

Sabre-rattling in the Caribbean

VENEZUELA SEEKS TO RESOLVE INTERNAL POLITICAL CRISES BY SQUARING OFF AGAINST THE USA

US president Obama has toughened his stance on the Venezuelan regime, branding the situation in the country an “extraordinary threat to the national security and foreign policy of the United States”. The executive order was issued after Venezuelan president Maduro followed up his usual verbal attacks with populist measures directed against the US. However, in view of the border dispute with Guyana sparked by oil drilling in the Atlantic, and the thawing of US-Cuban relations, it seems doubtful whether the Venezuelan government is acting in its own best medium-term interests. Venezuela’s influence in the Caribbean is on the wane – to the benefit of the US. Some suspect that Venezuela’s actions are in fact a deliberate strategy to aggravate the foreign policy situation and thereby divert attention from the political crisis within the country, strengthen government unity and facilitate repression of the opposition. An attempt at dialogue by the Union of South American Nations (UNASUR) is condemned to failure by the partiality of Secretary General Samper.

The US government followed through on its words with actions: on 9 March, the US president issued an executive order implementing the Venezuela Defense of Human Rights and Civil Society Act, passed in December. “We are committed to advancing respect for human rights, safeguarding democratic institutions, and protecting the US financial system from the illicit financial flows from public corruption in Venezuela,” says the White House statement announcing the executive order.ⁱ

The first individuals affected by the sanctions are seven medium to high ranking figures in the military, secret service and police, and one public prosecutor.ⁱⁱ The message is clear: it is not just senior government officials who must face the consequences of their actions, but those carrying out orders as well. Given that doubts about the survival of the Venezuelan administration are increasing within the regime itself, the targeted sanctions imposed on specific individuals are likely to be a cause of alarm among the Chavista regime. After all, it is a well-known fact that the US remains a popular travel and emigration destination among Venezuelans, regardless of their political affiliation. The sanctioned individuals are banned from entering the US, and any private assets they may hold in the country have been frozen. US citizens are prohibited from conducting business with them.

US and Spain take action against Venezuelan dirty money

In a further step, President Obama ordered the US Treasury Department to work with the State Department to identify and monitor people or companies participating in or responsible for business involving money from illegal sources in Venezuela. Just a day later, the Treasury Department accused the Banca Privada d’Andorra of laundering USD 2 billion originating from the Venezuelan state enterprise Petroleos de Venezuela SA (PDVSA). Andorran authorities have already detained two bank managers suspected of conducting the laundering operations using fictitious companies on behalf of Venezuelans whose identity is currently unknown, in exchange for huge sums of money. The

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process involved dollar transfers via at least four banks in the US. Spanish authorities also reacted immediately, conducting searches in a branch of Banco de Madrid, which belongs to the Banca Privada d'Andorra. Besides Venezuelans, the accusations are also directed at Russian and Chinese clients.

Visa requirement for US citizens and row over embassy staff numbers

The swift action by the US government shows that the move was not in the slightest unexpected. Further steps can be expected to follow. The measures are also a response to constant provocations on the part of the Venezuelan government. Adding to the ongoing verbal tirades of an invariably petty and gratuitous nature, Maduro recently caused a stir with his announcement that US citizens will in future require a visa to enter Venezuela, "to counter imperialist aggression". Moreover, certain US politicians, including former president George W. Bush, were banned from entering the country. Venezuelan society was quick to deride the announcement on social networks, as Venezuela has much more to gain than to lose from its relatively few US visitors.

Maduro went on to demand that the US embassy in Caracas cut its diplomatic staff from 100 to 17 – the number of accredited diplomats in the Venezuelan embassy in Washington – in the interests of achieving "balance". The demand was met with incomprehension by the US government: if the diplomats in Venezuelan consulates across the US are taken into account, their total number is 74.

Given that most of the embassy staff work in administrative functions, Maduro's move could make things difficult for Venezuelans seeking to obtain a US visa. This may well be an intended effect, with the aim of restricting travel between the two countries. Those affected are not just opposition supporters with a second home in the US – in particular Miami – but also the Chavista *nouveaux riches*, known as the "Boliburguesía", who in spite of ideological differences make no secret of their taste for

the American way of life and enjoy spending time in the US "empire". It is equally possible that the imposed staff reduction is a deliberate provocation designed to elicit a reaction from the US, which was indeed quick to arrive in the form of Obama's executive order. If the US were to insist on downsizing Venezuela's total embassy and consular staff in US territory to 17, in line with Maduro's demand, this would probably force consulates to close, which in turn would prevent Venezuelans living in the US – most of whom favour the opposition – from voting in the forthcoming parliamentary election.

