



Venezuela: The Twilight of Maximum Pressure

Venezuela's international isolation is easing, though its political crisis remains unresolved. In this excerpt from the [Watch List 2022 – Autumn Update](#), Crisis Group explains what the EU and its member states can do to pave the way for progress in negotiations between government and opposition.

Venezuela's protracted political crisis has entered a less turbulent phase, with most opponents of President Nicolás Maduro's government, both domestic and foreign, scaling down their confrontational tactics. With the election of new left-leaning governments in several countries, the appetite for adversarial relations with Caracas has diminished. While Washington and a handful of close U.S. allies continue to insist that "Interim President" Juan Guaidó, the former chair of the legislature, is the country's legitimate leader, most of the governments that refused to recognise Maduro or reduced their diplomatic presence in Caracas are now reversing course or planning to do so. In neighbouring Colombia, President Gustavo Petro moved immediately upon taking power in August to restore relations and exchange ambassadors. Having boycotted a series of national elections, Venezuela's main opposition alliance, now known as the Unitary Platform, competed in local and regional polls in November 2021 and plans to hold primaries to choose a single candidate for the presidential vote scheduled for 2024.

U.S. policy has evolved, too. Despite its continued support for Guaidó, President Joe

Biden's administration has throttled back the failed "maximum pressure" economic and political tactics it inherited from its predecessor. When the Maduro government pulled out of Mexico City talks with the Unitary Platform in October 2021, Washington – after weighing a variety of options – eventually began direct talks with it the following March. The U.S. is seeking among other things to coax the Maduro government back to the table in Mexico City in exchange for limited sanctions relief. Although those negotiations remain in abeyance, the two sides have thrashed out the terms of three prisoner releases, including the exchange at the start of October of seven U.S. citizens for two nephews of the Venezuelan first lady jailed for drug trafficking in the U.S., while talks in Caracas between government and opposition have resumed.

A return to the Mexico City dialogue remains possible. The main incentive for the Venezuelan government is the need for an economic boost. The country has started to recover from its 2013-2021 economic meltdown, based mainly on partial dollarisation and relaxation of price and exchange controls. Nonetheless, that recovery has been anaemic to date. Increasing

labour unrest in mid-2022 forced the government to soften its austerity program, leading to an immediate spike in the dollar price and a renewed inflationary threat. Unless living standards improve for a much broader segment of the population between now and the polls, Maduro's chances of re-election without having to further curtail opposition activity will be sharply reduced.

In these circumstances, the European Union (EU) and its member states should:

- Encourage the U.S. to be bolder in rolling back the “maximum pressure” strategy adopted under the Trump administration, including by providing a clear schedule for potential sanctions relief, as an incentive for Caracas to return to the Mexico City negotiations with the political opposition.
- Work with allies and regional governments to forge a broad consensus around the terms of political coexistence that could be made in the stalled Mexico City talks, should they resume, with the idea that these could form the core of an agreement that would help restore political pluralism, respect for the rule of law and the protection of civil liberties in return for an easing of sanctions and appropriate guarantees against future persecution of *chavismo*, the political movement Maduro leads. The EU-led International Contact Group, and the Group of Friends contemplated by the framework for the Mexico City talks, are potentially useful mechanisms for coordinating efforts with Latin American states.
- Support efforts to devise solutions for the dispute over control of Venezuela's external assets, encouraging creation of a neutral mechanism for administering those assets – and making them available for certain agreed-upon purposes – pending a political settlement.
- Commit to maintain current aid levels both to alleviate the conditions of Venezuelan migrants in the region and address the humanitarian emergency inside the country, with attention to mitigating risks that affect women and girls.
- Working together with civil society and opposition leaders, engage with the Maduro government to encourage better conditions for the 2024 presidential election, including an updated voter register, measures to limit state interference in the vote and an invitation for an EU mission to observe the polls, and continue to support multilateral efforts to strengthen respect for human rights.

A Period of Re-engagement

Both outside actors and domestic parties are beginning to change their tactics toward the Maduro government as the “maximum pressure” policy launched by the Trump administration and its partners in 2019 peters out. The policy – which consisted of stepped-up economic sanctions, political pressure and occasional threats of military force – has failed. Despite labelling him the interim president, its proponents did not manage to instal Guaidó in power. Nor did they dislodge Maduro. Indeed,

maximum pressure has succeeded mainly in consolidating the grip of *chavismo*, while contributing to ordinary Venezuelans' impoverishment.

