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Center for Strategic and International Studies (CSIS) (2020)

Stable URL: <https://www.jstor.org/stable/resrep25659>

Accessed: 27-03-2022 19:26 UTC

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AUGUST 2020

Venezuela: Pandemic and Foreign Intervention in a Collapsing Narcostate

R. Evan Ellis

In late June and early July, three separate events highlighted the growing risk that the political, health, economic, and security crisis in Venezuela could come to a head in the coming months, which would have grave consequences for its neighbors in the region. First, two figures affiliated with the regime, Diosdado Cabello and Tarek El-Aissami, [tested positive](#) for Covid-19, with the prospect that Nicolás Maduro himself—with whom El-Aissami met—could be next. Second, the Maduro regime excluded three of the four political parties opposing him—Popular Will, Justice First, and Democratic Action—from National Assembly elections to be held in December; it also [replaced their leaders](#) with regime loyalists, decisively closing one of the few remaining possibilities for a [democratic exit](#) to the political crisis in the country. And finally, a report by the United Nations Commission on Human Rights on illegal mining in Venezuela highlighted the degree to which the national territory is controlled not by Nicolás Maduro or Juan Guaidó, but [by criminal organizations](#). Beyond the greater Caracas area, Venezuela has devolved into a series of criminal fiefdoms bound not by an allegiance to Maduro or Guaidó but rather by a shared interest in the continued absence of effective governance; this enables those with guns to persist [in their criminal enterprises](#), from [narcotics](#) and [illegal mining](#) to [extorting](#) desperate Venezuelans [seeking to cross the border](#) or to send [remittances](#) to their loved ones.

It is difficult to imagine a country with a more intractable array of problems. Cut off from political solutions or other mechanisms to release the mounting pressures of its economic, political, health, and security crises, and amidst increasingly shrill warnings given [more rhetoric than meaningful action](#) by the international community, the country is poised to deteriorate into violence and chaos. This is bound to unleash millions of refugees beyond the estimated [five million or more](#) who have already left—much to the detriment of Venezuela's neighbors, as well as the United States, which lies just across the Caribbean.

Juan Guaidó, members of the [legitimately elected](#) National Assembly, and supporters in the population [continue to struggle](#) for the return of democracy in Venezuela, with the [backing of the United States](#), the [European Union](#), and other governments. Despite their effort and creativity, they are playing an impossibly weak hand. De facto ruler Nicolás Maduro and his accomplices cannot and dare not cede power. For the many government and military leaders who have engaged in narcotrafficking, corruption, human rights abuses ([as documented by the UN Commission on Human Rights](#)), and other illegal acts, the criminal indictments by the U.S. Justice Department against [Maduro, Cabello, and 13 others](#) in March 2020 highlight the likelihood that the return of accountable governments and functional institutions will cost them not only their power and fortune, but their liberty.

Military and other institutions are penetrated by [Cuban intelligence](#) and Venezuelan counterintelligence (the [DGCIM](#)), while the population is terrorized by special police forces ([FAES](#)) and the [paramilitary “colectivos,”](#) among other entities. The failure of the uprising on April 30 of 2019 despite the participation of former SEBIN (intelligence) chief [Manuel Christopher Figueroa](#), along with the [ill-conceived regime overthrow attempt](#) in June 2020 by [Jordan Goudreaux’s](#) small band of mercenaries—which was [known to the regime](#) before it even was launched—illustrates how thoroughly penetrated and compromised would-be opponents of Maduro are. To make matters worse, the Venezuelan population is not only disarmed and dependent on food aid by Maduro ([such as the CLAP program](#)), but it is also subject to the intimidation of security forces, armed colectivos, and other regime thugs, who have [killed 1,569 people in the first five months of 2020](#), according to the United Nations.

Sanctions by the United States and others have substantially eliminated Venezuela’s petroleum income. By June 2020, oil production had fallen from 3.1 million barrels per day to [379,000 barrels per day](#), and the national oil company PdVSA had [only one oil rig](#) remaining in operation. The fall of oil prices occasioned by Covid-19 and the accompanying [price war](#) between Russia and Saudi Arabia pushed the price of Venezuelan oil to [below \\$10/barrel](#), contributing to the crisis. The [collapse of Venezuelan refining—](#)including the shutdown of Venezuela’s last two operating refineries, [Amuay and Cardona](#), in January 2020—has ultimately led to a [gasoline shortage](#) paralyzing the country and [putting everything at risk](#), from hospital services to the distribution of food, to the mobility of the police and military.