Temporary dictator? "Anti-Imperialist Enabling Law" comes into force

Just a day after Barack Obama's executive order, President Maduro promptly submitted an "Anti-Imperialist Enabling Law" to the National Assembly empowering him to issue decrees with legislative force, bypassing the country's parliament and supreme court. This applies even to the constitutionally enshrined "public order" and constitutionally protected fundamental rights. He also has the power to issue decrees to defend the country against "external threats" or activities which threaten public order. The Enabling Law, which was approved by the National Assembly in the second and final reading on Sunday 15 March, will remain in force until the end of the year.

Government plays on threat of US invasion

Maduro justified the measure on the basis of the economic, trade, financial and energy blockade ostensibly being prepared by the US. "We will draw up a special military plan, and I will personally lead the deployment of the FANB [A/N: Venezuelan armed forces]," proclaimed the president as he announced military exercises lasting several days by the armed forces, generally regarded as poorly organised. In the same belligerent vein, he declared that "Yankee boots" should never "tread on Venezuelan soil," adding that Venezuela is not "Libya or Iraq, but a territory of peace." Maduro's overblown militaristic rhetoric was later echoed by various cabinet members. Defence min-

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ister Padrino López announced that Venezuelans would “lay down their lives in defence of the Fatherland.” In the meantime, a statement by White House spokeswoman Jen Psaki according to which the sanctions are not intended to “promote instability in Venezuela” but rather to persuade Caracas to “change its behaviour” did nothing to calm the Venezuelan government’s sabre-rattling, with state-controlled media warning of “US blockades” and “imperialist attacks”. Accordingly, the armed forces are being mobilised, former soldiers are being encouraged to register as reservists, and citizens are being asked to take part in military exercises.

Intensified repression and preparations in case of electoral defeat

There are other plausible explanations for the Enabling Law besides the theatrically framed threat of external aggression. For instance, the government’s nationalist and socialist rhetoric diverts attention from the economic crisis and shortage of basic goods. Furthermore, the Enabling Law facilitates intensified repression of the opposition. Constitutionalist Pedro Afonso del Pino believes the law is a precautionary measure by the government in case it is defeated in the forthcoming parliamentary election. Maduro now has the means to curtail the powers of a potentially opposition-controlled parliament and keep the socialist transformation of the state on track. The new law also makes it easy for him to disrupt the opposition’s preparations for the election, or even call off the election at short notice.

The suspicion that the real purpose of the Enabling Law is purely limited to internal politics is strengthened by the fact that the law is not actually necessary to deal with external aggression, as the president already has the necessary powers to this end. In addition, the constitution provides for the declaration of a state of emergency. This does not appear to suit Maduro politically, however. Meanwhile, he has himself fuelled suspicions that his domestic political woes are the real motivation behind the legislative initiative: “With the Enabling Law in our hands, we will perfect the Venezuelan legal

system, so that it will not be necessary to declare a state of emergency.” The head of state and commander of the armed forces gave no indication as to how or indeed why the legal system is in need of change.

Irresponsible governance tips country further into chaos

The latest poll results suggest an imminent shift in the parliamentary balance of power. This situation is primarily due to the economic and social crisis in the country, which is visibly sliding into chaos as a result. There is an urgent need for action. Supermarket queues are growing longer, while the supply of foodstuffs and basic consumer goods is becoming increasingly difficult to maintain. Despite price controls for most products, inflation is rising fast, as the prices of all other products rise or they have to be acquired on the parallel market. According to the Workers’ Centre for Documentation and Analysis (CENDA), a four-person family needs 2.8 times the minimum wage to buy food for a month. In January 2014 alone, foodstuff prices rose by 14.6 percent.

While devaluing the currency and abandoning price controls would increase the availability of goods, a large part of the population would nevertheless be unable to afford them at least in the short term. In the run-up to elections this is certainly not a desirable state of affairs for the government, which is merely managing the shortage.

Not just in state-run supermarkets, but also in the private retail sector, customer data is increasingly being biometrically recorded along with details of items purchased – a data protection nightmare. The system is intended to prevent individuals from buying too many goods and then reselling them on the black market at vastly inflated prices. However, it is unlikely to have much of an impact on black marketing as most illicitly traded goods go astray before they even reach the supermarket shelves.

