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FEATURED Q&A

What Do Changing Political Dynamics Mean for Maduro?



Venezuelan President Nicolás Maduro is becoming less isolated in the Western Hemisphere. Maduro is pictured Wednesday aboard his plane, returning to Venezuela from the COP27 climate conference in Egypt. // Photo: @NicolásMaduro via Twitter.

Q Venezuelan President Nicolás Maduro faced a toughening of sanctions and rhetoric in recent years, particularly as right-wing governments were in power in Colombia, the United States and Brazil. But leftist governments are now in control in Bogotá and Washington, and soon will be in Brasília. Among the signs of closer ties, Gustavo Petro on Nov. 1 became the first Colombian president to meet with Maduro in six years. What do the changing political dynamics in the Western Hemisphere mean for Maduro, and what factors will be most consequential? How likely are other leftist governments in the hemisphere to be able to encourage Maduro to take steps toward democracy? What incentives would Maduro have for such steps?

A Michael Shifter, senior fellow and former president of the Inter-American Dialogue: "As if any further proof were needed, Maduro's debut on the global stage at the COP27 conference, and his greetings of French President Emmanuel Macron and U.S. Climate Envoy John Kerry, signaled the international community's move toward greater accommodation of Venezuela's authoritarian regime. The rapprochement between Petro and Maduro and the shift from the hard-right Bolsonaro government to the incoming Lula administration is particularly significant. That left-leaning governments dominate South America's political landscape risks further reducing regional pressure on Maduro to address the country's profound human rights and humanitarian crises. But Latin America's changing politics is at best a partial explanation of closer ties with Venezuela. The strategy of 'maximum pressure' and isolation that began in 2019 with tough economic sanc-

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Venezuela's Poverty Rate Falls, Inequality Widens: University Report

Economic recovery in Venezuela has led to a lower poverty rate, but inequality has grown, according to a report released by Andrés Bello Catholic University.

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U.S. Extends TPS for Haitians, Central Americans

The United States has extended temporary protected status for citizens of Haiti, El Salvador, Nicaragua and Honduras until June 30, 2024.

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POLITICAL

U.N. Rights Chief Calls on DR to Stop Deportation of Haitians

Volker Türk, the United Nations' high commissioner for human rights on Thursday called on the Dominican Republic to halt its deportations of Haitians.

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Türk // File Photo: United Nations.

POLITICAL NEWS

U.N. Rights Chief Calls on DR to Stop Deporting Haitians

The United Nations' chief human rights official on Thursday called on the Dominican Republic to stop deporting Haitians back to the crisis-racked country. "Unremitting armed violence and systematic human rights violations in Haiti do not currently allow for the safe, dignified and sustainable return of Haitians to the country," Volker Türk, the U.N. high commissioner for human rights said in a statement. "I reiterate my call to all countries in the region, including the Dominican Republic, to halt the deportation of Haitians," he added. In addition, Türk called on authorities in the Dominican Republic "to step up efforts to prevent xenophobia, discrimination and related forms of intolerance based on national, racial or ethnic origin, or immigration status." In the Dominican Republic, which shares a 240-mile-long border with Haiti on the island of Hispaniola, officials have instituted border and migration crackdowns that the Dominican republic's government has said will "guarantee border security," the Associated Press reported. Dominican authorities have said they deported 43,900 migrants, mainly Haitians, from July to September. Between September and October, deportations from the Dominican Republic rose about 50 percent, the AP reported. Migrant advocacy groups have said that the Dominican Republic's mass deportations of Haitians rose following the July 2021 assassination of Haitian President Jovenel Moïse. Since then, Haiti has faced rising levels of violence as gangs have increasingly taken control of parts of the country. The G-9 federation of gangs, led by Jimmy "Barbecue" Cherizier, blocked access to the key Varreux fuel terminal in Port-au-Prince for nearly two months, causing shortages of fuel and forcing hospitals, stores and other facilities to cut back on their services. Cherizier just lifted the blockade earlier this week. The country is also facing a worsening outbreak of cholera. Last month, Haiti's government

appealed to the international community for an international force to help restore order. Such an intervention would serve "to buttress the National Police and buy time to beef up security around the country," Haitian Ambassador to the United States Bocchit Edmond told the Advisor in a [Q&A](#) published Oct. 25. "Also, it would help to restore security to enable the government to organize democratic, free and fair elections within a reasonable time," he added.

