embargo on arms sales to Venezuela. The United States has also imposed financial sanctions on several current or former Venezuelan officials for providing support to the FARC; on several Venezuelan companies for their support of Iran; and on several Venezuelan individuals and companies for their support of the radical Lebanon-based Islamic Shiite group Hezbollah.

Tensions in bilateral relations with Venezuela under the Bush Administration turned especially sour in the aftermath of President Chávez's brief ouster from power in April 2002. Venezuela alleged U.S. involvement in the ouster, while U.S. officials repeatedly rejected charges that the United States was involved. Nevertheless, strong U.S. statements critical of Chávez upon his return to power set the stages for continued deterioration in U.S.-Venezuelan relations and strong rhetoric on both sides. In 2006, however, the tenor of U.S. political rhetoric changed in the second half of the year with U.S. officials refraining from responding to Venezuela's rhetorical attacks. By 2008, U.S. policy had shifted to focusing on advancing a positive U.S. agenda for the hemisphere and refraining from getting into any unneeded conflicts or spats with President Chávez. Nevertheless, U.S. relations took a turn for the worse in September 2008 when Venezuela expelled the U.S. Ambassador in solidarity with Bolivian President Evo Morales, who had expelled the U.S. Ambassador in La Paz after accusing him of fomenting unrest; the United States responded in kind with the expulsion of the Venezuelan Ambassador to the United States.

Obama Administration Policy

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

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

Responding to Venezuela's Repression of Dissent in 2014 and 2015

In 2014, the year began with positive statements from both countries about resuming a positive relationship, but Venezuela's heavy-handed crackdown on protesters beginning in February 2014

led to strong U.S. criticism of the Venezuelan government and calls for the government to engage in dialogue with the opposition. Venezuela expelled three U.S. diplomats in February, accusing them of organizing and financing the protests, while the United States rejected the allegations and responded by expelling three Venezuelan diplomats. U.S. officials pressed for Latin American countries to help resolve the situation in Venezuela, and encouraged UNASUR's efforts to initiate talks between the government and the opposition in April.

While the UNASUR-sponsored dialogue was going on, the Obama Administration maintained that the imposition of sanctions would be counterproductive but noted that sanctions would be considered as an option if there was no movement. Subsequently, in July 2014, in the aftermath of the failure of the UNASUR dialogue, the State Department imposed restrictions on travel to the United States by a number of Venezuelan government officials responsible for, or complicit in, human rights abuses.⁸³ In February 2015, the State Department announced additional visa restrictions on Venezuelan government officials believed to be responsible for human rights abuses and on persons considered to be involved in acts of public corruption.⁸⁴ U.S. officials noted that as of early March 2015, the State Department had imposed visa restrictions on a total of 56 Venezuelans on both human rights and public corruption grounds.⁸⁵

Congressional Response to Venezuela's 2014 Suppression of Protests

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

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

U.S.-Venezuelan relations continued to spiral downward in the aftermath of the announcement of the additional visa restrictions in February 2015. The Venezuelan government once again alleged that the United States was involved in coup plotting and destabilization. In response, the State Department issued a public response calling the allegations "baseless and false" and stating that "the United States does not support political transitions by non-constitutional means."⁸⁶ On February 28, President Maduro announced that his government would limit the number of U.S.

⁸³ U.S. Department of State, "Visa Restrictions Against Human Rights Abusers in Venezuela," July 30, 2014.

⁸⁴ U.S. Department of State, "Additional Visa Restrictions Against Human Rights Abusers, Individuals Responsible for Public Corruption, and Their Family Members in Venezuela," Press Statement, February 2, 2015.

⁸⁵ White House, "Background Conference Call on the President's Executive Order on Venezuela," March 9, 2015.

⁸⁶ U.S. Department of State, "Response to Venezuelan Government Accusations About U.S. Involvement in a Coup," Press Statement, February 19, 2015.

diplomats working in the country. On March 2, he called for the U.S. Embassy to come up with a plan within 15 days to reduce staff to 17 from about 100 to match the number of Venezuelans at their Embassy in Washington, DC. The State Department, which responded to the request via diplomatic channels, maintained that Venezuela dramatically understated the number of Venezuelan diplomats in the United States because, in addition to their embassy, they have eight consulates.⁸⁷

In March 2015, President Obama issued Executive Order (EO) 13692 implementing the Venezuela Defense of Human Rights and Civil Society Act of 2014 (P.L. 113-278) that was enacted in December 2014 (see text box above) and going beyond the requirements of that law.⁸⁸ (The Department of the Treasury issued regulations (31 C.F.R. Part 591) implementing P.L. 113-278 and EO 13692 in July 2015.) The EO authorizes targeted sanctions (asset blocking and visa restrictions) against those involved in the following:

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

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

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

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

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

⁸⁷ U.S. Department of State, Daily Press Briefing, March 3, 2015.

⁸⁸ *Federal Register*, March 11, 2015, pp. 12747-12751.

In the run-up to Venezuela's legislative elections in December 2015, the Obama Administration continued to speak out about the poor human rights situation and efforts by the Venezuelan government to disadvantage the opposition. In August 2015, the State Department expressed concern regarding actions taken by the Venezuela's CNE and Comptroller General banning certain opposition members from holding public office.⁸⁹ In September 2015, Secretary of State Kerry spoke out strongly about the conviction of Leopoldo López and called for his release. The Secretary also called on the government of Venezuela to respect the rights of all political prisoners and to guarantee fair and transparent public trials.⁹⁰ In November 2015, the State Department condemned the killing of an opposition member, called for the government to protect all candidates, and noted "that campaigns of fear, violence, and intimidation have no place in democracy."⁹¹ Secretary of State Kerry congratulated the people of Venezuela in the aftermath of the legislative elections, maintaining that "Venezuelan voters expressed their overwhelming desire for a change in the direction of their country."⁹²

Pressing for Respect for Human Rights, Democracy, and Dialogue in 2016

The Obama Administration continued to speak out about the poor human rights situation and setback to democracy in Venezuela in 2016. In January 2016, the State Department expressed concern about the Venezuelan government's efforts to interfere with the newly elected National Assembly.⁹³ In February 2016, the State Department expressed concern about Venezuelan government actions "to silence its opponents, which have led to a climate of intimidation and repression," and about actions by the Supreme Court that limited the authority of the National Assembly. The State Department noted that "dozens of leaders from Venezuelan society have been imprisoned for their political beliefs," specifically mentioning Leopoldo López, Caracas mayor Antonio Ledezma (under house arrest), former mayor Daniel Ceballos, and numerous students. The State Department called for dialogue among of branches of government in Venezuela to address the country's social and economic challenges.⁹⁴ In March 2016, President Obama renewed the national emergency declared in EO 13692 for another year, a standard procedure with economic sanctions.⁹⁵ Venezuela responded by recalling its top diplomat in the United States, the chargé d'affaires at its embassy.

In April, the State Department reiterated a call for the release of those imprisoned for their political beliefs, noting that hearings held by the Inter-American Commission on Human Rights "painted a distressing picture of the conditions for prisoners of conscience in Venezuela."⁹⁶ Secretary of State Kerry stated in a press interview that the United States was "prepared to engage in a full dialogue" with Venezuela and "prepared to help Venezuela get back on its feet

⁸⁹ U.S. Department of State, "Venezuela: Banning of Opposition Members from Holding Office," August 4, 2015.

⁹⁰ U.S. Department of State, "Conviction of Leopoldo López," September 11, 2015.

⁹¹ U.S. Department of State, "Condemn Killing of Opposition Member in Venezuela," November 26, 2015.

⁹² U.S. Department of State, "Venezuelan Legislative Elections," December 7, 2015.

⁹³ U.S. Department of State, "Daily Press Briefing," January 4, 2016, and "Seating of the Venezuelan National Assembly," January 5, 2016.

⁹⁴ U.S. Department of State, "Venezuela: Inclusion of All Parties a Key to Solving Challenges," February 17, 2016.