In Latin America and the Caribbean, the shift in posture owes something to political changes in several influential countries. The arrival in (or return to) power of left-wing governments in Argentina, Bolivia, Chile, Colombia, Honduras, Peru and Mexico, and the collapse of both the anti-Maduro Lima

Group of nations and the pro-*chavista* Union of South American Nations, have resulted in both reduced regional polarisation around the issue of Venezuela and an overall softer line toward Caracas. With some exceptions, the new left-leaning governments are conditionally sympathetic toward the Maduro government or mildly critical of it, while the right is in retreat. The new Colombian government of President Petro reversed the stance of his predecessor Iván Duque, who had severed ties with Caracas, immediately upon taking office. Petro has in the past called Maduro a dictator, but early signs are that he will refrain from pressuring him publicly on human rights and democracy in a bid to make progress on bilateral issues, including trade and peace talks with Colombia's National Liberation Army guerrillas, some of whom have taken shelter in Venezuela.

Domestically, Venezuela's opposition has also shifted toward greater engagement, though there remain important policy differences within its leadership. The divergence in views between the "interim government" (which includes Guaidó's political allies) and others in the Unitary Platform (consisting of a wider array of opposition parties) is particularly striking, as the 2021 regional elections demonstrated. The Platform opted at the last minute to take part, but the circles around Guaidó declined to campaign, reflecting their scepticism about the value of participating in elections as a route to political change.

The "interim government" has not entirely forsworn dialogue, though Platform politicians question its commitment. Guaidó's allies have

backed the Mexico City talks with the government that began in August 2021 and were suspended by Caracas two months later. They used these to foreground the demand for free and fair elections in 2024, though many other opposition politicians suspect that the interim government's conditions for acceptable polls will prove unrealistic, giving it a pretext for renewed calls to boycott the vote. Among the four main Platform parties (known as the G4), Guaidó's Popular Will party is often seen as an uncompromising outlier, although much of its grassroots base is committed to electoral participation.

As for the U.S., it has also shown greater openness to engagement. After the government suspended Mexico City negotiations with the opposition, President Biden dangled the prospect of limited sanctions relief, including reduced restrictions on oil sales, to bring it back to the table. While that has not happened – with the government in Caracas appearing to be in no hurry to return – there has been progress on other fronts: since March, senior U.S. officials have twice held direct talks with Maduro in Caracas, achieving the release of a total of nine U.S. citizens held in Venezuela, most recently through a prisoner swap announced 1 October.

Meanwhile, representatives of the government and opposition have also met in Caracas regarding a plan to unfreeze several billion dollars in Venezuelan overseas assets to finance social and infrastructure projects, with a view to signing an agreement if and when they return to Mexico.

Managing Economic Stresses amid Humanitarian and Human Rights Crises

The deal the U.S. is proposing to bring Caracas back to talks comes at a time when the Venezuelan economy, despite modest gains, continues to struggle. After seven straight years of economic contraction, which slashed around

80 per cent from its GDP, Venezuela has seen a timid recovery in 2022, due partly to increasing revenues from high oil prices and a revival of private sector commerce. But oil production, once the economy's mainstay, remains stagnant

at around 700,000 barrels per day. Without major sanctions relief and genuine economic reform, Caracas has no chance of attracting the massive amounts of capital required to revive the industry. The relaxation of price controls and the liberalisation of currency markets brought an end to chronic scarcity of basic goods, and the government tamed hyperinflation by chopping public spending and applying a ferocious monetary squeeze. But these steps still leave the **vast majority** of the population earning too little to live on, including millions of public-sector workers whose wages have tumbled. After receiving wage supplements that were far lower than expected, protesting teachers and health workers forced the government to back down in August at the cost of an additional spike in the inflation rate, which is again heading for triple digits.

Against this backdrop, the exodus of Venezuelans continues, with almost seven million of a population of around 30 million, having fled the country. Most have left since 2014, primarily to escape poverty. The precarious conditions in which migrants are forced to travel, often on foot, expose women and girls in particular to gender-based violence, including rape and sex trafficking.