ECONOMIC NEWS

Venezuela's Poverty Rate Falls to 50.5%, Inequality Widens

An economic recovery in Venezuela has led the country's poverty rate to fall to 50.5 percent, though the country's income inequality has widened, according to a study published Thursday by the social investigations unit of Andrés Bello Catholic University, Reuters reported. The National Poll of Living Conditions, or Encovi, said the poverty rate had declined from its level of 65.2 percent last year. For the survey, which the university has conducted since 2014, researchers spoke to approximately 2,300 families across Venezuela in July and August. De facto dollarization in Venezuela has provided some support to businesses after the country's government relaxed currency controls in 2019, Reuters reported. While the poverty rate has declined, only social inclusion and sustained economic growth can make life significantly better for the poor, said one of the study's researchers, Luis Pedro España. "The economy might be improving, but things aren't getting better for families," he said during the presentation of the report at the university. The country's income inequality has widened, España said. The country's wealthiest 10 percent have an average income of \$533 per month, while the poorest 10 percent scrape by on just \$8 per month. The report also found that Venezuela's food security declined. The survey found that 21.9 percent of households were not concerned about having enough to eat, as

NEWS BRIEFS

U.S. Extends TPS for Haitians, Central Americans

The United States has extended temporary protected status for Haitians as well as the citizens of three central American countries, Reuters reported. The extension will allow for work permits and protections from deportation until June 30, 2024 for citizens of Haiti, El Salvador, Nicaragua and Honduras, according to a document filed by U.S. Citizenship and Immigration Services, the wire service reported. The extension also applies to citizens of Sudan and Nepal.

Peru's Central Bank Hikes Key Interest Rate 25 Basis Points to 7.25 Percent

Peru's central bank raised its benchmark interest rate on Thursday by 25 basis points to 7.25 percent, Reuters reported. It was policymakers' 16th consecutive hike in interest rates as the Andean country struggles to tackle high inflation, which reached 8.28 percent in October. The benchmark interest rate was at 0.25 percent in July 2021. Peru's central bank estimates inflation to cool by the second half of 2023, returning to its target band of 1 to 3 percent.

AES to Supply Teck Resources With Renewable Energy for Chile Project

Teck Resources announced Thursday that it will supply its Quebrada Blanca Phase 2 copper project with 100 percent renewable energy beginning in 2025 through an agreement with AES Corp. Under the 17-year agreement, AES Andes will provide 1,069 gigawatt hours of energy annually from renewable sources. The use of renewable energy instead of energy from coal-fired generation will avoid some 1.6 million metric tons of greenhouse gas emissions annually, Teck Resources said.

compared to 11.8 percent of households last year. “Last year, [Venezuela’s] economy moved from collapse and hyperinflation to modest growth with high inflation,” Ruth Krivoy, a former Venezuelan central bank president, told the Advisor in a **Q&A** published April 18. “The main growth drivers were the removal of foreign exchange controls and a de facto relaxation of price controls, improving business conditions and generating short-term opportunities.”

BUSINESS NEWS

Citgo Petroleum Reports \$477 Million in Profit for Q3

Venezuela’s Citgo Petroleum oil refinery unit on Thursday reported \$477 million in earnings for the third quarter, according to Reuters. The company reported pre-tax profits at \$804 million for the quarter, down from a record \$1.86 billion in the second quarter, and the company said its pre-tax profits for the year through September were \$3.18 billion. Citgo reported strong margins and high throughput across its three U.S. processing plants, though it also saw a slip in processing rates, from 101 percent in the second quarter to 89 percent in the third quarter, according to a statement from Chief Executive Carlos Jordá. The company’s results were buoyed by strong demand and record oil prices amid the war in Ukraine and the associated oil shortage. The United States’ steady economic recovery is also boosting profits. Citgo’s three refineries processed 780,000 barrels per day (bdp) in the last quarter, and exported 196,000 bdp of refined products, a 45 percent increase from the same time last year. “Our refineries continue operating safely and reliably,” Jordá said in a statement. He added that, “outside of refining, our branded, unbranded and petrochemical businesses also delivered strong performances this quarter.” The company’s profits have allowed it to pay \$483 million in dividends to parent company Citgo Holding in order to repay a term loan, Reuters reported.

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tions was fruitless. The humanitarian crisis deepened, Maduro became stronger and the opposition fractured, with interim President Juan Guaidó losing support both inside and outside of Venezuela. New political realities—most importantly, the end of Trump’s presidency—combined with severe economic needs aggravated by the Ukraine war, affecting the international oil market. The Biden administration’s approach is to calibrate the economic sanctions to press Maduro to return to political negotiations with the opposition in Mexico City. The main incentive for Maduro is easing sanctions, which only the United States can deliver. Most Venezuelans support negotiations with the regime to help relieve misery and suffering and chart a course to restore democratic rule. To succeed, this approach will demand skillful diplomacy and sustained engagement and pressure by the United States.”