⁹⁵ Executive Office of the President, "Continuation of the National Emergency with Respect to Venezuela," 81 *Federal Register* 11999, March 7, 2016.

⁹⁶ U.S. Department of State, "Release Venezuelan Prisoners of Conscience," April 8, 2016.

economically,” but he also indicated that “we’ve got to have an executive authority in Venezuela which is ready to respect the people and respect the rule of law.”⁹⁷

In May 2016, U.S. intelligence officials reportedly briefed several U.S. reporters and said that a crisis was unfolding in Venezuela as the country faces shortages of basic goods, a looming foreign debt payment, high levels of crime, and political intransigence. The officials reportedly predicted that President Maduro was not likely to finish his term. Potential scenarios, according to the press reports, include Maduro’s removal through a recall referendum; his ouster by some members of his government, with help from some segment of the military; or a move by the military, potentially led by lower-ranking officers and enlisted members. The intelligence officials reportedly appeared to acknowledge that the United States has little leverage in the situation, maintaining that U.S. pressure alone is not going to resolve the issue. The Obama Administration has stressed regional efforts to help resolve the situation.⁹⁸

In response to violence perpetrated against opposition members of Venezuela’s National Assembly on June 9, 2016, the State Department condemned “acts of violence designed to intimidate citizens exercising their democratic rights.” It also called on “Venezuelan government security forces to maintain order in a manner consistent with international law and international commitments regarding human and civil rights.”⁹⁹

Speaking at the OAS General Assembly meeting in the Dominican Republic on June 14, 2016, Secretary of State John Kerry expressed support for the OAS Secretary General’s invocation of Article 20 of the Inter-American Democratic Charter, maintaining that it would open a much-needed discussion within the Permanent Council on the situation in Venezuela. He vowed that the United States stands ready to participate in the discussion and, along with OAS partners, to help facilitate the national dialogue that will address the political, economic, social, and humanitarian dimensions of Venezuela’s crisis. Kerry also asserted that the United States joins with Secretary General Almagro and others in the international community in calling on the Venezuelan government “to release political prisoners, to respect freedom of expression and assembly, to alleviate shortages of food and medicine, and to honor its own constitutional mechanisms, including a fair and timely recall referendum that is part of that constitutional process.”¹⁰⁰

During a press briefing at the OAS meeting, Secretary of State Kerry maintained that the United States at this juncture was not looking to suspend Venezuela from the OAS, saying that such an action would not be constructive. According to Kerry, “I think it’s more constructive to have the dialogue than to isolate at this point.”¹⁰¹ A two-thirds majority vote is needed to suspend an OAS member’s participation, which appears to be a high hurdle in the case of Venezuela considering the country’s past support from Caribbean nations that are beneficiaries of PetroCaribe.

⁹⁷ U.S. Department of State, “Secretary Kerry Interview with Andrés Oppenheimer of CNN Español,” April 17, 2016, at <http://www.humanrights.gov/dyn/04/-secretary-kerry-interview-with-andres-oppenheimer-of-cnn-espanol/>.

⁹⁸ “U.S. Concern Grows Over Possible Venezuela Meltdown: Officials,” Reuters News, May 13, 2016; Karen DeYoung, “Crisis Coming in Venezuela, U.S. Experts Say,” *Washington Post*, May 14, 2016; and Tracy Wilkinson, “Venezuela Crisis Portends Violence, Political Stalemate and Food Shortages Plague the Oil-Rich Country, Other Nations Fear the Ripples of a Collapse,” *Los Angeles Times*, May 15, 2016.

⁹⁹ U.S. Department of State, “Attack on Venezuelan Opposition Leaders,” press statement, June 10, 2016.

¹⁰⁰ U.S. Department of State, Secretary of State John Kerry, “Remarks at the 46th Organization of American States,” June 14, 2016.

¹⁰¹ U.S. Department of State, Secretary of State John Kerry, “Roundtable with Press at the General Assembly of the Organization of American States,” June 14, 2016.

Secretary Kerry also met with his Venezuelan counterpart, Foreign Minister Delcy Rodriguez, on the sidelines of the OAS General Assembly meeting. According to the State Department, Secretary Kerry expressed support for the dialogue facilitated by the former leaders of Spain, the Dominican Republic, and Panama, and he also underscored the importance of upholding democratic and constitutional processes. The two officials reportedly had constructive discussions about the challenges facing Venezuela and agreed “to continue discussions on establishing a positive path forward in the bilateral relationship.”¹⁰² (Because of tensions in bilateral relations, the United States and Venezuela have not had ambassadors in place since 2010.¹⁰³)

After the meeting, Kerry announced that as the next step in moving bilateral relations forward, State Department Under Secretary for Political Affairs Tom Shannon would visit Venezuela for talks.¹⁰⁴ Shannon visited Venezuela from June 21 to June 23, 2016, meeting with government officials, including President Maduro, as well as leaders of the National Assembly opposition and members of the opposition and civil society. The visit, however, did not appear to have any discernible effect on improving bilateral relations.

Congressional Action in 2016

In July 2016, Congress enacted the Venezuela Defense of Human Rights and Civil Society Extension Act of 2016 (P.L. 114-194, S. 2845), which extended the termination date of the requirement to impose targeted sanctions set forth in P.L. 113-278 until December 31, 2019. The requirement to impose sanctions pursuant to that law would have terminated December 31, 2016. The Senate had approved S. 2845 by unanimous consent in April 2016, and the House followed suit in July 2016.

In September 2016, the House approved H.Res. 851, which, among its provisions, expressed profound concern about the humanitarian situation, urged the release of political prisoners, and called for the Venezuelan government to hold the recall referendum in 2016. In the Senate, a similar although not identical resolution, S.Res. 537, was reported by the Senate Foreign Relations Committee in December 2016.

Congress has appropriated funding for democracy and human rights programs in Venezuela for more than a decade. For FY2017, the Administration requested \$5.5 million, \$1 million less than that the \$6.5 million being provided in FY2016 (pursuant to P.L. 114-113). The 114th Congress did not complete action on FY2017 appropriations, but it approved a continuing resolution (P.L. 114-254) providing funding at the same level as FY2016 through April 28, 2017, minus an across-the-

¹⁰² U.S. Department of State, Secretary Kerry’s Meeting with Venezuelan Foreign Minister Delcy Rodriguez, readout, June 14, 2016.

¹⁰³ In 2010, the Chávez government revoked an agreement for U.S. Ambassador-Designate Larry Palmer to be posted to Venezuela. The United States responded by revoking the visa of the Venezuelan ambassador.

¹⁰⁴ U.S. Department of State, Secretary of State John Kerry, “Roundtable with Press at the General Assembly of the Organization of American States,” June 14, 2016; Geoff Dyer, “U.S. and Venezuela to Hold High-Level Talks to Ease Crisis,” *Financial Times*, June 15, 2016.

