



Forum for American Leadership

Recommendations for U.S.-Venezuela Policy

October 24, 2023

Summary

- The ongoing crisis in Venezuela has significant implications for the United States. Not only is the Maduro regime a key vector through which the Chinese Communist Party, the Iranian regime, and Vladimir Putin's Russia assert influence in our hemisphere, but the regime is also creating a massive humanitarian crisis that has sent hundreds of thousands of migrants to the U.S.-Mexico border.
- The Biden administration has provided the Maduro regime with significant sanctions relief without guarantees for a democratic transition or addressing Venezuela's enablement of malign activities by U.S. adversaries in the Western Hemisphere.
- Recommendations for U.S. policy include developing a workable strategy so the regime does not define the parameters for negotiation, prioritizing domestic energy production over sanctions relief for Maduro, strengthening sanctions until the regime takes meaningful steps towards free and fair elections, and supporting the Venezuelan people.

Biden Sanctions Relief Deal

- **Topline**
 - The Biden administration is trading significant sanctions relief for Beijing, Moscow, and Tehran's most important ally in our hemisphere for the hope that the regime will allow a freer presidential election in 2024. The Maduro regime's actions to date do not lend confidence that this will happen.
 - This policy treats Venezuela's dilapidated oil sector as a global swing producer in an attempt to tame global energy prices—all because the Administration is unwilling to work to boost production here at home.
- The Biden administration [agreed](#) to lift remaining [sanctions](#) on Venezuela's oil, gas, and gold mining industry in exchange for Maduro regime compliance with electoral guarantees for the 2024 presidential election.
- The regime reached an [agreement](#) with the opposition for an election in the second half of 2024 monitored by international observers.
- The deal, however, did not include the lifting of bans placed by the regime on certain opposition candidates running for public office. Notably, the winner of the opposition primary to challenge Maduro, María Corina Machado, [remains](#) formally banned despite U.S. sanctions relief.
- The regime is also using [intimidation and the threat of violence](#) to undermine the October 22 opposition primaries, which were organized independent of the Maduro-dominated National Electoral Council.
- It is difficult to see how elections can be free and fair in this context unless the regime reverses course in a number of areas.

Background

For the last four years, Venezuela has been entrenched in a political, economic, social, and humanitarian emergency. Beginning with Maduro's initial election and moving into 2018

presidential elections that were broadly recognized as unfree and unfair, Venezuela is now the largest migration crisis in the history of the Western Hemisphere. Nearly every political institution is under the control of the Maduro regime with little prospect for change in the coming years. While new presidential elections are planned in 2024, there is currently little to no indication that these elections will be any freer than the ones conducted in 2018.

In the previous U.S. administration, the United States implemented a bipartisan foreign policy that emphasized multilateral coordination, maximum pressure, and an ongoing political negotiation. Capitalizing on the support of over 60 nations that recognized the interim presidency of Juan Guaidó, the Trump administration was able to rally international support for democratic change. While sanctions were a critical piece of the policy, they were ultimately used as a tool to support the opposition, isolate Maduro and defang his tools of repression, and encourage the regime to come in good faith to a negotiation that would establish conditions for freer and fairer elections.

Why It Matters

America has a clear interest in the outcome of the crisis in Venezuela. As with any foreign policy, we should be guided in part by principle and our values of freedom and human rights. But there are also direct national security implications of the continuation of the Maduro regime:

- **U.S. Adversaries:** Venezuela under Nicholas Maduro has provided a significant foothold for American adversaries like [Russia](#), [China](#), and [Iran](#), all three of which have increased their nefarious activity in the region thanks to the opening Venezuela provides. Failing to transition to democracy in Venezuela will empower these adversaries to continue their malign influence in our hemisphere.
- **Migration:** The Venezuelan political and humanitarian crisis is exacerbating our crisis on the southern border. Growing instability in the region caused by the influx of over 7.7 million Venezuelan refugees has flooded Brazil, Ecuador, Colombia, and other nations in the region with demand for education, social services, jobs, health care, child-care, and other necessities. These nations, many already dealing with political and economic instability, are unable to provide for their care, resulting in increased numbers of Venezuelans and other nationalities coming to a U.S. border that is already inundated with migrants. In FY 2023, more than 200,000 Venezuelans crossed the southern border illegally. Providing for these migrants, including many of whom are likely asylees, is overwhelming border security resources that need to focus on addressing the flow of fentanyl and other drugs into our nation.
- **Narcotics trafficking:** Under the Maduro regime, Venezuela has emerged as an international drug trafficking hub. U.S., European, and African-bound cocaine flows have steadily increased from South America, with Venezuela serving as a key launching pad. Judging by the transportation modes and volumes trafficked, there is clear evidence regime officials are either complicit or directly involved in the illicit trade. While the fentanyl crisis is top of mind for Washington, Colombian cocaine production and U.S. overdoses are increasing to record levels.

