



## Tom Lantos Human Rights Commission Briefing

### Venezuela: Economic Sanctions and Human Rights

Tuesday, July 23, 2019

11:30 a.m. – 12:30 p.m.

2172 Rayburn House Office Building

### *Remarks of John Walsh Washington Office on Latin America (WOLA)<sup>1</sup>*

On WOLA's behalf, I want to express my appreciation to the Tom Lantos Human Rights Commission for organizing this timely briefing, and for inviting us to participate.

As previous speakers on the panel have already made quite clear, due to epic mismanagement and corruption on the part of the Maduro government, Venezuela was already in the midst of an acute economic crisis *before* U.S. economic sanctions were first imposed in 2017. Yet it is also true that the imposition of U.S. sanctions on Venezuela has accelerated the country's economic meltdown and has exacerbated what was already a dire humanitarian situation. Estimates may differ on the exact dimensions of the crisis and the particular impacts of U.S. sanctions, but there can be no doubt that sanctions are taking a significant toll on Venezuela's population, millions of whom are fleeing their country in desperation.

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<sup>1</sup> I would like to acknowledge my colleagues on WOLA's Venezuela team—David Smilde, Geoff Ramsey and Kristen Martinez-Gugerli—on whose keen insights and analysis my remarks today are based.

In WOLA's view, the only viable path out of Venezuela's crisis is a negotiated process that leads to free and fair elections, in which Venezuelans can once again choose their own leaders. Nicolás Maduro does not now possess a democratic mandate, and has clung to power while eroding democratic institutions and repressing political opponents.

Venezuelans themselves must ultimately be the ones to decide the future of their country. But the international community can play a crucial role by pairing creative diplomatic engagement with targeted, coordinated pressure to help ensure that negotiations are serious and fruitful. Any sanctions imposed against the Maduro government should be with a view to providing incentives for meaningful negotiations—such as the talks now underway with Norway's mediation.

As successive U.S. administrations have imposed new layers of sanctions against the Maduro government, WOLA has acknowledged that sanctions can usefully provide a non-violent form of pressure. But such targeted pressure needs to be paired with engagement to promote peaceful solutions—like bringing a party to the negotiating table—rather than generating indiscriminate harm to the population to somehow force a sudden “regime change.”

To increase the chances that sanctions can exert constructive pressure, we have argued that (a) the conditions under which sanctions can be eased or lifted must be clearly identified and clearly communicated and (b) sanctions must include exceptions to minimize harm to the broader population. Targeted individual sanctions may be of questionable effectiveness in changing behavior, but they generally carry low risks of harming the general population. Sectoral sanctions, such

those now being imposed against Venezuela's oil and gold sectors, carry much higher risks of harming ordinary citizens.

WOLA rejects sanctions that are intended to deepen the suffering of the Venezuelan people. Sanctions must be designed in a way that moves decision-makers towards solutions to the primary causes of the suffering the population is experiencing. The August 2017 debt sanctions included exceptions for food and medicine and did not apply to debt approved by the National Assembly; it seemed possible that with these limits they could pressure the Maduro government without major negative impacts on the population. But the evidence suggests that over time the debt sanctions have become *de facto* oil sanctions, impeding the kinds of joint ventures that had allowed PDVSA, the state oil company, to maintain production and income.

Now, the explicit January 2019 oil sanctions are accelerating the decline in Venezuela's oil production, income and living standards. The severe humanitarian impact of U.S. oil sanctions was predictable. In February 2018, WOLA warned that "sanctions on either Venezuelan crude exports or imports of refined oil would inevitably worsen the already tragic toll of the nation's ongoing economic collapse." Given Venezuela's near-total reliance on oil for its national income and the already dramatic deterioration in the country's oil production, the unrelenting imposition of U.S. financial and oil sanctions can be expected to decimate Venezuela's economy, with ever more severe impacts on the lives of millions of ordinary Venezuelans, even the specter of famine. As we should know from other contexts, a village cannot be saved by burning it to the ground.

In choosing to impose punishing oil sanctions in January (on top of the financial sanctions that were already in place) the Trump administration appeared to be acting on the assumption that a campaign of “maximum pressure” would usher in a quick return to democracy in Venezuela, beginning with Maduro’s resignation or downfall. Six months later, Maduro is arguably weakened but remains in place, with considerable international backing. Meanwhile, Juan Guaidó retains legitimacy within Venezuela and enjoys significant support internationally. But the opposition risks fragmentation and exhaustion as the current stalemate drags on and the country’s humanitarian crisis worsens—accelerated and deepened by U.S. economic sanctions.

In WOLA’s view, the Trump administration should not have imposed oil sanctions against Venezuela in the first place, precisely because of the foreseeable harm that they would inflict on ordinary Venezuelans. U.S. officials may have truly believed that oil sanctions would contribute to quickly expelling Maduro from power, and that the sanctions would therefore not remain in place for long. But now that it has become clear that the bid for “maximum pressure” did not produce the decisive result that the Trump administration was seeking, the Administration needs to urgently reassess its strategy.

Two complementary approaches recommend themselves. First, as a step toward removing oil sanctions with their unacceptable humanitarian costs, the Administration should flexibilize existing sanctions, implementing systems along the lines of the oil-for-food or oil-for-necessities proposal being raised by economist Francisco Rodriguez. The unrelenting imposition of sanctions that will inexorably dismantle Venezuela’s economy and desolate and displace millions of its people is

morally unacceptable and politically untenable; if the Trump administration is determined to keep sanctions in place, the flexibility required to alleviate their harms is urgently needed.

Second, U.S. officials should put ending the oil sanctions and easing other targeted sanctions on the table to help achieve a negotiated solution to Venezuela's crisis. U.S. officials consider sanctions to be a key reason that the Maduro government is participating in the ongoing talks being mediated by Norway. The Trump administration should offer sanctions relief in exchange for significant and verifiable commitments made by the Maduro government at the negotiating table.

A negotiated resolution to Venezuela's impasse will not be achieved all at once. Instead, measures can be agreed to build confidence, eventually resulting in new elections and commitments to political pluralism by all of Venezuela's stakeholders. Incremental progress can provide the framework for phased sanctions relief—beginning with the sanctions that are exacting the heaviest toll on the Venezuelan population. Such an outcome will require that the Trump administration forego its vision of rapid “regime change” in Venezuela in favor of the more realistic, urgent task of crafting a peaceful, negotiated solution.

There are many formidable obstacles that could block the achievement of a successful negotiated solution in Venezuela. Potential spoilers abound. All the more reason that the United States should channel its efforts into supporting negotiations and doing everything in its power—including providing sanctions flexibility and relief—to ensure that the necessary agreements can be reached and implemented and that Venezuela's severe humanitarian crisis can be resolved.