At a June 22, 2016, hearing of the House Western Hemisphere Affairs Subcommittee, U.S. officials from the Departments of State, Treasury, and Commerce testified on the situation in Venezuela and U.S. policy. Deputy Assistant Secretary of State for Democracy, Human Rights, and Labor Michael Kozak stated that “the United States has consistently called for all sides within Venezuela to peacefully respect democratic norms and values, while U.S. officials at all levels have pressed the government of Venezuela to live up to its international human rights

board reduction of almost 0.2%. Also see **Appendix A**.

commitments and respect Venezuela’s own constitution.” Acting Deputy Assistant Secretary of State for Western Hemisphere Affairs Annie Pforzheimer expressed deep U.S. concern about the worsening political, economic, and social situation in Venezuela, reiterated U.S. calls for the Venezuelan government to release political prisoners and the need for dialogue in Venezuela, and stressed the importance of the region working together to address the erosion of democratic institutions and respect for human rights. She said that, “given rising social and political tensions, it is urgent that the recall effort advance without delay.”¹⁰⁵

In terms of sanctions, Deputy Assistant Secretary Pforzheimer noted that the State Department has taken steps to impose “visa restrictions on more than 60 individuals believed to be responsible for or complicit in undermining democratic governance, including corruption, and human rights abuses.” Acting Director of the Treasury Department’s Office of Foreign Assets Control (OFAC) John Smith noted that President Obama had ordered asset-blocking sanctions against seven Venezuelan officials in 2015. Smith maintained that targeted sanctions against individuals demonstrates that the United States is working to see democracy and human rights protected and preserved in Venezuela but also shows that the United States has no desire to target the Venezuelan people nor their government as a whole or to exacerbate the poor economic situation.¹⁰⁶

As noted above, the United States joined with 14 other OAS members in a statement issued on June 15, 2016, expressing support for dialogue, respect for the separation of powers, and respect for the rule of law and democratic institutions and calling for the timely implementation of constitutional mechanisms. At the June 23, 2016, OAS Permanent Council meeting on Venezuela, Michael Fitzpatrick, then-U.S. interim permanent representative to the OAS, asserted that the Secretary General’s report on Venezuela provides a factual and legal basis for the Permanent Council to analyze and decide whether there has been an “unconstitutional alteration of the constitutional regime that seriously impairs the democratic order” and, if so, what additional steps might help to foster democratic strengthening and national reconciliation in Venezuela. He maintained that pursuing an Article 20 remedy is not premised on the exhaustion of other diplomatic initiatives and cautioned that although dialogue is important, it cannot be “an excuse to delay action.” He reiterated that the United States joins with the Secretary General in calling for the Venezuelan government to release all political prisoners, respect freedom of expression

¹⁰⁵ House Committee on Foreign Affairs, Subcommittee on the Western Hemisphere, “Venezuela’s Crisis: Implications for the Region,” Hearing, June 22, 2016, at <https://foreignaffairs.house.gov/hearing/subcommittee-hearing-venezuelas-crisis-implications-region/>.

¹⁰⁶ *Ibid.*

and assembly, and honor its own constitutional mechanisms, including a fair and timely recall referendum.¹⁰⁷ On August 11, 2016, the United States again joined with 14 other OAS members in a statement urging dialogue as soon as possible and calling for the remaining steps of the presidential recall referendum to be “pursued clearly, concretely, and without delay.”¹⁰⁸

In September 2016, after Venezuela’s CNE issued a timeline for the presidential recall referendum indicating that the process might not be completed until 2017, the State Department released a statement of concern, maintaining that the CNE’s decision, along with “continuing media restrictions and other actions to weaken the authority of the National Assembly, deprive Venezuelan citizens the opportunity to shape the course of their country.” The State Department maintained that the CNE’s unexplained delays in announcing the next phase of the recall process, its decisions to establish a very limited number of polling stations for the October 26-28 signature collection, to distribute those polling stations in a partisan manner, and to impose an irregular state-by-state requirement for those signatures are all part of a package of actions that reinforce U.S. concerns about the impartiality of the process. The State Department reiterated its call for the Venezuelan executive branch “to engage in a serious dialogue with both the opposition and Venezuelans from across the political spectrum.”¹⁰⁹

Secretary of State Kerry met with President Maduro in Cartagena, Colombia, on September 26, 2016, on the margins of a ceremony commemorating the signing of a peace agreement between the Colombian government and the FARC. According to the State Department, Kerry discussed U.S. concerns “about the economic and political challenges that are affecting millions of Venezuelans,” and “he urged President Maduro to work constructively with opposition leaders to address these challenges.” Kerry also stressed U.S. “support for democratic solutions through dialogue and compromise” and agreed to continue bilateral discussion begun in recent months.¹¹⁰

Under Secretary of State Shannon traveled again to Venezuela from October 31, 2016, to November 2, 2016, to demonstrate support for the Vatican-facilitated dialogue. Shannon characterized the new dialogue as a continuation of the effort led by the three former presidents that was begun again when the Vatican agreed to join the mediation effort. He emphasized the importance of the Vatican’s role in the dialogue. According to Shannon, the dialogue “represents the best opportunity” for “a peaceful way out of a political impasse—and it’s worthy of our support and it’s worthy of the support of the international community.”¹¹¹

Democracy and Human Rights Concerns

Human rights organizations and U.S. officials have expressed concerns for more than a decade about the deterioration of democratic institutions and threats to freedom of speech and press in Venezuela. According to Human Rights Watch, Chávez’s presidency was “characterized by a dramatic concentration of power and open disregard for basic human rights guarantees.” The human rights group maintains that in the aftermath of his short-lived ouster from power in 2002,

¹⁰⁷ U.S. Department of State, Michael Fitzpatrick, Interim Permanent Representative of the United States, “Remarks at the Extraordinary Meeting of the OAS Permanent Council on Venezuela,” June 23, 2016.

¹⁰⁸ U.S. Department of State, “Joint Statement on Recent Developments in the Bolivarian Republic of Venezuela,” August 11, 2016.

¹⁰⁹ U.S. Department of State, “Announcement of Venezuelan Recall Referendum Timeline,” press statement, September 22, 2016.

¹¹⁰ U.S. Department of State, “Secretary Kerry’s Meeting with Venezuelan President Maduro,” September 26, 2016.

¹¹¹ U.S. Department of State, Under Secretary for Political Affairs Thomas A. Shannon, Jr. “Briefing on Venezuela,” November 4, 2016.

“Chávez and his followers seized control of the Supreme Court and undercut the ability of journalists, human rights defenders, and other Venezuelans to exercise fundamental rights.” By Chávez’s second full term in office (2007-2012), Human Rights Watch maintains that “the concentration of power and erosion of human rights protections had given the government free reign to intimidate, censor, and prosecute Venezuelans who criticized the president or thwarted his political agenda.”¹¹²

Under the Maduro government, the human rights situation has continued to deteriorate. As described above, the government cracked down severely on protests in 2014, leading to more than 3,000 detentions and 43 people killed. In its 2015 human rights report, the State Department states that Venezuela’s principal human rights abuses during the year included use of the judiciary to intimidate and prosecute government critics; indiscriminate police action against civilians leading to widespread arbitrary detentions and unlawful killings; and government actions to impede freedom of expression and freedom of the press.¹¹³ In April 2016, Human Rights Watch and the Venezuelan human rights group PROVEA released a report documenting the Venezuelan government’s crackdown since mid-2015 against low-income and immigrant communities with the stated purpose of combatting criminal gangs, which have contributed to high rates of violence in the country. The report alleged that security forces have committed serious human rights abuses during those raids, including extrajudicial killings, arbitrary detentions, forced evictions, the destruction of homes, and the arbitrary deportation of Colombian nationals.¹¹⁴

In July 2106, Human Rights Watch issued a report documenting 21 cases of people detained since May 2016 by the Bolivarian National Intelligence Service (SEBIN) and National Guard on allegations that these people were planning, were fomenting, or had participated in violent antigovernment actions; most of the 21 detainees allege that they were tortured or otherwise abused while in custody. The report also maintains that the Venezuelan government allegedly fired dozens of workers in retaliation for supporting the recall referendum.¹¹⁵

The Venezuelan human rights group *Foro Penal Venezolano* lists 96 political prisoners as of January 20, 2017, with some cases dating back to 2003 but the majority detained since 2014.¹¹⁶ The list includes Leopoldo López, imprisoned since February 2014 and sentenced to almost 14 years in September 2015 (he lost an appeal in August 2016); Mayor Daniel Ceballos of San Cristóbal, imprisoned in March 2014, moved to house arrest in August 2015, and returned to prison in August 2016; and metropolitan Caracas Mayor Antonio Ledezma, arrested and imprisoned in February 2015 and moved to house arrest in April 2015. Several political prisoners were released toward the end of 2016, including former governor of Zulia state and former presidential candidate Manuel Rosales, who was detained in October 2015 after returning from exile, and dual Venezuelan-U.S. citizen Francisco Márquez, who was arrested in June 2016 as he was traveling to assist in a signature-validation process for the presidential recall referendum. U.S. officials have expressed concern about imprisoned U.S. citizen Joshua Holt, who was

¹¹² Human Rights Watch, “Venezuela: Chávez’s Authoritarian Legacy,” March 5, 2013, at <https://www.hrw.org/news/2013/03/05/venezuela-chavez-s-authoritarian-legacy>.