Current Policy

Unfortunately, the Biden administration has squandered the many gains made by the Trump administration. Since President Biden took office, the Maduro regime has:

- Threatened and increased attacks against human rights organizations, trade unionists, journalists, protest leaders, humanitarian workers, and other members of civil society.

- Likely committed crimes against humanity, including through the detention, torture, and killing of critics and other opposition leaders.
- Arbitrarily detained hundreds of Venezuelans and murdered 1,000 Venezuelans in clashes with law enforcement.
- Committed regular human rights abuses, particularly against those in indigenous communities who are forced into Venezuela's gold mines to secure money for the regime.
- Pushed legislation that would essentially criminalize civil society and NGOs, similar to bans in both Ortega's Nicaragua and Putin's Russia.
- Publicly banned opposition candidates from running in the 2024 election, including leading candidate Maria Corina Machado.
- Increased control over the National Electoral Council that is responsible for overseeing the legitimacy of elections, by disbanding the Council and hand-picking regime loyalists as new members.
- Expanded its relationship with Russia, China, and Iran to include more coordination on security, politics, and the economy.
- Threatened former interim President Juan Guaidó, forcing an erstwhile leader of the country and his family into exile.

Despite regular rhetoric on promoting “ongoing negotiations” and pledges to remove sanctions only in exchange for improved behavior on the part of the Maduro regime, the Biden administration has chosen to unilaterally reward the regime without reciprocation, choosing to:

- Authorize the lifting of Venezuelan crude by Chevron, ENI, and Repsol, redounding financial benefit to the regime, in an effort to secure regime participation in a Humanitarian Agreement that is only now coming together and still highly uncertain, a year after it was agreed to.
- Lift sanctions on Carlos Malpica Flores, a nephew of Venezuelan First Lady Cilia Flores, in a failed effort to get Maduro to the negotiating table and release other nephews of Flores convicted of drug trafficking as part of a prisoner swap initiative.
- Initiate the first direct U.S. government meeting with Maduro since recognition of the interim government, in a failed effort to get Maduro to the negotiating table.
- Authorized CITGO, Venezuela's U.S. energy operations, to go to auction, enabling the potential disbanding of one of Venezuela's largest assets and an entity that would otherwise have been vital in the reconstruction of Venezuela.
- Float the possibility of releasing Alex Saab, a Maduro regime financier who is indicted for laundering over \$350 million through American banks in an effort to steal from Venezuelan social service programs.

Why would the Biden administration, which has regularly emphasized human rights in its political rhetoric and environmental protection within its energy policy, have eased so much pressure on the Maduro regime?

Unfortunately, the answer seems to lay not within Venezuela, but within the 2024 election. Venezuela is home to the world's largest oil reserves, and after Russia launched its war of aggression against Ukraine, both the United States and Europe became desperate to replace reliance on Putin's energy supplies with other sources from outside of Russia. Unfortunately, Biden's inexplicable cancellation of the Keystone pipeline and bans on American energy development has forced him to look outside the United States to lower gas prices ahead of the 2024 election. This, unfortunately, means compromising on U.S. values and interests abroad as

President Biden begs dictators in order to keep inflation low, when instead we could re-incentivize American energy production. Ultimately, **American national security should not be held hostage to presidential electoral ambitions.**

Recommendations

Scheduled Venezuelan elections in 2024 are currently seen as a possible moment to bring democracy back to Venezuela. It is critical that the next year be spent reconstituting democratic institutions to give this the best possibility of success. Therefore, we offer the following recommendations to the Biden administration and Congress:

