

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/HM 205 Venezuela

**SPONSOR(S):** Judiciary Committee; Local Federal, & Veterans Affairs Subcommittee; Stark, Avila and others

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/SM 804

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local, Federal & Veterans Affairs Subcommittee	13 Y, 0 N, As CS	Renner	Miller
2) Judiciary Committee	17 Y, 0 N, As CS	Deatherage	Poche
3) State Affairs Committee	22 Y, 0 N	Renner	Williamson

### SUMMARY ANALYSIS

After becoming president of the Bolivarian Republic of Venezuela in 2013, Nicolás Maduro continues to suppress opposition protests and restrict freedom of speech and assembly. Nicolás Maduro imprisoned hundreds of political opponents. Many of those detained have been subject to torture and other human rights abuses.

Venezuela is also in the midst of a crippling economic crisis, resulting in food and medicine shortages, which has led to a humanitarian crisis. Despite the crisis, Nicolás Maduro has refused international aide. Consequently, the United States has criticized Nicolás Maduro and imposed numerous sanctions on Venezuela.

The memorial requests Congress to urge the government of Venezuela to allow the delivery of humanitarian assistance, to continue to intensify financial sanctions against the regime of Nicolás Maduro, and to instruct appropriate federal agencies to hold the regime of Nicolás Maduro accountable for violations of law and abuses of internationally recognized human rights.

Legislative memorials are not subject to the Governor's veto power and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

This memorial does not have a fiscal impact on the state or local governments.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Present Situation

After President Hugo Chavez died in 2013, the Bolivarian Republic of Venezuela (Venezuela) held presidential elections and acting President Nicolás Maduro defeated Henrique Capriles by only 1.5 percent of the vote. Despite the thin margin of victory and rise of opposition, Maduro consolidated his authority, resulting in security forces and allied civilian groups violently suppressing protests and restricting freedom of speech and assembly. Consequently, many Venezuelan protestors died or were injured in the following years due to clashes with pro-government forces. Additionally, political opponents and opposition figures were imprisoned.<sup>1</sup>

In 2016, opposition efforts tried to recall Nicolás Maduro in a national referendum. However, the government delayed the process and Venezuela's National Electoral Council indefinitely suspended the recall effort after five state-level courts issued rulings alleging fraud in a signature collection drive that garnered millions of signatures.<sup>2</sup>

Nicolás Maduro's ruling party, the United Socialist Party of Venezuela (PSUV), has continued to harass and detain opponents. In addition, Nicolás Maduro has surrounded himself with hardline political allies, including appointing a vice president who was sanctioned by the United States as a drug kingpin in 2017. Among many of the powers under the vice president's vast authority is control over an "anti-coup" command.<sup>3</sup>

On May 20, 2018, Nicolás Maduro won reelection for a second six-year term with 67.7 percent of the vote amidst a high abstention.<sup>4</sup> The elections took place within a climate of state repression. Many Venezuelan opposition politicians had been imprisoned, barred from seeking office, or forced into exile by late 2017.<sup>5</sup>

After Nicolás Maduro's inauguration in January 2019 there has been widespread international condemnation. Juan Guaidó, the leader of the opposition-controlled National Assembly of Venezuela, declared himself interim president after asserting that Nicolás Maduro is not the rightful president because the election was fraudulently conducted to ensure Nicolás Maduro would win a second six-year term.<sup>6</sup> Guaidó cited Title V, Chapter II, Article 233 of the Constitution of the Bolivarian Republic of Venezuela, which states that if the president fails at his or her duties, or if there is an absence in leadership, the National Assembly's chief will take temporary charge of the nation.<sup>7</sup>

Numerous Western Hemisphere governments, including the United States, have recognized Guaidó as the new interim President of Venezuela. President Trump released a statement stating that the United States would press to restore Venezuela's democracy and would "continue to hold the illegitimate

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<sup>1</sup> Congressional Research Service Report, *Venezuela: Background and U.S. Policy*, May 10, 2017, 5, available at [https://www.everycrsreport.com/files/20170510\\_R44841\\_fa3ec514ed07bb711220465fb833d0432061f98a.pdf](https://www.everycrsreport.com/files/20170510_R44841_fa3ec514ed07bb711220465fb833d0432061f98a.pdf) (last visited Feb. 25, 2019).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 6.