Health sector on the verge of collapse

The health sector has also been hit hard by the crisis. Importers of medicines and med-

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ical equipment recently complained that since the start of the year, the government has not been allocating sufficient USD amounts for currency exchange purposes, with the result that imports have been significantly lower than in the previous year. Already, the unavailability of treatments is leading to higher death rates and increased suffering. According to a source in the Chamber of the Pharmaceutical Industry (CIFAR), the government already owes around half a billion USD to importers who made advance payments for imported products.

However, it is not just basic services that are suffering. Other sectors are also seeing disruptions to products and services, further exacerbating the crisis. The country is largely dependent on imports, paid for almost entirely with oil revenues. Tumbling prices on the crude oil markets are aggravating Venezuela's supply crisis, which most acutely affects the poorest segments of the population.

Venezuela sells gold reserves to Wall Street

Venezuela's currency shortages have prompted it to turn to Wall Street, of all places. Reuters recently reported that according to insider information, Venezuela intends to cash in gold reserves worth around USD 1.4 billion. The country will retain the right of first refusal, and can buy back the gold reserves after a period of four years. The deal, said to involve at least the Bank of America and Credit Suisse, is set to be concluded in April. The situation is laden with irony: as the socialist government in Caracas turns to Wall Street, the very nerve-centre of the capitalist system which it vilifies on a daily basis, the US government – sanctions notwithstanding – is either unable or unwilling to prevent a deal which could secure the survival of the Maduro government for a while longer before the country could well face bankruptcy.

Border conflict with Guyana escalates as Exxon drills for oil in the Atlantic

When the Enabling Law was passed in the National Assembly on Sunday thanks to the majority of the ruling United Socialist Party of Venezuela (PSUV), Maduro underlined his intention to use the law to stop the US from "laying its hands on Venezuela's riches". Meanwhile, opposition social democrat Ángel Medina criticised the resulting disempowerment of the legislative branch, calling the law a "weapon against anyone who thinks differently". The real threat to the country's sovereignty is posed by Cuba, Russia, China and the border conflict with Guyana, according to Medina.

In early March, Guyanese president Donald Ramotar announced plans to drill for oil in the Atlantic, with licences already granted to Shell and US multinational ExxonMobile. The extraction site includes coastal areas of disputed sovereignty. The course of the ocean border is largely dependent on the decision on the Guayana Esequiba territory, which has been administered by Guyana following an arbitration ruling in 1899, the Geneva Treaty of 17 February 1966, and the Port of Spain Protocol of 1970. Ever since, there have been repeated discussions and incidents concerning the ownership of the territory.

Guyana's foreign minister has now vigorously defended his country's sovereignty claim, demanding that Venezuela refrain from interfering with oil exploration efforts in Guyanese territory. There has as yet been no diplomatic or military response from the Venezuelan government, unlike in October 2013, when the Venezuelan navy seized a Guyanese oil exploration vessel.

US exploits Venezuela's weakness in the region

Since Guyana's latest announcement, the member states of the Caribbean Community (CARICOM) – in the Bahamas for their 16th summit – and Cuba have expressed their support for Guyana rather than Venezuela. Although Cuba and the majority of CARICOM member states have traditionally

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supported Guyana in the Guayana Esequiba conflict, most of them have also enjoyed cheap oil imports from Venezuela as a result of their membership of the regional alliance Petrocaribe. This makes the unequivocal announcements of solidarity with Guyana, as opposed to more neutral declarations, somewhat surprising. Nonetheless, the implications have no doubt been carefully considered; after all, the Petrocaribe states must be prepared for the eventuality of Venezuela reducing or even suspending oil deliveries as a result of its home-made economic crisis.

Meanwhile, the US appears poised to fill the vacuum in the event of a weakening of Petrocaribe and an end to other energy cooperation arrangements between Venezuela and other Caribbean states. Such a development would be accompanied by a change in the balance of influence within regional organisations such as the Organisation of American States (OAS).

First Caribbean Energy Security Summit in Washington DC

On 26 January, US vice president Joe Biden opened the first Caribbean Energy Security Summit, attended by 25 states including Germany, and eight regional organisations and international institutions. In his opening speech, Biden spoke of a new landscape of global supply and accessibility of energy resources. "We have more oil and gas rigs running in the United States than all the rest of the world combined. Mexico, Canada and the United States is the new epicentre of energy – not the Arabian Peninsula," he added. He called for a comprehensive plan for the integration of Caribbean states, enabling them to evolve into "prosperous, secure, energy-independent neighbours" in a democratic setting.

This project is clearly at odds with Venezuela's energy cooperation arrangements, and could reduce the dependence of the Caribbean region on Venezuela's oil supplies. To this end, the US is relying on the expansion of renewables, private sector investment in energy solutions, and reforms in the energy sector.