The government's repressive behaviour contributes to an overlapping human rights and humanitarian crisis. While the government has given UN agencies, including the World Food Programme, some space in which to work, it still puts severe restrictions on the operations of humanitarian NGOs. Meanwhile, the government continues to subject dissenters, from politicians to labour activists, to arbitrary arrest and

holds around 250 political prisoners. The government has signed an agreement with the chief prosecutor of the International Criminal Court (ICC), promising cooperation to bring to justice those responsible for alleged crimes against humanity since a brutal crackdown on protesters in 2017. It has also consented to the establishment of a UN human rights office, which the EU has recently supported with a donation of \$3 million. So far, however, the authorities have made none of the substantive reforms to the Venezuelan law enforcement and judicial systems that would be necessary to make good on its commitments to the ICC prosecutor.

Arguing that it is under economic siege, the Maduro government for its part continues to insist on the return of Venezuelan state assets located in the U.S., Colombia and Britain, which were transferred to the Guaidó-led "interim government" in 2019. With the accession of President Petro in 2022, control of the fertiliser giant Monómeros, a subsidiary of Venezuela's state-owned petrochemical company, based in Barranquilla, Colombia, was **restored** to the Maduro government. But the dispute over U.S.-based assets as well as gold and currency reserves in the Bank of England persists. Since March, representatives of Maduro and the opposition have been negotiating an agreement that, in current form, would allow over \$3 billion to be unfrozen and used for projects in the fields of education, health, water and food provision. As noted above, one possibility the parties are exploring is that, pending a negotiated resolution of the Venezuelan crisis, external assets could be managed by a politically neutral body.

The 2024 Presidential Election and Beyond

With 2024 elections approaching, prospects for electoral reform are uncertain. There has been some progress in recent years. The 2021 regional and local elections were held under somewhat improved conditions as compared to the previous year's legislative elections and

others held since 2015. Negotiations between the government and elements of civil society, accompanied by some opposition moderates, led to the establishment of a slightly more balanced National Electoral Council, with two (of five) main board members aligned with the

opposition. At the government's invitation, the EU sent observers to monitor the polls. The mission reported that the tabulation of votes generally took place "without problems or complaints", but made 23 recommendations for improving electoral conditions, including curbs on judicial "encroachment on the competences of the electoral power" and an end to bans on political candidates without due process. Political reform has since stalled, and the new, smaller Supreme Court empanelled in April only tightened Maduro's hold on the judiciary, which has previously played a key role in thwarting opposition electoral campaigns.

Even if full-scale talks were to resume in Mexico City, the government might chafe at making many further concessions regarding electoral conditions. Senior officials tell Crisis Group that Caracas is unwilling to risk losing power at the ballot box, having just survived years of domestic and international duress. Sources within the *chavista* movement also say the leadership fears that the opposition, should it win, might subject *chavistas* to acts of vengeance. In reality, however, even an opposition victory in the 2024 polls – and, unlikely as it now appears, government recognition of defeat – would still not lead to a genuine alternation in power without a comprehensive political agreement between the sides. To the contrary, *chavista* control of every public institution,

including the legislature, judiciary and security forces, would in all likelihood stymie an opposition-led executive branch.

Although the government is likely to resist most electoral reform, there may still be some room for progress between now and 2024. Sources in the electoral council say civil society and its partners both in the opposition and abroad could still achieve a significant improvement in conditions for the vote by focusing on two or three critical areas – for example, the quality of the voter register and the independence of election officials at local and regional levels. The government is wary of inviting international election observers, but at the same time it is anxious for the election to be considered legitimate, so the idea is not off the table. Moreover, some close to the government even suggest a willingness to regard 2024 as a stepping stone to a fully competitive presidential poll in 2030, although not at the cost of a complete loss of political power. Against this backdrop, and barring a major shift in events, the most optimistic scenario for 2024 is an election that shows progress from the last round (even if the deck remains stacked against a change in government), with international observation, leading to a result accepted by both sides that provides a basis for further progress, most immediately in elections to the National Assembly due the following year.