<sup>4</sup> Congressional Research Service Insight Report, *Venezuela's 2018 Presidential Elections*, available at <https://webcache.googleusercontent.com/search?q=cache:p67-ogCAUbsJ:https://fas.org/sgp/crs/row/IN10902.pdf+&cd=1&hl=en&ct=clnk&gl=us> (last visited Feb. 25, 2019).

<sup>5</sup> *Id.*

<sup>6</sup> Alex Ward, *Why thousands of protesters and Trump are demanding Venezuela's president step down*, Vox (Jan. 23, 2019), <https://www.vox.com/world/2019/1/23/18193533/venezuela-maduro-protest-guaido-pence-trump-23-enero> (last visited Feb. 25, 2019).

<sup>7</sup> *Id.*

Maduro regime directly responsible for any threats it may pose to the safety of the Venezuelan people.”<sup>8</sup> Consequently, Nicolás Maduro cut diplomatic ties with the United States and told American diplomats to leave the country. Additionally, the Venezuela military has pledged its allegiance to Nicolás Maduro.

### Economic Crisis

Venezuela’s economy relies significantly on the extraction and export of oil and other petroleum products, which accounts for more than 90 percent of the country’s exports. Under President Chavez, the government used the oil reserves to spend money on domestic social programs instead of building up fiscal reserves. The decline in oil prices over the years and the lack of reserves has led to an economic crisis for Venezuela. This has resulted in a shortage of consumer goods, including food, and has led to hyperinflation of Venezuela’s currency.<sup>9</sup> Nicolás Maduro continues to refuse any international assistance, including from the Vatican.<sup>10</sup>

### Humanitarian Crisis

As of May 2017, the Venezuela human rights group *Foro Penal Venezolano* listed more than 140 political prisoners in Venezuela. The group reported more than 6,800 political arrests made from 2014 to 2016.<sup>11</sup> According to the United States Department of State, many of those detained have been subject to torture and other human rights abuses.<sup>12</sup>

Additionally, due to the lack of basic consumer goods, riots, protests, and looting have broken out across the country resulting in many deaths. Venezuela’s hospitals also have been affected by shortages of medicine and basic supplies. Many hospitals “face critical shortages of antibiotics, intravenous solutions, and even food, and 50 percent of operating rooms in public hospitals are not in use.”<sup>13</sup>

### Federal Venezuela Sanctions

In recent years, the United States government has imposed various sanctions on the government of Venezuela. In July 2014, President Obama imposed visa restrictions on some Venezuelan officials responsible for human rights violations. Also in 2014, Congress enacted the Venezuela Defense of Human Rights and Civil Society Act of 2014.<sup>14</sup> Among other matters, the law required the President to impose sanctions against those whom the President determined were responsible for significant acts of violence or serious human rights abuses associated with the 2014 protests.<sup>15</sup>

President Trump has favored multilateral approaches to resolving the crisis. Both the President and the State Department have called for the release of opposition leader Leopoldo Lopez and the rest of Venezuela’s political prisoners.<sup>16</sup> The administration has also issued various executive orders restricting the government and Petroleos de Venezuela, S.A.’s (PdVSA) ability to access the United

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<sup>8</sup> White House statement, *Recognizing Venezuelan National Assembly President Juan Guaido as the Interim President of Venezuela*, January 23, 2019, available at <https://www.whitehouse.gov/briefings-statements/statement-president-donald-j-trump-recognizing-venezuelan-national-assembly-president-juan-guaido-interim-president-venezuela/> (last visited Feb. 25, 2019).

<sup>9</sup> *Supra* note 1 at 10.

<sup>10</sup> *Id.* at 12.

<sup>11</sup> *Id.* at 6.