¹¹³ U.S. Department of State, Country Reports on Human Rights Practices 2015, April 13, 2016, Venezuela chapter at <http://www.state.gov/documents/organization/253261.pdf>.

¹¹⁴ Human Rights Watch and PROVEA (Venezuelan Program of Action-Education in Human Rights), “Unchecked Power, Police and Military Raids in Low-Income Immigrant Communities in Venezuela,” April 2016, at <https://www.hrw.org/node/288189/>.

¹¹⁵ Human Rights Watch, “Venezuela: Dissidents Allege Torture, Coerced Confessions,” July 27, 2016.

¹¹⁶ For a current listing of political prisoners, see Foro Penal’s website at <https://foropenal.com/presos-politicos/lista-publica>.

arrested in June 2016 on suspicion of weapon charges after traveling to Venezuela to marry a woman he met online.¹¹⁷ **Table 1**, below, provides links to current reporting on the human rights situation in Venezuela by several human rights groups and the U.S. Department of State.

In a prominent human rights case that captured worldwide attention, Judge María Lourdes Afiuni was imprisoned on charges of corruption in December 2009 after she ordered the release of a businessman who had been imprisoned without trial on charges of corruption. Afiuni reportedly was held in deplorable conditions and received inadequate health treatment until she was released from prison and placed under house arrest in February 2011. She subsequently said that she had been raped in prison and had an abortion after becoming pregnant.¹¹⁸ International human rights groups continued to call for the charges to be dropped and the United Nations Working Group on Arbitrary Detention asked Venezuela to release Afiuni from house arrest.¹¹⁹ In June 2013, a Venezuelan court ordered Afiuni to be freed—although, according to the State Department’s human rights report, she is prohibited from leaving the country, talking to the media, or using social media. Afiuni was cited in a Senate resolution introduced in September 2015, S.Res. 262 (Ayotte), that called for the release of 20 female prisoners around the world.

Threats to Freedom of Expression. The Venezuelan government has taken actions over the past decade that have undermined the right to free expression. While vibrant political debate in Venezuela is still reflected in some print media and radio stations, the government has discriminated against media that offer views of political opponents. It has used laws and regulations regarding libel and media content as well as legal harassment and physical intimidation that, according to human rights groups, have effectively limited freedom of speech and the press. According to Human Rights Watch, fear of government reprisal has made self-censorship a serious problem.¹²⁰

Under President Chávez, the Venezuelan government expanded state-owned media, including radio and television stations, newspapers, and websites, in order to counter what it viewed as imbalance in the media environment. In 2012, the Committee to Protect Journalists issued a special report documenting the Chávez government’s attacks on private media and its establishment of a large state media that disseminates government propaganda and often is used to launch smear campaigns against critics.¹²¹ With regard to television broadcasting, the government of Venezuela targeted two prominent stations—RCTV and *Globovisión*—that had been strongly critical of the government and its policies.

- **RCTV.** In 2007, the government closed RCTV, sparking protests and worldwide condemnation. The government maintained that it did not renew the station’s broadcast license because of the station’s actions in support of the 2002 coup that temporarily removed Chávez from power. The 2007 closure shut down RCTV’s general broadcast station available nationwide, but allowed RCTV to operate with a more limited cable station known as *RCTV-Internacional*. In 2010, however, the Venezuelan government took the cable station off the air. In 2015,

¹¹⁷ “U.S. Raises Concerns to Venezuela about Jailed Utah Man,” *Desert News*, September 30, 2016.

¹¹⁸ María Eugenia Díaz and William Neuman, “Venezuelan Judge Who Angered Chávez Says She Was Raped While in Prison,” *New York Times*, November 27, 2012.

¹¹⁹ “UN Working Group Calls for Judge Afiuni’s Release,” *El Universal* (Venezuela), March 7, 2012.

¹²⁰ Human Rights Watch, World Report 2016, Venezuela chapter, at <https://www.hrw.org/world-report/2016/country-chapters/venezuela>.

¹²¹ Joel Simon, “Chávez’s Decade of Media Repression,” *Miami Herald*, August 28, 2012; Committee to Protect Journalists, *Venezuela’s Private Media Wither Under Chávez Assault*, August 2012, at <http://cpj.org/reports/venezuela2012-english.pdf>.

- the Inter-American Court of Human Rights criticized the government's refusal to grant a broadcasting license to RCTV and ordered the government to reinstate the license. Venezuela's Supreme Court ruled that the court's action was nonbinding.
- **Globovisión.** In 2009, the Venezuelan government targeted *Globovisión*, a Caracas-area television news station that was often critical of the government in a combative style. In March 2010, the president of *Globovisión*, Guillermo Zuloaga, was arrested for making remarks deemed offensive to President Chávez. After strong domestic and international criticism, Zuloaga was released, but in June 2010, he fled the country after another arrest warrant. Mounting fines and harassment by the government ultimately led *Globovisión*'s owners to sell the station in 2013. The station immediately took a new editorial line and promised "impartial coverage." A number of high-profile journalists and shows critical of the government were taken off the air, leading media rights observers to lament the loss of independent critical television media in the country.¹²² In the aftermath of Venezuela's December 2015 legislative elections, however, CPJ maintained that *Globovisión* had dropped its pro-government stance, reportedly covering the National Assembly, interviewing both opposition and pro-government supporters, and conducting more in-depth reporting on such issues as food shortages, inflation, and allegations of government mismanagement.¹²³

In March 2016, human rights organizations condemned the four-year prison sentence of Venezuelan newspaper editor David Natera Febres, who was convicted for criminal defamation, and maintained that the conviction would have significant negative effects on press freedom and investigative journalism. Natera Febres was the editor of the *Correo del Caroní* in the southeastern state of Bolívar, which had been covering alleged corruption involving a state-owned company.¹²⁴

Trafficking in Persons. Another human rights issue in U.S. relations with Venezuela has been concerns about Venezuela's efforts to combat trafficking in persons. For 2012 and 2013, the State Department placed Venezuela on its Tier 2 Watch List in its annual mandated report on trafficking in persons pursuant to the Trafficking Victims Protection Act (TVPA, P.L. 106-386). A country on the Tier 2 Watch List may only remain on it for two consecutive years unless its government has a written plan to bring itself into compliance with the minimum standards to combat trafficking in persons. Venezuela does not have such a written plan, and as a result, the State Department downgraded the country to Tier 3 in its annual Trafficking in Persons Report for 2014, 2015, and 2016. Countries on Tier 3 are those whose governments do not fully comply with the TVPA's minimum standards and are not making significant efforts to do so. According to the 2016 State Department report, Venezuela is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor. The report noted that the Venezuelan government released minimal information on its anti-trafficking efforts. Authorities investigated

¹²² Maria Isabel Sanchez and Valeria Pacheco, "Voice of Venezuelan Anti-Government TV Station Down to a Whimper," Agence France Presse, August 20, 2013.

¹²³ John Otis, "After Venezuelan Elections, Globovisión Shows More Defiant Stance," Committee to Protect Journalists, March 31, 2016.

