

Energy and Aid as Leverage in Venezuela

Bottom Line Up Front

- The U.S. has enacted sanctions against Venezuela's national oil company as well as against embattled President Nicolas Maduro's inner circle.
- Washington has made several public overtures for Maduro to step aside, while Moscow and Beijing have firmly opposed anything resembling regime change.
- Aid has become a critical pressure point between the U.S. and the Maduro regime; both sides seeking to control access to humanitarian supplies as a cudgel in this ongoing struggle.
- To date, Maduro has shown few signs that he is planning to capitulate to external pressure and cede power to his political opponents.

To continue pressuring the Maduro regime in Venezuela, the United States has pushed through sanctions targeting the country's national oil company. The Venezuelan government relies on the export of crude oil for approximately 90 % of its revenue. In 2018, the Venezuelan economy contracted by 5%, according to the International Monetary Fund, after contracting by 10% the year prior. In many ways, Venezuela is an archetypical 'petrostate:' an oil-rich country with weak institutions and vast disparities in wealth distribution. Venezuela has suffered through decades of economic mismanagement, first under the late Hugo Chavez, and more recently under its embattled leader Nicolas Maduro, who has overseen the near total collapse of the Venezuelan state and is clinging to power against growing internal and external pressures. It is difficult to frame how dire is the situation in Venezuela. More than a tenth of the total population have fled the country in recent years, with thousands more leaving daily as inflation and political persecution soar.

The official U.S. position is one of seeking to assist the Venezuelan people. To this end, Washington and many other countries are demanding that Maduro step down and cede power to Juan Guaido, who has been recognized as the legitimate leader of Venezuela by the United States and twenty-four other countries. However, China and Russia are leading a bloc that opposes any regime change or pressure against Maduro, meaning that the U.N. Security Council will be unable to break the impasse. Caracas remains mired in debt to Russia and China, a testimony of how bad the situation has become in a country

that possesses vast oil reserves. Few see the actions of China and Russia as purely altruistic, but rather a defense of sunken costs and pre-existing investments, in addition to a shared antipathy toward U.S. primacy in the Western hemisphere.

Another facet to the process of state failure cascading across Venezuela is the regional dimension, where the Colombian border town of Cúcuta has become ground zero as the initial point of entry for Venezuelans fleeing their country. It is also the current staging point for humanitarian aid and other supplies. Aid has become a critical pressure point between the U.S. and the Maduro regime; both sides seek to control access to humanitarian supplies as a cudgel in this ongoing struggle. Yet as we have seen in other unstable places around the world, aid is being politicized. Cúcuta could soon be the scene of a dramatic and perhaps pivotal moment in the crisis, with Guaido spearheading an effort to force the issue of accepting aid, something that the Maduro regime has already said it won't do. Hundreds of thousands of Venezuelans will march to the border crossing and demand that members of the Venezuelan military defy orders and allow the needed aid to come into the country. Some officials, including U.S. Senator Marco Rubio, believe this could lead to a collapse of the military's support for Maduro, with soldiers siding with their fellow countrymen and women, which includes their own struggling families and friends. It could also lead to serious violence if the situation escalates.

Between energy and aid, the United States is pushing hard for the downfall of Maduro's regime. But to date, Maduro has shown few signs that he is planning to capitulate to external pressure, instead framing what happens next as a matter of American imperialism versus the long-held ideals of Venezuela's Bolivarian revolution. Given a long and somewhat sordid history of American intervention in Latin America, Maduro's rhetoric has resonated with many in the region. Still, other than promoting Guaido as the legitimate leader of the country, it remains unclear what else the U.S. has done to plan for future contingencies. Both energy and aid will play a major role in any potential transition. Guaido is attempting to consolidate control over the oil industry, and even appointed a transitional board of directors for the state oil firm, critical to the country's economy moving forward. The more immediate concern is addressing a rapidly deteriorating human security situation. Whatever happens next, the international community should do more to ensure that aid does not become further politicized and can reach its intended recipients.