Polarising reaction from Venezuela

On the domestic plane, Venezuela's evocation of the spectre of a US-initiated war can be read as a diversion tactic aimed at increasing repression, and on the international plane as a reaction to the advances made by the US in the region. In this process, Nicolás Maduro has portrayed Venezuela as a victim, and called upon neighbouring nations to stand behind Venezuela. Unsurprisingly, he received the obligatory expressions of solidarity from the leftist ALBA states Nicaragua, Bolivia, Ecuador and Cuba.

UNASUR states have also spoken out against meddling in nations' domestic affairs. Declarations by other states, mostly neutral in tone, have been interpreted in the Venezuelan media as favourable to the Caracas regime.

Opposition voices concern

There are fears among the Venezuelan opposition that the tensions between the US and the Venezuelan government will lead to problems in the forthcoming parliamentary election campaign, as Maduro has succeeded in using the media to turn the US sanctions to his own ends by fuelling crude resentment. However, a number of opposition members agree that this advantage is short-lived, and will not last until the decisive stage of the election campaign.

There is also agreement among the opposition that the Enabling Law will be used to step up repression. Under the pretext of fighting off meddling by the US, tighter control will be exercised on a domestic level as well. The speaker of the parliament recently initiated an investigation of domestic and foreign civil society organisations.

UNASUR attempt at dialogue doomed to failure

It is widely expected that domestic tensions will continue to grow as the parliamentary election approaches. The most likely scenario is that the domestic conflict will be resolved at the urns, although the parliamen-

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tary election is hardly likely to be conducted in a fair and equal manner. Already, an electoral commission made up of individuals close to the government has been appointed in defiance of the constitution. The electoral commission has also asked the opposition coalition Mesa de la Unidad Democrática (MUD) to pay for the arrangement of primary elections, even though it is not expected to make the same demand of the ruling party PSUV.

Trust between opposition and government remains low. The recent attempt by the UNASUR union and the Apostolic Nuncio to arbitrate in the conflict between the two parties was condemned to failure from the outset by the actions of UNASUR secretary general Ernesto Samper. Statements favouring the government were made, and even though all major opposition parties are united under the umbrella organisation MUD, Samper deliberately invited just four members of the opposition. While Julio Borges (leader of the Primero Justicia party), Henrique Capriles (Primero Justicia, governor of Miranda), Henri Falcon (leader of the Avanzada Progresista party, governor of Lara, former PSUV official) and Henri Ramos Allup (leader of the Acción Democrática party) were invited to take part in the talks, MUD leader Jesus Torrealba was not. Torrealba was heavily critical of the decision, calling Samper's actions a provocation designed to further divide MUD. Many opposition politicians gave him their backing.

UNASUR's attempt at dialogue is neither credible nor impartial, fuelling the suspicion that it is merely a delaying tactic by the government with a view to controlling the opposition's media image until the election and portraying itself in a conciliatory light. The pressure on the government in Caracas is set to rise in the coming weeks and months. Maduro will continue to lay the blame for everything on his political opponents, employing a variety of stratagems and methods, no matter how absurd, to substantiate his claims. Acknowledgement that the Chavista project has failed will only occur when the government has been replaced – a process which can only be hoped to unfold peacefully.

ⁱ Specifically, the measure targets members of the Venezuelan regime responsible for or involved in erosion of human rights, persecution of political opponents, restrictions on press freedom, use of [illegitimate] violence and human rights violations in response to anti-government protests, arbitrary arrests of anti-government protestors or significant public corruption.

ⁱⁱ Sanctions were imposed on the following persons for the serious human rights violations perpetrated in connection with the protests of February 2014:

1. Antonio José Benavides Torres, Commander of the Bolivarian National Armed Forces (FANB) and former Director of Operations of the Bolivarian National Guard (GNB)
2. Gustavo Enrique González López, Director General of the Bolivarian National Intelligence Service (SEBIN)
3. Justo José Noguera Pietri, President of the state-owned entity Venezuelan Corporation of Guayana (CVG) and former General Commander of the (GNB)
4. Manuel Eduardo Pérez Urdaneta, Director of the Bolivarian National Police
5. Manuel Gregorio Bernal Martínez, a leading figure in the SEBIN
6. Miguel Alcides Vivas Landino, Inspector General of the FANB

Sanctions were imposed on the following person for the arbitrary prosecution of opposition member Maria Corina Machado and Mayor Antonio Ledezma on the basis of demonstrably falsified "evidence":

7. Katherine Nayarith Haringhton Padron, public prosecutor