¹²⁴ "Four-year Jail Term for Newspaper Editor who Investigated Corruption," Reporters Without Borders, March 17, 2016; "Venezuelan Editor Sentenced to 4 Years in Prison for Criminal Defamation," Committee to Protect Journalists, March 11, 2016; Inter-American Commission on Human Rights, "Office of the Special Rapporteur Expresses Concern over Defamation Conviction in Venezuela," March 14, 2016.

at least one sex trafficking case and indicted at least on trafficker but reported no prosecutions or convictions.¹²⁵

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

From 2002 through 2010, USAID supported democracy projects in Venezuela through its Office of Transition Initiatives (OTI) to provide assistance to monitor democratic stability and strengthen the country's democratic institutions. More than 600 small-grant and technical assistance activities were funded by OTI from 2002 through 2010. The objectives of the assistance, according to USAID, were to enhance access to objective information and peaceful debate on key issues, and to promote citizen participation and democratic leadership.¹²⁶ At the end of 2010, USAID's support for such activities for Venezuela was transferred from OTI to USAID's Latin America and Caribbean Bureau.

In recent years, U.S. democracy assistance to Venezuela implemented by USAID amounted to \$5 million in FY2011, \$6 million in FY2012, \$5.8 million in FY2013, and \$4.3 million in each of FY2014 and FY2015, provided through the Economic Support Fund (ESF) foreign aid funding account. For FY2016, the Administration requested \$5.5 million, but Congress appropriated \$6.5 million (as noted in the explanatory state to the FY2016 omnibus measure, P.L. 114-113).¹²⁷

For FY2017, the Administration requested \$5.5 million in ESF to "defend democratic practices, institutions, and values that support human rights, freedom of information, and Venezuelan civic engagement." According to the request, the assistance "will support diverse civil society actors who promote constitutionally-mandated democratic checks and balances."¹²⁸ In terms of congressional action, the House Appropriations Committee's report to the FY2017 foreign operations appropriations measure, H.Rept. 114-693 to H.R. 5912, would have provided \$8 million for democracy and human rights programs in Venezuela. The report to the Senate Appropriations Committee's version of the bill, S.Rept. 114-290 to S. 3117, would have fully funded the Administration's request but noted that additional funds could be made available if further programmatic opportunities in Venezuela arise. As noted above, the 114th Congress did not complete action on FY2017 appropriation, but in December 2016, it approved a continuing resolution providing (P.L. 114-254) FY2017 funding for most programs at the FY2016 level, minus an across-the-board reduction of almost 0.2%, through April 28, 2017.

NED has funded democracy projects in Venezuela since 1992. U.S. funding for NED is provided in the annual State Department and Foreign Operations appropriation measure. Generally, funds for Venezuela have not been earmarked in annual appropriations measures that provide funding for the NED. According to information on NED's website, its funding for Venezuela for FY2015 amounted to \$1.9 million and included 43 projects.¹²⁹

¹²⁵ U.S. Department of State, *2016 Trafficking in Persons Report*, June 2016.

¹²⁶ U.S. Agency for International Development, USAID/OTI Venezuela Annual Summary Report, October 2009-September 2010.

¹²⁷ The joint explanatory statement is available in the *Congressional Record* for December 17, 2015, pp. H10161-H10470. Also see the web page of the House Committee on Rules at <https://rules.house.gov/bill/114/hr-2029-sa>.

¹²⁸ U.S. Department of State, Congressional Budget Justification, Foreign Operations FY2017, Appendix 3, February 26, 2016, p. 489.

¹²⁹ National Endowment for Democracy, Venezuela funding (from the FY2015 NED Annual Report), at <http://www.ned.org/region/latin-america-and-caribbean/venezuela-2015/>.

Table I. Online Human Rights Reporting on Venezuela

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

Energy Issues

Venezuela had proven reserves of 300 billion barrels of oil in 2016, the largest in the world, according to the *Oil and Gas Journal*.¹³⁰ This was up from previously reported figures of 211 billion barrels in proven reserves in 2012, and 99.4 billion barrels in 2009. The increase resulted from including the extra-heavy oil in Venezuela's Orinoco belt region. Venezuela's proven natural gas reserves were estimated to be 198 trillion cubic feet (the second largest in the hemisphere after the United States). Most of Venezuela's proven natural gas reserves are associated gas linked to its oil production. Moreover, the petroleum industry consumes a significant portion of Venezuela's natural gas production to aid crude oil extraction. As a result, Venezuela actually imports gas to meet its demand.

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

Despite its vast oil reserves, production in Venezuela has declined from its peaks in the late 1990s and early 2000s. According to the U.S. Energy Information Administration (EIA), Venezuela's total oil production fell from 3.46 million barrels per day (b/d) in 2000 to 2.58 million b/d in

¹³⁰ "Worldwide Look at Reserves and Production," *Oil & Gas Journal*, December 7, 2015.

2003. The decline was caused by a 2002-2003 strike when PdVSA fired some 18,000 workers. According to the EIA, PdVSA still has not recovered from the loss of human capital, which has continued to affect the company's overall production levels and contributed to its lack of reinvestment because PdVSA is diverting revenues to social investment. The EIA reported that in 2014, Venezuela's total oil production was 2.69 million b/d.¹³¹

Venezuela remains a major oil supplier to the United States, even though the amounts and share of U.S. oil imports from the country have declined due to Venezuela's decreased production, the overall decline in U.S. oil imports worldwide, and the increased amount of U.S. oil imports from Canada. In 2015, Venezuela provided the United States with about 830,000 b/d of total crude oil and products, accounting for about 8.8% of such U.S. imports worldwide and making Venezuela the third-largest foreign supplier of crude oil and products to the United States in 2015 (after Canada and Saudi Arabia). This figure is down from 2005, when the United States imported 1.53 million b/d of total crude oil and products from Venezuela, accounting for 11% of such U.S. imports.¹³²

According to U.S. trade statistics, Venezuela's oil exports to the United States were valued at \$14.8 billion in 2015, accounting for 95% of Venezuela's exports to the United States.¹³³ This figure is down from \$29 billion in 2014, reflecting the steep decline in the price of oil. U.S. Gulf coast refineries are specifically designed to handle heavy Venezuelan crude oil. PdVSA owns CITGO, which operates three crude oil refineries in the United States (Louisiana, Texas, and Illinois); 48 petroleum product terminals; and three pipelines. CITGO also jointly owns another six pipelines.

While Venezuela exports a significant portion of its petroleum products to the United States, the country also has diversified its oil export markets. One of the fastest-growing destinations for Venezuelan crude oil exports has been Asia, especially India and China. In 2014, the EIA estimates that Venezuela exported more than 300,000 b/d of oil to India and more than 218,000 b/d of oil to China.¹³⁴

For more than a decade, the Venezuelan government has provided oil under favorable terms to Cuba and other Caribbean Basin nations. Venezuela signed an agreement with Cuba in 2000 that provided the island nation with some 90,000 barrels of oil per day. In payment for the oil, Cuba has provided extensive services to Venezuela, including thousands of medical personnel and advisers in a number of areas. A cutoff of Venezuelan oil to Cuba would have significant economic consequences for Cuba.

Since 2005, Venezuela has provided oil to other Caribbean Basin nations with preferential financing terms in a program known as PetroCaribe. Most Caribbean nations are members of PetroCaribe, with the exception of Barbados and Trinidad and Tobago, and several Central American countries participate in the program. In recent years, analysts have expressed concern about the increasing debt owed to Venezuela by Caribbean nations, many of which were already saddled with high levels of public debt.¹³⁵ In 2015, however, the Dominican Republic and Jamaica reached agreements to pay back their PetroCaribe debt to Venezuela at a steep discount.

¹³¹ U.S. Energy Information Administration (EIA), International Energy Statistics, and EIA, "Country Analysis Brief, Venezuela," November 25, 2015.

¹³² Oil statistics are from the U.S. Energy Information Administration.

¹³³ Trade statistics are from Global Trade Atlas, which uses Department of Commerce statistics.

¹³⁴ EIA, "Country Analysis Brief, Venezuela," November 25, 2015.

¹³⁵ David L. Goldwyn and Cory R. Gill, "Uncertain Energy, the Caribbean's Gamble with Venezuela," Atlantic Council, July 2014.