Even if petroleum income for the Maduro regime were reduced to zero, however, Maduro and his cronies [still derive an enormous income](#) from illegal mining, cocaine, and extorting remittances and border crossings, among other activities. Indeed, the ability of the Maduro regime to “dollarize” the economy was based, in part, on the enormous inflow of the currency into the country [through the drug trade](#). Thus the ability of sanctions to force out Maduro and his cronies is limited [because so much of their income derives from illicit sources](#). Consequently, eliminating revenue into the country from petroleum sales disproportionately hurts the legitimate economy, rather than Maduro’s criminal affiliates. This increases the outflow of migrants, and eventually increases [the remittances they attempt to send](#) to those left at home. Thus petroleum sanctions may perversely benefit the regime’s criminal accomplices by increasing opportunities for them to obtain more income from extorting remittances through their [control of frontiers](#), institutions, and access to Venezuelans left behind.

Role of Foreign Actors in Venezuela

Beyond the dynamics of criminal income, complicity, intelligence, and terror tactics by the regime, the complementary role of foreign actors hostile to the United States—even if not necessarily coordinated—contributes to the survival and intransigence of the Maduro regime, while magnifying the threat that it poses to the region.

As noted previously, while Cuba has limited resources and [depends to some degree on Venezuelan petroleum](#), its personnel have been [key advisors to Maduro](#), with a seat at the table at the highest levels of almost all government activity. Cuban intelligence personnel have played a key role in identifying and preventing actions against the regime—including, according to some, the [penetration and compromise of parts of the Venezuelan opposition](#).

China's posture in Venezuela is often misunderstood. Although the People's Republic of China's (PRC) government does want access to Venezuela's oil and markets and wants to be repaid for its loans, [only about \\$20 billion](#) of the [\\$62 billion](#) it loaned to Venezuela's leftist populist government since 2008 is still outstanding, and its companies are [in control of the oil](#) that it uses to repay itself. While China has held informal conversations [with President Guaidó](#) and representatives of his government to that end, Chinese officials also [do not fully trust Guaidó](#) and the opposition, nor do they believe there is an imminent risk of him assuming de facto control of Venezuela in a way that would obligate them to take him more seriously. For such a modest amount of money—relative to the PRC's [\\$1 trillion sovereign wealth fund](#)—China is in no hurry to facilitate a solution that would strengthen Washington's position, U.S.-style democracy, and free markets in the region.

While China has been cautious not to openly ally itself with the anti-United States activities of the Maduro regime, both the billions it has loaned to the regime and its role in producing and [purchasing its oil](#) and providing technical advice and security assistance have played a key role in keeping the regime afloat. China National Petroleum Corporation alone was pumping [over 350,000 barrels of oil per day](#) out of Venezuela until the United States imposed sanctions [in August 2019](#). Although it appeared to stop, evidence indicates that China continued to surreptitiously import [over \\$1 billion](#) of embargoed Venezuelan oil, in collaboration with the Russian firm Rosneft, through a scheme that involved [secret ship-to-ship transfers](#) giving the appearance that the Venezuelan oil was actually [coming from Malaysia](#). China also reportedly provided [the equipment](#) flown to Venezuela by the embargoed [Iranian company, Mahan Air](#), to help the regime restore a marginal capability to refine gasoline.

China also provided an estimated [40 percent](#) of the Maduro regime's food imports in 2019 and has a presence in the mining sector. It has also continued to provide military aid to Venezuela. This includes not only the [K-8 fighter aircraft](#), [Y-8](#) and [Y-12](#) military transports, [YL-1 radars](#), and [armored vehicles](#) provided to the Venezuelan Naval Infantry in recent years, but also the [VN-4](#) and other armored vehicles [used by the Bolivarian National Guard](#) to [repress anti-Maduro protests](#), and those used to block access to Guaidó and his supporters to the Venezuelan Parliament in January. Its hospital ship "Peace Ark" [made Venezuela one of its key stops](#) during its trip to the region in 2018–2019. The PRC even provided [29 JY-27A radar arrays](#) to the Maduro regime as late as 2019, as the country was in full economic collapse and political crisis, and has [reportedly sent soldiers](#) to support humanitarian activities.