<sup>12</sup> U.S. Department of State, Bureau of Democracy, Human Rights and Labor, *Country Reports on Human Rights Practices for 2016-2017*, available at <https://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2016&dclid=#wrapper> (last visited Feb. 25, 2019).

<sup>13</sup> *Supra* note 1 at 12.

<sup>14</sup> Venezuela Defense of Human Rights and Civil Society Act of 2014, Pub. L. No. 113-278, S. 2142, 113<sup>th</sup> Cong. (Dec. 18, 2014), available at <https://www.congress.gov/bill/113th-congress/senate-bill/2142> (last visited Feb. 25, 2019).

<sup>15</sup> *Supra* note 1 at 18.

<sup>16</sup> *Id.* at 17.

States financial system. On August 24, 2017, President Trump signed Executive Order 13808 to restrict the Venezuelan government's access to the United States financial system by prohibiting United States persons and entities from engaging in transactions involving the following:

- New debt with a maturity of greater than 90 days of PdVSA, Venezuela's state-owned oil company;
- New debt with a maturity of greater than 30 days, or new equity, of the government of Venezuela, other than debt of PdVSA;
- Bonds issued by the government of Venezuela prior to August 25, 2017;
- Dividend payments or other distributions of profits to the government of Venezuela from any entity owned or controlled, directly or indirectly, by the government of Venezuela; and
- The purchase, directly or indirectly, of securities from the government of Venezuela, other than security qualifying as new debt with a maturity of less than or equal to 90 days (for PdVSA) or 30 days (for the government of Venezuela).<sup>17</sup>

The executive order defined the term "government of Venezuela" to mean the government of Venezuela, any political subdivision, agency, or instrumentality thereof, including the Central Bank of Venezuela and PdVSA, and any person or entity owned or controlled by, or acting for or on behalf of, the government of Venezuela.<sup>18</sup>

Additionally, after the May 20, 2018 election, President Trump issued Executive Order 13835,<sup>19</sup> which, among other things, prohibits transactions by a United States person or within the United States related to the purchase of any debt owed to the government of Venezuela, including PdVSA. The executive order also denies the Venezuelan regime the ability to earn money by selling off public assets at the expense of the Venezuelan people.<sup>20</sup>

### **Effect of the Memorial**

The memorial requests Congress to urge the government of Venezuela to allow the delivery of humanitarian assistance, to continue to intensify financial sanctions against the regime of Nicolás Maduro, and to instruct appropriate federal agencies to hold the regime of Nicolás Maduro accountable for violations of law and abuses of internationally recognized human rights.

Copies of the memorial will be sent to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Florida delegation to the United States Congress.

Legislative memorials are not subject to the Governor's veto power and are not presented to the Governor for review. Memorials have no force of law, as they are mechanisms for formally petitioning the federal government to act on a particular subject.

### **B. SECTION DIRECTORY:**

Not applicable.

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<sup>17</sup> Exec. Order No. 13808, 3 C.F.R. 41155 (2017).

<sup>18</sup> *Id.* at 41156.

<sup>19</sup> Exec. Order No. 13835, 3 C.F.R. 24001 (2018).

<sup>20</sup> United States Department of State, *Venezuela-Related Sanctions*, available at <https://www.state.gov/e/eb/tfs/spi/venezuela/> (last visited Feb. 25, 2019).

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

None.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

The memorial neither authorizes nor requires executive branch rulemaking.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On February 6, 2019, the Local, Federal & Veterans Affairs Subcommittee adopted a proposed committee substitute (PCS) and reported the memorial favorably as a committee substitute. The PCS differs from the memorial as originally filed in that the PCS accounts for recent developments in Venezuela, namely that Juan Guaido has declared himself interim president of Venezuela after asserting that Nicolás Maduro is not the rightful president because the May 2018 election was fraudulently conducted to ensure Nicolás Maduro would win a second six-year term.

On March 7, 2019, the Judiciary Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment corrected a misspelling.

This analysis is drafted to the committee substitute as passed by the Judiciary Committee.