Venezuela provided the debt relief because it was facing declining international reserves and needed the cash.¹³⁶

Some reports indicate that the amount of Venezuelan oil provided to PetroCaribe beneficiaries already has declined as oil prices have dropped and U.S. shale oil and gas development has led to increased U.S. energy exports to PetroCaribe countries. In 2014, Venezuelan oil exports to PetroCaribe countries reportedly fell 12% from the previous year to almost 99,000 b/d per day.¹³⁷

Until recently, a domestic subsidy made gasoline virtually free for Venezuelans, a practice that has been costly for the Venezuelan government, reportedly some \$12 billion annually. The subsidy increased consumption, spurred smuggling operations at the border with Colombia, and reduced government revenue that could be used toward building infrastructure or providing services.¹³⁸ In February 2016, however, the government raised the price of gas for the first time since 1994, to approximately 15 cents a gallon (still the cheapest gasoline in the world). President Maduro said that the price increase would save some \$2 billion a year, which would be applied to importing more food. Raising the price of gasoline, however, is sensitive politically in Venezuela; in 1989, austerity measures that included gas price increases led to riots in which several hundred people were killed.¹³⁹

Counternarcotics Issues

Because of Venezuela's extensive 1,370-mile border with Colombia, it is a major transit route for cocaine destined for the United States. Venezuela suspended its cooperation with the U.S. Drug Enforcement Administration (DEA) in 2005 because it alleged that DEA agents were spying on the Venezuelan government. U.S. officials maintained that the charges were baseless. From 2005 to 2008, President Bush annually made a determination that Venezuela, pursuant to international drug control certification procedures set forth in the Foreign Relations Authorization Act, FY2003 (P.L. 107-228), had failed demonstrably to adhere to its obligations under international narcotics agreements. At the same time, the President waived economic sanctions that would have curtailed U.S. assistance for democracy programs in Venezuela. President Obama has taken the same action annually, most recently in September 2016, marking the 12th consecutive year for Venezuela's designation as a country not adhering to its antidrug obligations. The most recent memorandum of justification for the determination noted that "although the Venezuelan government, as a matter of government policy, neither encourages nor facilitates illicit drug production or distribution, and although it is not involved in laundering the proceeds of the sale of illicit drugs, public corruption is a major problem in Venezuela that makes it easier for drug-trafficking organizations to operate." Moreover, according to the justification, "the Venezuelan government has not taken action against government and military officials with known links to FARC members involved in drug trafficking."¹⁴⁰

The United States and Venezuela were on the verge of signing an antidrug cooperation agreement in 2006 that had been negotiated in 2005 (an addendum to the 1978 Bilateral Counternarcotics

¹³⁶ David L. Goldwyn and Cory R. Gill, "The Waning of Petrocaribe? Central America and Caribbean Energy in Transition," Atlantic Council, May 2016.

¹³⁷ Ibid, statistics in the Atlantic Council report are from Jorge Piñon, Latin America & Caribbean Energy Program, Jackson School of Geosciences, The University of Texas at Austin.

¹³⁸ Angel Gonzalez, "In Venezuela, Almost-Free Gas Comes at a High Cost," *Wall Street Journal*, April 12, 2013.

¹³⁹ Mery Mogollon and Chris Kraul, "At 15 Cents a Gallon, It's the Cheapest Gas in the World – Yet Venezuela Worries," *Los Angeles Times*, February 19, 2016.

¹⁴⁰ The White House, "Presidential Determination – Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2017," September 12, 2016.

Memorandum of Understanding, or MOU), but Venezuelan approval of the agreement has still not taken place. The issue has been repeatedly raised by the United States as a way to improve bilateral antidrug cooperation.

In 2014, Aruban authorities detained retired General Hugo Carvajal at the request of the U.S. government on drug trafficking charges, but he was ultimately released after Dutch officials ruled that Carvajal was protected by diplomatic immunity. As noted below, the Department of the Treasury sanctioned Carvajal in 2008 for involvement in drug trafficking. Before his detainment in Aruba, Carvajal had been named as Venezuela's consul general but had not yet been confirmed. U.S. officials expressed deep disappointment with the decision of the government of the Netherlands to release Carvajal and concern about credible reports that the Venezuelan government threatened Aruba and the Netherlands to gain Carvajal's releases. Press reports alleged that Venezuela threatened Aruba economically and militarily. After Carvajal's arrest, federal indictments against him in Miami and New York were unsealed, detailing allegations of his involvement in cocaine trafficking with Colombian narcotics traffickers.¹⁴¹

The State Department reported in its 2016 *International Narcotics Control Strategy Report* (INCSR) that Venezuela was one of the preferred trafficking routes for the transit of illicit drugs out of South America, especially cocaine, because of the country's porous western border with Colombia, weak judicial system, sporadic international counternarcotics cooperation, and permissive and corrupt environment. The report notes the following:

- Cocaine is trafficked via aerial, terrestrial, and maritime routes, with most drug flights departing from Venezuelan states bordering Colombia and maritime trafficking that includes the use of large cargo containers, fishing vessels, and "go-fast" boats.
- The vast majority of drugs transiting Venezuela in 2015 were destined for the Eastern Caribbean, Central America, United States, West Africa, and Europe. Colombian drug trafficking organizations—including multiple criminal bands (BACRIM), the Revolutionary Armed Forces of Colombia (FARC), and the National Liberation Army (ELN)—facilitate drug transshipment through Venezuela. Media reports indicate that Mexican drug-trafficking organizations, including the Sinaloa Cartel and Los Zetas, operate in the country.
- "Venezuelan authorities do not effectively prosecute drug traffickers, in part due to political corruption," but Venezuelan law enforcement officers also "lack the equipment, training, and resources required to impede the operations of major drug trafficking organizations."
- Counternarcotics cooperation between the United States and Venezuela has been limited and inconsistent since 2005. Venezuela and the United States continue to use a 1991 bilateral maritime agreement. In 2015, Venezuela cooperated with the U.S. Coast Guard in 10 maritime drug interdictions cases (up from 2 cases in 2014).
- As noted in prior years, "the United States remains committed to cooperating with Venezuela to counter the flow of cocaine and other illegal drugs transiting Venezuelan territory." Cooperation could be advanced by Venezuela's signing of the outstanding addendum to the 1978 Bilateral Counternarcotics MOU that was

¹⁴¹ U.S. Department of State, Daily Press Briefing, July 28, 2014; Kejal Vyas and Juan Forero, "U.S. Indicts Three Top Ex-Venezuelan Officials," *Wall Street Journal*, July 25, 2014; Kejal Vyas and Jose de Cordoba, "Aruba Says Venezuela Pressured it Militarily," *Wall Street Journal*, July 29, 2014; and William Neuman, "Venezuelan Officers Tied to Colombia Traffickers," *New York Times*, July 29, 2014.

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

On August 1, 2016, the U.S. Federal Court for the Eastern District of New York unsealed an indictment from January 2015 against two Venezuelans for cocaine trafficking to the United States. The indictment alleged that General Néstor Luis Reverol Torres, the former general director of Venezuela’s National Anti-Narcotics Office (ONA) and former commander of Venezuela’s National Guard, and Edylberto José Molina Molina, the former sub-director of ONA and currently Venezuela’s military attaché to Germany, participated in drug trafficking activities from 2008 through 2010, when they were top ONA officials.¹⁴² President Maduro responded by appointing General Reverol as Minister of Interior and Justice in charge of the country’s police forces.

In November 2016, two nephews of Venezuelan First Lady Cilia Flores—Franqui Francisco Flores de Freitas and Efraín Antonio Campo Flores—were convicted in U.S. federal court in New York for conspiring to transport cocaine into the United States. The two nephews had been arrested in Haiti in November 2015 and brought to the United States to face the drug trafficking charges. President Maduro asserted that the conviction was an attempt by the United States to weaken his government.¹⁴³ The trial and conviction reportedly shed light on the role of Venezuelan government and military officials in drug trafficking.¹⁴⁴

¹⁴² U.S. Department of Justice, The United States Attorney’s Office, Eastern District of New York, “Former Top Leaders of Venezuela’s Anti-Narcotics Agency Indicted for Trafficking Drugs to the United States,” August 1, 2016.