The PRC has launched three satellites for Venezuela: a telecommunications satellite launched in [2008](#) and earth observation satellites launched in [2012](#) and [2017](#), which provide coverage in areas where the U.S. military operates. The PRC also [trained](#) the Maduro regime's [space personnel in China](#), as well as contributing [most of the command and control](#) and telecommunications equipment for its space control facilities at the [Manuel Rios airbase](#) and the alternative [Luepa facility](#) in southeast Bolivar state.

In the context of the current Covid-19 pandemic, the PRC has been a key lifeline for the Maduro regime. It has sent at least [six flights with 70 tons of medical supplies](#), including quick tests, facemasks, and other personal protective equipment. It has also placed 15–20 scientific and medical personnel on the ground in the country.

By contrast to China, Russia's position in Venezuela is principally about Vladimir Putin demonstrating his ability to [strategically challenge the United States](#), with the side benefit of enriching his affiliated oligarch Igor Sechin. From 2005 [until Venezuela ran out of petroleum cash](#) in 2013, Russia's arms sales agent [Rosboronexport provided](#) the Venezuelan army with [over \\$11 billion](#) in arms. During the Maduro presidency, it has concentrated its support on servicing existing items, which has helped to bolster the readiness of Venezuela's [air defense systems](#) (including working on radar arrays previously supplied by the PRC). Politically, Russia has repeatedly shown a penchant for using Venezuela's animosity with the United States as a platform for deploying offensive forces to the region when it suited Russia to do so, including [in 2008](#) in response to U.S. forces in the Black Sea during the [Georgia civil war](#) (with the secession of Abkhazia and South Ossetia); [in 2013, as the Ukraine crisis heated up; and currently](#). Russia's high-profile deployment of military personnel to Caracas in [2019](#) and [2020](#)—including discussions of an unrealistic but seemingly threatening plan to use a small airstrip on [La Orchila island as an airbase](#)—illustrate how Maduro helped Russia “poke the Trump Administration in the eye,” while Russia helped Maduro militarily and helped itself to Venezuela's oil.

In the petroleum sector, Russia has shown itself to be more reckless and more willing to challenge the United States than the PRC. During the last decade, former Putin intelligence associate Igor Sechin has built and consolidated a substantial Russian position in Venezuela, assuming control of the stakes of more market-oriented Russian companies such as Gazprom, [Surgut, and TNK](#) as they pulled out of the country. Between 2006 and 2017, Rosneft [loaned \\$17 billion](#) to Venezuela's populist government, then found itself in a vulnerable position when the Maduro government stopped paying its creditors since it had been secured by questionable claims to Venezuelan assets, including a claim to 51 percent of the assets of Citgo. Maduro restructured Venezuela's debt to Rosneft in 2017, then gained Russian ire by not fully living up to the new conditions. During the last three years, Rosneft has been favored as one of the few creditors which the Maduro regime has repaid, recuperating all but \$3.12 billion of that debt through the extraction of so-called “payback oil.” As Russia recuperated its debt, it also became increasingly bold and willing to extend new military cooperation to the Venezuelan government. When the United States tightened sanctions on Venezuela in August 2019, Rosneft continued to pump oil, reportedly making significant profits by acquiring it at a steep discount and refining it in Indian refineries, including the Vadinar refinery, which it controlled. In the process, Rosneft reportedly played a role in helping China smuggle its oil out of Venezuela. When the United States finally sanctioned Rosneft Trading for its activities in Venezuela, [Russia bought out Rosneft](#) for \$3.9 billion, [transferred its assets and personnel out of the company](#), and transferred operations to the firm [Roszarubezhneft](#). Russia also continues to be positioned to [take over the assets of Chevron](#) in [Petropiar](#), as the latter [winds down](#) its operations in Venezuela under U.S. sanctions. As with the PRC, Russia appears in little hurry to get out of Venezuela. With its loans almost completely recuperated, Russia sees in Venezuela an opportunity to show its support to a friendly autocrat—as it did [with the Bashar Assad regime in Syria](#)—and to contribute to chaos that will damage the United States and its allies, [such as Colombia](#).

Finally, Iran and Turkey have played minor, but important, roles in helping the Maduro regime manage particular challenges to extend its life. Until recently, the Rouhani regime in Iran avoided the level of [frequent and bellicose anti-U.S. focused engagement](#) with Venezuela that its predecessor [Mahmoud Ahmadinejad had engaged in](#). As the United States returned to sanctions against Iran and the tension between the two countries escalated, however, Iran demonstrated its willingness to use its sanctioned airline [Mahan Air](#) to transport equipment and gasoline to Venezuela to help the Maduro regime [restart the Cardon refinery](#) and resolve a critical gasoline shortage.

