Chairman Sires, Ranking Member Green, and Distinguished Members of the Subcommittee:

Thank you for this opportunity to address the Subcommittee on Venezuela and the challenges it poses to U.S. foreign policy.

The last two years of Venezuela’s political life are bracketed, on the one hand, by the emergence of Juan Guaidó as interim president in January 2019, and on the other, by the holding of elections in December 2020 for a new National Assembly. Over this two-year period, the prospects for a democratic transition have worsened. The armed forces, the essential pillar of regime survival, have remained united despite domestic and international efforts to foster divisions. The Nicolás Maduro regime’s repressive apparatus remains fully intact, with murders carried out with impunity in poor neighborhoods, the torture of political prisoners, and raids and attacks on non-governmental organizations. While Maduro has become deeply unpopular, Juan Guaidó’s support inside Venezuela has also plummeted amidst growing deprivation, hardship, and the opposition’s inability to effect change.

The December 6, 2020, National Assembly elections mark a new low point in Venezuela’s authoritarian consolidation. Via these restricted, illegitimate elections, Maduro and the ruling United Venezuelan Socialist Party (PSUV) engineered a takeover of the one remaining political institution controlled by the opposition since 2015. Notably, Juan Guaidó emerged from that 2015 Assembly, which has now extended its mandate for an additional year. The move is largely symbolic; as with Guaidó himself, democratic legitimacy and international support has not been translated into real power over any aspect of national life.

Maduro’s growing authoritarianism has gone hand-in-hand with Venezuela’s economic collapse. According to the Caracas-based research firm, Ecoanalítica, the Venezuelan economy has contracted by 80 percent since Maduro took office in 2013. Two major universities in Venezuela
concluded last year that some 96 percent of households live in poverty. The country’s health infrastructure, long before COVID-19, has also collapsed, leaving clinics and hospitals without basic medicine, running water, or reliable electricity. According to Venezuela’s Society of Agronomist Engineers (SVIA), agricultural production plummeted 30 percent in 2020, beset by shortages in foreign exchange and access to diesel; and the United Nations estimates that some 7 million Venezuelans are in need of humanitarian assistance or protection, a conservative estimate that local charities insist is much higher. Such widespread suffering, rather than motivating collective anti-regime action, has had a demobilizing effect on organized protest.

Over the last four years, U.S. policy has doubled-down on comprehensive financial, oil sector, and secondary sanctions. These have served to cripple an economy dependent on oil for over 90 percent of export earnings and already devastated by mismanagement, corruption, and lack of investment in key infrastructure. Sanctions are an instrument of coercive diplomacy used to punish hostile regimes for their internal and international actions. In the Venezuelan case, the logic of sanctions appears to have been not only to punish the Maduro regime, but also to bring about its collapse or, at a minimum, make it ‘cry uncle’ and cede to free elections.

However one frames the objective of sanctions, they have failed to produce the desired outcome. Evidence suggests that sanctions have served as an element of regime cohesion, allowing Maduro to deflect responsibility for the economy’s collapse onto external actors. Sanctions have also increased the relative importance to the regime of the illegal economy, including but not limited to the contraband of gold and the transshipment of narcotics, generating billions of dollars in revenue for the regime and its supporters. In addition, secondary sanctions against foreign oil companies such as Italy’s ENI, Spain’s Repsol, and India’s Reliance, which were previously swapping Venezuelan oil for diesel and gasoline, have had the unintended—but wholly predictable—effect of strengthening Venezuela’s relationship with whatever friends it can find. Notably, Iran is now an essential source of fuel for Venezuela’s crippled transportation sector.

There are no easy answers for how to approach the Venezuelan crisis, or what policy changes could help create the conditions for its democratic, peaceful settlement. But the intractability of the crisis should not be a justification for inaction on the part of the Biden administration. Indeed, the depth of the Venezuelan crisis and its impact on neighboring countries warrant urgent attention. By the end of 2021, the United Nations projects that the population of Venezuelan refugees will swell to 8.1 million, almost three million more than exist today. The vast majority of these migrants and refugees have fled to countries of South America and the Caribbean, nations already struggling with their own COVID-related economic crises, characterized by rising poverty and unemployment and steep contractions in GDP. Venezuela’s neighbors, particularly Colombia, Peru, and islands of the Caribbean, are simply incapable of

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1 An assessment by the World Food Program in 2020 found that severe or moderate food insecurity affected over 9 million people in Venezuela.
2 According to the Economist Intelligence Unit, oil production in 2020 was equivalent to levels not seen since 1943.
absorbing such large additional refugee populations. The threat to social cohesion and political stability should not be taken lightly, and xenophobia among host populations is on the rise.

In approaching the Venezuelan crisis, U.S. policy should establish both short- and long-term goals. The long-term goal should remain the democratization of Venezuela’s political life via free, fair, and verifiable elections. What are short-term measures that could help lead to that outcome?