¹⁴³ “Venezuela’s Maduro Calls Nephews’ Drug Conviction ‘U.S. Imperialism,’” Reuters News, November 25, 2016.

¹⁴⁴ Mike LaSusa and Tristan Clavel, “Venezuela’s ‘Narco Nephews’ Case Hints at Govt Complicity in Drug Trade,” *InSight Crime*, November 21, 2016; and Laura Natalia Ávila, “Game Changers 2016: Venezuela’s Cartel of the Suns Revealed,” *InSight Crime*, January 3, 2017.

U.S. Sanctions on Venezuelans for Narcotics Trafficking

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

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

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

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

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

Terrorism Issues

U.S. officials have expressed concerns over the past decade about Venezuela's lack of cooperation on antiterrorism efforts, President Hugo Chávez's past sympathetic statements for Colombian terrorist groups, and Venezuela's relations with Iran. Since 2006, the Secretary of State has made an annual determination that Venezuela has not been "cooperating fully with United States antiterrorism efforts" pursuant to Section 40A of the Arms Export Control Act (AECA). The most recent determination was made in May 2016. As a result, the United States imposed an arms embargo on Venezuela in 2006, which ended all U.S. commercial arms sales and retransfers to Venezuela. (Other countries currently on the Section 40A list include Eritrea, Iran, North Korea, and Syria.) The United States also has imposed various sanctions on Venezuelan individuals and companies for supporting the FARC, Iran, and Hezbollah. The State Department's *Country Reports on Terrorism 2015*, issued in June 2016 (hereinafter referred to as the "terrorism report"), stated that "there were credible reports that Venezuela maintained a permissive environment that allowed for support of activities that benefited known terrorist groups."¹⁴⁵ The report stated that individuals linked to the FARC, ELN, and Basque Fatherland and Liberty (ETA; a Basque terrorist organization), as well as Hezbollah supporters and sympathizers, were present in Venezuela.

Colombian Terrorist Groups. Two leftist Colombian guerrilla groups—the FARC and ELN—have long been reported to have a presence in Venezuelan territory. In 2010, then-Colombian

¹⁴⁵ U.S. Department of State, *Country Reports on Terrorism 2015*, Chapter 2, Western Hemisphere Overview, June 2016, at <http://www.state.gov/j/ct/rls/crt/2015/257519.htm>.

president Álvaro Uribe publicly accused the Venezuelan government of harboring members of the FARC and ELN in its territory.¹⁴⁶ The government presented evidence at the OAS of FARC training camps in Venezuela. In response, Venezuela suspended diplomatic relations in July 2010. However, less than three weeks later, new Colombian President Juan Manuel Santos met with President Chávez, and the two leaders agreed to reestablish diplomatic relations and improve military patrols along their common border.

Venezuelan-Colombian relations on border security improved after that agreement but flared up again in summer 2015, when President Maduro resorted to closing the border with Colombia. Maduro said that the closure was aimed at cracking down on smuggling, which he blamed on shortages in Venezuela, and at “paramilitaries” from Venezuela intent on destabilizing his government. As noted above, border crossings were reopened in summer 2016.

The United States has imposed sanctions on several current and former Venezuelan government and military officials for providing support to the FARC with weapons and drug trafficking (see “Counterterrorism Issues,” above). As noted in the State Department’s 2015 terrorism report, the FARC and ELN use Venezuela for incursions into Colombia and use Venezuelan territory for safe haven. Venezuela has captured and returned to Colombia several members of the FARC and ELN. Colombian peace talks with the FARC officially began in 2012 and culminated with the signing of a peace agreement in 2016. Both President Chávez and President Maduro were highly supportive of the peace talks. (For more, see CRS Report R42982, *Colombia’s Peace Process Through 2016*.)

Relations with Iran.¹⁴⁷ For a number of years, policymakers have been concerned about Iran’s growing interest and activities in Latin America, particularly its relations with Venezuela, although there has been disagreement over the extent and significance of Iran’s relations with the region. The 112th Congress approved the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220) in December 2012 that required the Secretary of State to conduct an assessment within 180 days of the “threats posed to the United States by Iran’s growing presence and activity in the Western Hemisphere” and a strategy to address these threats.

In June 2013, the State Department submitted its required report to Congress pursuant to P.L. 112-220. The State Department maintained in the unclassified portion of the report that “Iranian influence in Latin America and the Caribbean is waning” because of U.S. diplomatic outreach, the strengthening of allies’ capacity to disrupt illicit Iranian activity, international nonproliferation efforts, a strong sanctions policy, and Iran’s poor management of its foreign relations. The report also stated that U.S., European Union, and U.N. Security Council sanctions had limited the economic relationship between the region and Iran.¹⁴⁸

¹⁴⁶ U.S. Department of State, *Country Reports on Terrorism 2010*, August 18, 2011, at <http://www.state.gov/j/ct/rls/crt/2010/index.htm>.

¹⁴⁷ For further background on Iran’s relations with Latin America, see CRS Report RS21049, *Latin America: Terrorism Issues*, by Mark P. Sullivan and June S. Beittel, and CRS Report R44017, *Iran’s Foreign and Defense Policies*, by Kenneth Katzman.

¹⁴⁸ U.S. Department of State, “Annex A, Unclassified Summary of Policy Recommendations,” included in report to Congress required by the Countering Iran in the Western Hemisphere Act of 2012 (P.L. 112-220), June 2013.

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

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

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

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

Venezuela also played a key role in the development of Iran's expanding relations with other countries in the region. This outreach has largely focused on leftist governments—Bolivia, Ecuador, and Nicaragua—that share the goal of reducing U.S. influence in the region. While Iran

promised significant assistance and investment to these countries, observers maintain that there is little evidence that such promises have been fulfilled.

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

Outlook

Venezuela remains in the midst of a multifaceted political and economic crisis. The popularity of President Maduro has plummeted—less than 20% of Venezuelans viewed him positively in late 2016.¹⁴⁹ Yet the Maduro government has used the Supreme Court to cling to power by thwarting the authority of the opposition-dominated National Assembly. The opposition focused much of 2016 on efforts to recall President Maduro through a national referendum, but the government resorted to delaying tactics to impede and slow the process. The CNE announced in October that it was suspending the process indefinitely. If such a recall had been approved before January 10, 2017, the next step would have been for a new presidential election to be held within 30 days. If a recall were to be held later this year, Maduro's appointed vice president would serve as president for the remainder of Maduro's term, through 2018.

Beginning in late October 2016, efforts were focused on a government-opposition dialogue that was facilitated by the Vatican, but a round of talks planned for early December 2016 was suspended. Some opposition leaders and activists are skeptical of the dialogue and view it as a way for the government to stall on taking any concrete actions and remain in power.

The Venezuelan government's popularity is undoubtedly affected by the profound economic and social crisis that Venezuela is experiencing. The rapid decline in the price of oil has been a major factor prompting the economic crisis, but economic mismanagement has also played a significant role. Many observers contend that the road to economic recovery will take several years, no matter who is in power. Some analysts believe that the risk of a social explosion is rising because of food shortages, which have led to looting and riots, and a growing humanitarian crisis.

The Obama Administration spoke out strongly against the undemocratic practices of the Maduro government and called for the release of those individuals imprisoned for their political beliefs, including Leopoldo López. It imposed visa restrictions on more than 60 current and former Venezuelan officials responsible for or complicit in human rights violations and imposed asset-blocking sanctions on 7 Venezuelans for human rights violations. It also supported the efforts of OAS Secretary General Almagro invoking the Inter-American Democratic Charter and urging efforts to promote the normalization of the situation in Venezuela and restore democratic institutions.