Turkey, for its part, is believed to play a significant role in helping the Maduro regime [launder Venezuelan gold on the international market](#). More overtly, it has provided Venezuela [food](#), an estimated 69 percent of which has been distributed to economically-marginalized Maduro regime [supporters under the CLAP program](#). It has also provided [medical aid](#) to help it confront the Covid-19 crisis. Turkey has also expressed an [interest in Venezuela's mining sector](#), and Turkey-Venezuela trade [increased eightfold](#) from 2017 to 2018 alone.

Turkey's President Recep Tayyip Erdogan has [visited Caracas, pledged his support](#) for Maduro, and received him in Ankara. On balance, however, Erdogan arguably has less at stake in helping Maduro than Maduro needs help from Erdogan.

The Impact of Covid-19

The combined effect of extra-hemispheric actors has helped to lock Venezuela into its current downward spiral. Covid-19 now promises to transform the Venezuelan crisis into a broader one.

Initially, the relative economic isolation of Venezuela helped to limit the number of Covid-19 cases, although there was [significant underreporting](#) due to the lack of reliable tests. Between June 19 and mid-July 2020, however, the number of officially reported cases (likely a [significant underestimate](#)) tripled to [almost 11,000](#), and it continues to rise exponentially. Currently, the principal risk is the potential explosion of cases as Venezuelans unable to find work [return from their temporary residences](#) in Ecuador, Peru, Brazil, the Caribbean, and elsewhere. With [almost 70,000](#) Venezuelans arriving at the Colombian side of the border alone, in crowded conditions ideal for spreading the virus and [without a functional healthcare system](#) with reliable electricity, [soap, water, and sanitizer](#)—let alone respirators—to receive them, if the virus takes off in Venezuela the effects will be particularly lethal.

A Covid-19 takeoff in Venezuela beyond what is already occurring would be catastrophic, with destabilizing effects on Venezuela's neighbors. Without basic medical equipment, facilities, and sanitation, the pandemic would be far more lethal than anywhere else in the region. In a country that has lost its ability to produce its own food—a country that is already in full economic collapse—the sustained closure of borders to flows of people and commerce could lead to famine. As already shown by the contagion of Diosdado Cabello and Tarek El-Aissami, with the disease rampant and without adequate testing or contact tracing, the death sentence implied by the disease could be the final straw in disintegrating the remaining discipline of the military and other security forces, despite substantial oversight from Cuba and others. Aside from Caracas, Venezuela is less a country than a [convoluted quilt of criminal operations](#) allied with Maduro because the regime's incompetence suits their interest. Therefore, the likely result will not be regime change but further fragmentation, along with the expansion of chaos and criminal violence across the country. Maduro and substantial numbers of his cronies—not to mention members of the opposition—may end up being eliminated not at the ballot box or at the barrel of a gun, [but by the pandemic](#).

Faced by the triple threat of rampant disease, [violence](#), and the [absence of food](#) and basic necessities, millions of Venezuelans who have not yet abandoned the country are expected to flee, using remote border crossings and treacherous treks across the Caribbean. Meanwhile, Colombia, Brazil, Guyana, and the states of the Caribbean—already overtaxed with their own virus response and other crises—will struggle to stop this influx of refugees or to isolate and treat those they can. The conditions in which returning migrants are detained for “quarantine” [threaten to be, themselves, a major source of contagion](#). The situation could be cataclysmic.

Countries affected by the influx of Venezuelan pandemic refugees will desperately be calling on the aid of multilateral organizations, the United States, the European Union, China, and anyone else in the international community who will listen. If international politics makes a multilateral humanitarian military intervention unthinkable—as has occurred elsewhere in the world—when the international community fails to act, Venezuela’s neighbors could be forced to take matters into their own hands as a matter of national self-preservation.

For the United States, it is possible that such an event will unfold in the runup to, and in the aftermath of, the U.S. presidential election. For the United States, the unfolding chaos in Venezuela will thus likely be an increasingly significant campaign issue, but one whose nuance—and for which the need for cooperative bipartisan solutions—is drowned out by increasingly divisive U.S. domestic politics. As the victor in the U.S. presidential election assumes office in January 2021, even in the broader context of the continuing pandemic, the Venezuela crisis will have reached unignorable proportions.

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This report is made possible by general support to CSIS. No direct sponsorship contributed to this report.

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