1) Based on experience elsewhere, there is ample reason to believe that partial, humanitarian agreements can serve as stepping stones toward more comprehensive accords. Partial agreements build trust among the parties and, if successful, build faith among the population at large in the possibility of negotiated outcomes. The political and humanitarian discussions must remain separate: unlike what has happened in the past, the issue of humanitarian aid must be strictly depoliticized, not deployed as part of a strategy to induce cracks in the regime or bolster the bona fides of the opposition. Current discussions in Venezuela over ways to access COVID-19 vaccines through COVAX to facilitate and carry out a national vaccination campaign constitute a hopeful step. Civil society organizations (including the Church, the private sector, universities, and a variety of non-governmental organizations) should continue efforts to come together around a broader humanitarian and human rights agenda that alleviates the suffering of the Venezuelan people and is acceptable to all sides.

2) While the U.S. government should not lead this effort at partial agreements, the Biden administration should recognize that existing sectoral, secondary, and individual sanctions and criminal indictments give the United States tremendous leverage in Venezuela. Prudently-targeted sanctions relief in exchange for verifiable concessions—the release of political prisoners, an easing of the restrictions on humanitarian aid, the reform of the National Electoral Council—should be carefully considered as part of a broad strategy coordinated with Venezuelan civil society and other actors in the international community. Creating positive incentives, not just wielding “sticks,” is essential to bringing the government to the table.

One example of sanctions relief could involve permitting greater flexibility in Venezuela’s ability to import gasoline in exchange for the government’s allowing the World Food Program to operate with neutrality inside the country. An additional reason that sanctions convey leverage is that—despite the Maduro government’s effort to dollarize parts of the economy, lift some foreign exchange controls, and sell some state assets—the economy remains the Achilles heel of the regime. Maduro’s external allies are incapable of (in the case of Russia, Turkey, Cuba, and Iran) and unwilling to (in the case of China) provide the wherewithal for anything more than baseline survival amidst the ongoing deterioration of economic fundamentals.

3) Although existing U.S. sanctions policy allows for humanitarian exemptions, these may not be functioning well enough to provide enough maneuvering space for humanitarian
actors on the ground. According to a recent GAO report, “despite U.S. agency efforts to mitigate the negative humanitarian consequences of sanctions, humanitarian organizations assisting Venezuelans are still experiencing some challenges delivering assistance, including delays in processing financial transactions and transfers.” The GAO indicated that U.S. agencies were aware of these problems and had “taken steps to address them;” but additional steps should be taken to ensure that U.S. sanctions do not compromise, delay, or inhibit support for humanitarian organizations inside Venezuela. The Biden administration should consult with a broad array of Venezuelan as well as international relief organizations to identify and overcome remaining obstacles.

4) The international community can create an enabling environment that helps Venezuela toward a resolution of its multiple crises. But change cannot be produced from the outside. The U.S. government must steer clear of favoring one segment of Venezuela’s fractured internal opposition over another and send an unequivocal message about the need for opposition unity and efforts to rebuild credibility inside Venezuela. The opposition faces the critical task of reconciling its own differences over strategy in confronting the regime and achieving core goals.

5) The Biden administration’s oft-stated preference for multilateralism in foreign policy is an asset in approaching Venezuela. Multiple international partners have worked to maintain channels of communication with all sides. The European Union, the International Contact Group, the Lima Group, and the governments of Norway and Sweden have as a common denominator their search for a peaceful, democratic resolution of the Venezuelan crisis and a rejection of military options indirectly threatened by the United States under the previous administration. Convergence among outside actors, especially at a time of political fragmentation in Latin America, is unlikely. But by aligning itself with others and placing sanctions relief in a multilateral framework, the Biden administration can build credibility about its interest in a gradual process of political change and democratization. Negotiations have been tried and failed on numerous occasions, acquiring a bad name in the Venezuelan context. But now that “collapse” scenarios have been tried and failed, achieving broad political agreements that offer some guarantees in exchange for concessions constitute a more fruitful strategy for stabilizing and democratizing Venezuela.

6) In seeking greater international alignment around sanctions, outside actors need to be mindful of their unintended consequences. EU sanctions in February 2021 against 19 individuals of the Maduro regime led to retaliation—the expulsion of the EU ambassador to Venezuela. This could result in a serious downgrading of relations between Venezuela and the EU, which remains an important humanitarian actor on the ground. At the same time, no one should harbor illusions that the most important international actors in

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Venezuela are Western democracies seeking a democratic outcome. Russia, China, Cuba, India, Turkey, and Iran have played a variety of roles in sustaining the Maduro regime. But their interests are diverse, as is their relative importance to regime survival. Without engaging in a complex geopolitical game, the Biden administration could explore bilaterally ways to secure the cooperation of some of these actors in resolving the Venezuelan crisis.

7) Finally, the United States and the international community in general should do far more to assist South American and Caribbean countries hosting Venezuelan refugees. In 2020, the United Nations Refugee and Migrant Response Plan received less than half the international funding it requested to address the needs of Venezuelan migrants and refugees across the region. Special attention should be given to Colombia, which hosts more Venezuelan refugees than any country in the world, and which just extended temporary protection status for 10 years to the almost 2 million refugees within its borders. UN High Commissioner for Refugees Filippo Grandi called Colombia’s move the “boldest and most visionary response to date” in addressing Venezuela’s humanitarian crisis. Yet a wide gulf separates the gesture from the means to sustain it. The United States can and must play a leading role in mobilizing sufficient resources for Colombia as well as other front-line nations directly impacted by Venezuela’s ongoing meltdown.