U.S. relations with Venezuela under the Maduro government are likely to remain strained if the Venezuelan government does not take action to improve the human rights, political, and humanitarian situation and to engage in legitimate dialogue leading to concrete changes. The political and economic crisis in Venezuela will likely continue to sustain congressional interest in

¹⁴⁹ Alexandra Ulmer, "Venezuelan President Approval Slips to Minimum, Under 20 Percent: Poll," Reuters, November 17, 2016; and "Poll: Two-Thirds of Venezuelans Would Recall Maduro – Market Talk," Dow Jones Newswires, September 29, 2016.

the country during the 115th Congress, including an examination of potential options for U.S. policy under the Trump Administration.

Appendix A. Legislation Initiatives

113th Congress

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

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

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

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

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

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

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

114th Congress

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

human rights funding, whereas the explanatory statement to the omnibus bill provided \$6.5 million.¹⁵⁰

P.L. 114-194 (S. 2845): Venezuela Defense of Human Rights and Civil Society Extension Act of 2016. Introduced and reported by the Senate Committee on Foreign Relations on April 28, 2016, without written report. Senate passed, amended, by unanimous consent April 29, 2016. House passed by unanimous consent July 6, 2016. President signed into law July 15, 2016. The law extended the termination of sanctions under the Venezuela Defense of Human Rights and Civil Society Act of 2014 through December 31, 2019.

P.L. 114-254 (H.R. 2028): Further Continuing and Security Assistance Appropriations Act, 2017. In April 2015, the bill was originally introduced as the Energy and Water Development and Related Agency Appropriations Act, 2016, but in December 2016, the measure became the legislative vehicle for a FY2017 continuing resolution funding most programs, including foreign aid appropriations, at the FY2016 level minus an across-the-board reduction of almost 0.2%, through April 28, 2017.

P.L. 114-323 (S. 1635): Department of State Authorities Act, Fiscal Year 2017. Originally introduced and reported by the Senate Foreign Relations Committee on June 18, 2015, without written report, as the Department of State Operations Authorization and Embassy Security Act, Fiscal Year 2016. Senate passed, amended, by unanimous consent on April 29, 2016. As approved, Section 118 would have required a report to Congress on political freedom in Venezuela assessing U.S. democracy support for Venezuela and listing sanctioned Venezuelan government and security officials involved in the use of force against antigovernment protests. House passed, amended, on December 5, 2016, without the Venezuela report provision. Senate agreed to the House amendment on December 10, 2016, by Unanimous Consent. Signed into law December 16, 2016.

H.Res. 851 (Wasserman Schultz). Introduced September 8, 2016; referred to House Committee on Foreign Affairs. On September 27, 2016, the House discharged the committee from further consideration and then amended and approved the resolution without objection. As passed, the resolution (1) expresses profound concern about widespread shortages of essential medicines and basic food products and urges President Maduro to permit the delivery of humanitarian assistance; (2) calls on the Venezuelan government to release all political prisoners, including U.S. citizens, to provide protections for freedom of expression and assembly, and to respect internationally recognized human rights; (3) supports meaningful efforts toward dialogue that leads to respect for Venezuelan's constitutional mechanisms and resolves the country's political, economic, social, and humanitarian crisis; (4) affirms support for OAS Secretary General Almagro's invocation of Article 20 of the Inter-American Democratic Charter and urges the OAS Permanent Council to undertake a collective assessment of the constitutional and democratic order in Venezuela; (5) expresses great concern over the Venezuelan executive's lack of respect for the principle of separation of powers, its overreliance on emergency decree powers, and its threat to judicial independence; (6) calls on the Venezuelan government and security forces to respect the Venezuelan constitution, including provisions that provide citizens with the right to peacefully pursue a fair and timely recall referendum for their president this year; (7) stresses the urgency of strengthening the rule of law and increasing efforts to combat impunity and public corruption in Venezuela; (8) urges the U.S. President to provide full support for OAS efforts in favor of constitutional and democratic solutions to the political impasse and to instruct appropriate federal agencies to hold Venezuelan government officials accountable for violations

¹⁵⁰ The joint explanatory statement is available in the *Congressional Record* for December 17, 2015, pp. H10161-H10470. Also see the web page of the House Committee on Rules at <https://rules.house.gov/bill/114/hr-2029-sa>.

of U.S. law and abuses of internationally recognized human rights; and (9) urges the U.S. President to continue to stand in solidarity with the Venezuelan people by urging the Maduro government to hold a fair and free recall referendum by the end of 2016; release all political prisoners, including U.S. citizens; adhere to democratic principles; and permit the delivery of emergency food and medicine.

H.R. 5912 (Granger)/ S. 3117 (Graham): State Department, Foreign Operations, and Related Programs Appropriations, 2017. H.R. 5912 introduced and reported (H.Rept. 114-693) by the House Appropriations Committee July 15, 2016. S. 3117 introduced and reported (S.Rept. 114-290) by the Senate Appropriations Committee on June 29, 2016. The report to the House bill would have provided \$8 million for democracy and human rights programs in Venezuela. The report to the Senate version would have fully funded the Administration's request of \$5.5 million but noted that additional funds could be made available if further programmatic opportunities in Venezuela arise. The 114th Congress did not complete action on FY2017 appropriations, but it approved a continuing resolution funding most programs through April 28, 2017. See P.L. 114-254 noted above.

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

S.Res. 537 (Cardin). Introduced July 14, 2016; reported, amended, by Committee on Foreign Relations December 7, 2016. As reported, the resolution would have (1) expressed profound concern about widespread shortages of essential medicines and basic food products and urged President Maduro to permit the delivery of humanitarian assistance; (2) called on the Venezuelan government to release all political prisoners, to provide protections for freedom of expression and assembly, and to respect internationally recognized human rights; (3) supported meaningful efforts toward a dialogue that leads to respect for Venezuela's constitutional mechanisms and resolves the country's political, economic, social, and humanitarian crisis; (4) affirmed support for the OAS Secretary General's invocation of Article 20 of the Inter-American Democratic Charter and urged the OAS Permanent Council to undertake a collective assessment of the constitutional and democratic order in Venezuela; (5) called on the Venezuelan government to ensure the neutrality and professionalism of all security forces and respect the Venezuelan people's rights to freedom of expression and assembly; (6) called on the Venezuelan government to halt efforts to undermine the principle of separation of powers, its circumvention of the democratically elected legislature, and its subjugation of judicial independence; (7) stressed the urgency of strengthening the rule of law and increasing efforts to combat impunity and public corruption in Venezuela; and (8) urged the U.S. President to provide full support for OAS efforts in favor of constitutional and democratic solutions to the political impasse and instruct appropriate Federal agencies to hold Venezuelan government officials accountable for violations of U.S. law and abuses of internationally recognized human rights.

Appendix B. Links to U.S. Government Reports

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

Date: August 31, 2016

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

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

Date: February 26, 2016

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

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

Date: April 13, 2016

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

Country Reports on Terrorism 2015 (Western Hemisphere Overview), State Department

Date: June 2, 2016

Full Text: <http://www.state.gov/j/ct/rls/crt/2015/257519.htm>

Department of State, Venezuela Country Page

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

International Religious Freedom Report for 2015, Venezuela, State Department

Date: August 2016

Full Text: <http://www.state.gov/documents/organization/256603.pdf>

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

Date: March 2016

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

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

Date: March 2016

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

Investment Climate Statement, 2016, Venezuela, State Department

Date: July 2016

Full Text: <http://www.state.gov/e/eb/rls/othr/ics/investmentclimatestatements/index.htm?year=2016&dliid=254565>

National Trade Estimate Report on Foreign Trade Barriers 2016, pp. 443-449, Office of the United States Trade Representative

Date: March 2016

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

Trafficking in Persons Report 2016, State Department

Date: June 2016

Full Text: <http://www.state.gov/j/tip/rls/tiprpt/countries/2016/258891.htm>

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