



## U.S.-VENEZUELA RELATIONS AND THE PATH TO A DEMOCRATIC TRANSITION

HEARING BEFORE THE  
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ERIC FARNSWORTH  
VICE PRESIDENT, COUNCIL OF THE AMERICAS

Good morning, Mr. Chairman, Mr. Ranking Member, and Members of the Subcommittee. It is a privilege to appear before you today to discuss U.S.-Venezuela relations and what it will take to return that proud nation to a vibrant democratic path. Thank you for the attention that you are bringing to these important issues, and for your leadership in addressing them, which has been critical. We very much appreciate your strong, focused, bipartisan interest in restoring Venezuela's future to the Venezuelan people, and look forward to supporting your efforts moving ahead.

### Outlines of the Venezuelan Crisis

To give you the bottom line first: Venezuela has been wrecked by Chavismo. By now the outlines of the economic, political, and humanitarian crisis are well-known.

The nation that boasts the world's largest proven oil reserves is an economic basket case, wracked by hyperinflation, shrinking economic growth, food and medical shortages, and criminal bands and street crime. The private sector is prostrate and investment has essentially dried up. Oil production—the lifeblood of the economy—has collapsed through lack of investment, unimaginable corruption, and the loss of essential human capital. U.S. purchases of oil have steadily declined, even before sanctions. Much of the oil production that remains is either given outright to Cuba or delivered to China, Russia, and others through sweetheart deals. Abundant natural resources such as gold are being plundered by the regime and others including recalcitrant FARC and ELN guerrillas seeking safe-haven from Colombia, leading to a full-scale assault on Venezuela's fragile Amazonian ecosystem which may never recover.

Even as the economy has soured, the Maduro regime has tightened its control on the Venezuelan people. Every institution of the state except the National Assembly has been bent to the will of the executive. The rule of law has been thoroughly corrupted. The press has been shuttered, co-opted, and muzzled, and journalists harassed and detained. Social media is monitored.

Increasingly, through technology sold by China and Russia and applied under their and also Cuban tutelage, the Maduro regime has taken steps surreptitiously to identify and track both regime supporters and also those who do not support the regime. Its intelligence and security services and other state functions are strongly influenced if not directed by thousands of Cuban personnel embedded in state organs. Outside intervention has already occurred and continues to occur in support of the Maduro regime.

From the humanitarian perspective, with more than 10 percent of Venezuela's total population now outside the nation and more leaving every day, we are witnessing the worst man-made humanitarian tragedy of the modern era in the Western Hemisphere. Refugees are flowing out of Venezuela's porous borders into Brazil, Colombia, Ecuador, Peru, and even as far away as Chile and Spain, in addition to, among other places, the small islands of the Caribbean that can be reached by boat. Needless to say, virtually none of these economies have the absorptive capacity to receive significant population inflows from Venezuela, especially over the longer term. For its part, the United States has already received thousands of Venezuelans with more on the way, and, on a bipartisan basis, legislation has been introduced to provide Temporary Protected Status for 18 months for some 72,000 Venezuelans already here.

### Next Steps Toward Democratic Restoration

The dramatic return to Venezuela of interim President Juan Guaido earlier this week has given a renewed spark of hope to the Venezuelan people. His courageous acceptance of the burden of leadership has led to threats against him and his family, consistent with similar tactics employed by the Maduro regime against its political opponents: harassment and arrest, exile, or even death. Guaido's actions have unified the opposition and provided the Venezuelan people with one individual around whom to rally.

Nicolas Maduro's May 2018 "re-election" was a farce. Although he continues to occupy the Miraflores Palace, his term in office ended on January 10, 2019, and his efforts to remain as leader thereafter by proclaiming himself president and fraudulently re-inaugurating himself have been widely rejected by the international community. Under Venezuela's Chavez-promulgated constitution, in the absence of an elected president the leader of the National Assembly is recognized as the interim president, with a mandate to establish conditions for and to oversee free and fair elections to determine the next president. This the role into which Guaido has been thrust.