A **Diego Arria, former Venezuelan ambassador to the United Nations:** “Political changes in the region are basically irrelevant for Maduro’s hold on power, as no country was, nor is, willing to go to the mat in defense of democracy and human rights in Venezuela. Even less so after the recent, about face of the U.S. policy regarding its regime, that went from Trump’s strong sanctions, followed by a \$15 million reward for information leading to the arrest or conviction of Nicolás Maduro, and 14 Venezuelan officials charged with narco-terrorism, corruption, drug trafficking and other criminal activities. The change under the Biden administration emerged when senior members were sent to Caracas to engage in direct negotiations with the regime to exchange Maduro’s nephews who were serving prison terms for drug trafficking for illegally detained American businessmen. It is also considering allowing the regime to export oil to the United States. To open negotiations with a regime it had considered a usurper while recognizing Juan Guaidó as interim president was a fatal

blow to the interim regime and a message to the international community of shifting policy. In view of these developments, it is evident that there is no need for Maduro to take steps toward democracy. And on top of these realities, the diminished political parties are providing avenues to legitimize a narco-regime accepting primary elections conducted by the Maduro-controlled electoral arbiter. Meanwhile, seven million Venezuelans have left the country.”

A **John Price, managing director of Americas Market intelligence:** “Washington, Bogotá and Brasília do not see eye to eye on Venezuela, and none of them are keen to spend any political capital trying to nudge Venezuela toward democracy. For the last 15 years, Washington has criticized the Chávez and Maduro autocracies. The list of Venezuelan companies and individuals who are sanctioned by the Office of Foreign

“ **Washington prefers to benignly neglect the Venezuela file.”**

— John Price

Assets Control (OFAC) and other American regulators continues to grow under Biden. Washington would welcome a democratic Venezuela but quietly doubts that Guaidó can deliver. Many in Washington believe that a collapse of the Maduro administration would lead to fractionalized chaos, not a functioning democracy. With bigger issues at home (inflation) and abroad (Russia-Ukraine), Washington prefers to benignly neglect the Venezuela file. In Colombia, Petro promised to try a different approach via rapprochement with Venezuela. Thousands of Venezuelans are returning home from Colombia thanks to a booming economy in Caracas at present, such that rapproche-

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ment can be spun quite positively, for now. Petro needs Maduro's support to achieve 'Total Peace,' which will oblige a change in behavior of bad actors operating in the Venezuela-Colombia border region. A proposal to build a pipeline connecting coastal Colombia with Venezuelan gas is rumored. Cheap energy would bolster a populous region where Petro lacks political support. There seems little reason for Petro to oppose Maduro's hold on power. A long time has passed since Lula was a leftist ideologue. Instead, he heads an economic-political movement that is as corporatist as any found in Latin America today. His interests in Venezuela have always been economic—to open opportunities for Brazil's energy and construction sectors in exchange for their support back home. Once reinstated in Brasília, Lula will try to re-engage Venezuela, in part to placate Brazilian industrialists who supported Bolsonaro and whose loyalties Lula requires to govern effectively."

A **Rafael E. Álvarez-Loscher,** international managing partner at **Iuriscorp:** "Sanctions by themselves do not constitute an effective mechanism to obtain concrete results toward democracy. They must be accompanied by multilateralism, a cohesive and solid opposition, and the possibility of generating sufficient incentives for these changes to take place. None of these elements—at least at this moment—are present. The government of Nicolás Maduro has understood—albeit with his hands tied—that a policy of openness allows him to consolidate bridges with national and international businesspeople, and with other countries in

the region. In this sense, the countries of the region are seeing business opportunities in Venezuela. Europe is also considering it in large part due to its energy crisis, and the United States should also consider to what extent the sanctions will be maintained. That is the question: whether these economic changes and close relations with other countries can effectively achieve a change in the political dynamics. I think it is logical that it will happen, and the type of government will change to try to generate confidence and trust and bet on diplomacy. No wonder that Venezuela is now talking about coming back to the integration mechanism of South America such as the Union of South American Nations (CAN) and Mercosur. Nonetheless, I don't think it will happen soon. Maduro finds himself in a situation in which he has many incentives to negotiate partial agreements that do not involve him risking his political capital, and at the same time mean investment for the country; it is a pragmatic model. This is going to give him a certain stability, at least until the presidential election. All things considered, it seems very likely that the governments of the region could have interests that align with what is happening economically in Venezuela. However, at the same time they do not want to get dirty with 'bad publicity,' so I think the spaces for regional integration, as well as the return to the inter-American human rights system may be sufficient incentives to take solid steps toward a mutation in the political typology of the Maduro government."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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