Paving the Way for Progress

As the EU and its member states work to support stability and democratic reform in Venezuela, they will likely continue to find that moves toward a sustainable, negotiated solution that can restore respect for human rights, the rule of law and free elections remain painfully slow. The Maduro government's default position has been to do what is required to retain power, and it seems set to continue doing so in the foreseeable future. Moreover, those in

the opposition leadership, especially those who form part of the "interim government" or benefit from access to Venezuela's otherwise frozen external funds and frequently live abroad, also appear to prefer the status quo to anything short of regime change. Their resistance to efforts that would improve ordinary Venezuelans' living standards – for example, through sanctions relief – sometimes appears to be motivated by concern that doing so would

bolster Maduro's political standing. Nevertheless, the EU and member states can and should do more help create the foundation for positive change.

First, they can try to push Washington to be more pragmatic and proactive in its support for a negotiated solution. Ideally, the Biden administration would drop its insistence on recognition of the "interim government" (which creates needless friction and is increasingly difficult to justify on legal or political grounds). It would also resist calls from opposition hardliners and some senior members of Congress for additional sanctions and offer further incentives to encourage a return to Mexico City negotiations between the government and opposition. Such incentives might include partial relief from non-oil sanctions and cancellation of the \$15 million bounty for Maduro's arrest. In addition, the EU and member states should work with the UN and other multilateral bodies to help devise a neutral mechanism for administering the government's frozen funds as part of an arrangement to make them available for certain humanitarian purposes. They should continue to support efforts to strengthen the government's respect for human rights through the UN and the ICC's probe.

Secondly, the EU and member states should work closely with Venezuela's neighbours to build a new consensus around the key elements of a sustainable political agreement between the government and opposition that would help restore the rule of law and political liberties, as opposed to simply restoring relations and accepting the status quo. A broad set of nations should mount a concerted effort to persuade government and opposition to make reciprocal concessions that could form the core of such an agreement and create a path toward pluralism and a more stable political system in Venezuela. These could start with an easing of U.S. economic sanctions and appropriate guarantees concerning *chavista* demands for protection from future persecution, in return for

government steps to release political prisoners and quash restrictions on the opposition, civil society groups and independent media.

Though now suspended, the Norway-facilitated talks in Mexico City continue to offer a mechanism for hammering out a definitive agreement, and the EU and member states should stand ready to offer further material incentives to encourage those negotiations. The EU-led International Contact Group, formed in 2019 to pursue both a political solution and the alleviation of the humanitarian situation, might be one means of bringing together Latin American states in support, as might the Community of Latin American and Caribbean States, which is due to hold a meeting of foreign ministers with the EU in October. Alternatively, these nations might also be included in the Group of Friends mechanism contemplated in the framework for the Mexico talks to support the negotiations. While direct European outreach to Russia and China to bring them into the process may be challenging given the situation in Ukraine, it might be possible for regional actors to play this role, and Brussels should encourage them to do so. Notwithstanding Ukraine, the EU and European governments have found ways to engage in limited cooperation in the service of peace and security elsewhere. They should do so here as well.

Thirdly, recognising the constraints imposed by the present global crisis, the EU and member states should commit to at least maintain at their current levels and, if possible, increase the resources devoted to mitigating the effects of the migratory exodus in the region and tackling the humanitarian emergency inside Venezuela's borders. Aid for Venezuelans is well below the level of similar assistance the EU provides in Africa and the Middle East. It would enhance the efficacy of the humanitarian aid package if the full annual amount were guaranteed from the beginning of each year (with a commitment to maintain current total annual spending). Donors coordinating their contributions

via Team Europe would also help. A particular focus of concern is the vulnerability of women and girls to sexual violence and exploitation, especially on informal migration routes that now include the dangerous trek to Panama across the Darién Gap. The EU should press governments in the region to implement in full the provisions of laws and treaties prohibiting human trafficking and sex slavery and fund support services.

Finally, the EU and member states should work with civil society and opposition leaders to try to advance the two or three specific electoral reforms that seem most promising in advance of the 2024 elections. They should in particular push for a thorough updating of the electoral

register, which currently excludes millions of Venezuelans, and support moves to help ensure that local and state electoral bodies, as well as polling station authorities, are autonomous and representative of diverse political forces. They should press the government to abolish the practice of using the comptroller's office to bar candidates based on allegations of corruption without due process. They should also request an invitation for an EU observation mission for the 2024 presidential election.