His task is complicated. Because the Maduro regime will never allow free and fair elections to occur, the regime will have to leave office and, likely, depart the country altogether, as a condition precedent for such elections. Regime departure would allow for the relaunching of Venezuela's fully politicized and corrupted electoral machinery, from voter lists both inside and outside Venezuela, to voting machines free from irregularities and cyber manipulation, to the establishment of a fully independent body of non-partisan electoral authorities. Candidates for office will have to be restored through the release from arrest and the return from exile of leading opposition political figures. A democratic renewal will require the restoration of press freedoms which have been systematically destroyed by the regime, ending state control of media and censorship in order to reach those with limited access to alternative media and technology. It

will also require a significant in-country presence of professional elections systems officials not just election-day monitors, with a mandate to restore procedural independence from any government or political party. It will require enhanced physical security both in the cities and rural areas, to prevent harassment and intimidation of voters, especially in areas with a strong Chavista overlay. And it will also require, on the economic front, immediate humanitarian assistance and the restoration of functioning economic signals so that Venezuelans will be able to return home to their native country both as voters and also as pilgrims and pioneers in the restoration of a nation.

### Toward Economic Reconstruction

Reconstruction will be long and arduous. It will be politically complicated. Transparency and certain and enforceable rule of law will be key. Venezuela's institutions have been so thoroughly corrupted by Chavismo that the faith of the people can only be restored by a tangible indication that their lives under a freely and fairly-elected government will meaningfully improve.

Initial steps for reconstruction will have to include restoring the value of the national currency and the slaying of hyperinflation, unifying and rationalizing policies that enable massive corruption including exchange rate policy, restoring the independence and professionalism of the central bank, restoring the independence and professionalism of national oil company PDVSA (and ending daily deliveries of free oil to Cuba), freeing of private sector activities generally to regenerate productive capacity, welcoming new inflows of direct foreign investment, and conducting privatizations. That is just the beginning. And these activities will all have to be done transparently and without a hint of corruption, which would immediately hinder Venezuela's return to democracy by causing voters to raise questions of fairness. It will be no benefit to replace existing corruption with new corruption or to replace one set of oligarchs with another; faith in the new government will be fragile and can easily be destroyed without attention to these fundamental issues.

Meanwhile, the new government will require breathing room to get itself established. Quick disbursing aid is essential. Bridge aid from the international financial institutions will be critical, as will bilateral assistance, renegotiation of Paris Club and other debt, and a rational, transparent, and orderly process to address bondholder and other claims. Oil will continue to be the most significant part of Venezuela's economy and will be the primary driver of recovery. But production will also take some significant time to recover, and previous arrangements unwound, before the oil sector will be sufficiently able to fulfill its manifest role. Seizure and return of ill-gotten assets must also be a priority, both as a law enforcement and also an economic matter, although it is unclear how long such activities will take or the ultimate magnitude of successful recovery efforts, and therefore how much such efforts will be able to contribute to reconstruction.

Venezuela was, at one point, Latin America's wealthiest nation. Someday it may be again. To get there, the current occupants of the Miraflores Palace must depart, and the international community will have to come alongside the Venezuelan people to offer financing and technical assistance, among other things, to help restore and relaunch democracy. Meanwhile, the

humanitarian tragedy caused by Chavismo shows no sign of abating; in fact, it gets worse every day. So long as the Maduro regime remains in place, the United States together with our regional and extra-regional allies must continue to insist that the Maduro regime open its doors to the assistance that has been accumulating outside Venezuela's borders, doing what we can to help the interim government deliver aid to suffering Venezuelans both in and outside the country.

Current circumstances whereby the Maduro regime would rather kill its own people than allow aid into the country to help them are simply unacceptable. People are suffering and people are dying, needlessly, at the foot of an ideological altar. Continued sanctions are thus an appropriate response in an effort to get the Maduro regime to change course, to depart voluntarily or to be forced out by the people of Venezuela perhaps through the military acting according to the national constitution.

Mr. Chairman, thank you again for the opportunity to testify before you today. I look forward to your questions.