- **Develop a strategy:** It is impossible for the United States to assist the Venezuelan people in their quest for democracy without a clearly articulated strategy. While the Biden administration has rejected the Trump-led “Framework for a Democratic Transition,” they have also rejected bipartisan calls from Congress asking for a replacement strategy. This ambiguous approach gives the regime too many opportunities to define the parameters of the negotiation process. The administration must come up with a new Framework that can guide their discussions with the regime.
- **Do not trade dependence on one foreign dictator for dependence on another:** The solution to the American energy crisis is American energy. We should not stifle the growth of American energy production at home while lifting sanctions on an adversarial nation to buy more of their oil. Instead, the Biden administration should [incentivize](#) American oil production and that of allies, to include reversing recent policies restricting oil and gas development, to ensure a regular pipeline of American oil to power the American people.
- **Reset the strategic outcome as “free and fair elections,” not a negotiation in itself:** The Biden administration must insist on real, tangible progress toward democratization between now and the 2024 election. The administration should use the 2021 EU Electoral Observation Mission recommendations for free and fair elections as a roadmap to establish benchmarks that can serve as corollary points determining sanctions lifting and sequencing. This will ensure we do not wait until election day to assess if the process is free and fair; instead, policies can be calibrated in real time by analyzing the openness of the elections to candidates and civil society, the utility and availability of voting machines, the freedom of the press, etc.
- **Refuse to incentivize hostage-taking in Venezuela:** The regime has already used multiple American citizens as leverage to reduce sanctions, including the CITGO 6 and Matthew Heath. Providing rewards for the regime for taking hostages only incentivizes more hostage taking. While we must do whatever we can to bring American citizens home, engagement with the regime on hostages must be carefully calibrated to ensure that they remain disconnected from the larger discussions on a political transition.
- **Reimplement all energy sector sanctions in Venezuela and retain key sources of leverage:** It is imperative that our sanctions policy be grounded in a comprehensive strategy that strikes a delicate balance between incentives and penalties. Further, it is important that when the United States talks about “snap back” provisions, we take those seriously and move to actually snap back when warranted. The Biden administration should immediately reimplement these sanctions and provide a direct, clear statement of what precise actions would be necessary to remove them. In addition, the Biden administration

must refrain from offering up additional sanctions relief that would be permanent and unprincipled in nature, including releasing Alex Saab.

- **Proactively support the Venezuelan people:** Deploying sanctions and other punitive measures are critical to convincing the regime to change its behavior, but so too is providing tangible support to the public. The United States has done well by granting Temporary Protected Status (TPS) to Venezuelans in the United States, but the [decision](#) to extend TPS while also paying the regime to accept deportation flights is cruel and confusing. To help Venezuelans still in Venezuela, the United States should work with partners that are holding onto Venezuelan assets to deploy those assets toward humanitarian relief or digital wallets for average Venezuelans to be able to survive.
- **Provide tangible support to the Venezuelan opposition:** It is impossible for Venezuelans to effectively organize and mobilize for upcoming elections without some means of support from the international community. Venezuelan assets that have been frozen should be deployed to support the opposition in their efforts to mobilize and provide humanitarian relief for the Venezuelan people.
- **Seek to combat overcompliance with U.S. sanctions policy:** U.S. sanctions are almost never a cause of humanitarian delays; overcompliance is. OFAC and State should establish a task force of officers focused on engaging with banks, NGOs, and civil society to provide guidance if and when a transaction is sanctionable or not. This could prevent overcompliance and focus sanctions on limiting the regime’s assets without negatively affecting average Venezuelans. It would also prevent the regime from making any credible claims that sanctions are blocking the establishment and operation of the Humanitarian Fund.
- **Establish a Special Envoy for Venezuela:** It is emblematic that this administration has pointedly refused to appoint a special envoy—putting Venezuela policy on the proverbial “back burner” and forcing the interests of the Venezuelan people to take a backseat. A Special Envoy will not only signal the administration is taking Venezuela seriously, it will ensure there is a single point of contact for coordination with Congress and among our allies and partners.
- **Push for a multilateral alliance on Venezuela:** The United States must once again bring Venezuela to the United Nations, the Rio Treaty, the Organization of American States, and the International Criminal Court to ensure the Maduro regime feels true international pressure to democratize. At the same time, the United States must hold other nations accountable for violating American sanctions and travel bans on Maduro regime officials.

This paper is a product of the Forum for American Leadership’s [Latin America](#) Working Group.

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