

## FINANCIAL TIMES

### **Joe Biden's big Venezuela bet is already in trouble**

*Banned candidate's triumph in opposition primary adds to hurdles after sanctions eased*

Michael Stott, Latin America editor | October 27, 2023

After more than a year of secret negotiations, the US has made a risky bet on Venezuela.

This month it eased sanctions that had barred gold and oil exports, hoping that in exchange, Venezuela's long-ruling socialist president Nicolás Maduro would hold a competitive election next year and release political prisoners.

Washington is also drawn by the prospect of increased oil supplies from a country with the world's biggest reserves, and a Venezuelan economic revival that could stem the flow of refugees towards the US, said current and former officials.

However, a big problem has surfaced that could kill the US-Venezuela understanding in its infancy. Her name is María Corina Machado.

Unlike some other opposition figures, the firebrand politician refuses to negotiate with the government, wants Maduro tried for crimes against humanity and has in the past advocated foreign military intervention in Venezuela. The Maduro government has banned her from running for office for 15 years.

Yet on Sunday she won by a landslide an opposition primary to choose a candidate for next year's presidential election. "I have received a mandate . . . to achieve the defeat of Nicolás Maduro," she said. "We have already started that campaign."

Machado's surge in popularity presents an obstacle for the US-Venezuela understanding, reached after 18 months of intensive secret diplomacy, including meetings in Qatar and Italy.

Maduro swiftly dismissed the primary, in which the opposition said 2.3mn people voted, as a fraud. "Enough of Machado . . . enough of protesters, fraudsters, liars and extremists," he declared. His chief prosecutor on Wednesday opened a criminal investigation into the primary.

Such actions severely undermine the US bet on a political opening in Venezuela. If the ban on Machado is not lifted, the Biden administration will face heavy pressure in Congress to reimpose sanctions.

“The question now is whether the Maduro government will comply with the spirit of its vague commitments in response to the US’s unilateral sanctions concessions,” said Christopher Sabatini of Chatham House, a think-tank. “Certainly the government’s reaction to the primaries is not encouraging.”

The spat over Machado is one of the many risks linked with lifting the “maximum pressure” sanctions imposed during the Trump era, which failed to dislodge Maduro and worsened Venezuela’s already dire economic collapse and humanitarian crisis. The sanctions were imposed in response to Maduro’s re-election in 2018, which the US and EU deemed fraudulent.

In carefully choreographed announcements last week, the Venezuelan government announced the resumption of formal negotiations with a group of opposition representatives, not including Machado, and a deal to hold presidential elections next year with international observers.

The following day Washington lifted sanctions on Venezuelan gold and oil exports for six months, and allowed secondary trading in government bonds. Several captives were released in the South American country.

The US concessions to authoritarian Venezuela were described as “almost breathtaking in their generosity” by one former senior US official.

“This is very high stakes for the White House, even with Ukraine and Israel dominating the headlines,” the official added.

Mainstream Democrats, the EU and many NGOs have supported the new approach, partly out of a sense that there are few alternatives.

“I don’t think we can reasonably expect chavismo itself is going to become more democratic,” said a congressional source, referring to the policies embodied by the late Venezuelan leader Hugo Chávez. “We’re really just trying to . . . draw a line in the sand so you don’t see further authoritarian drift.”

Another concern is the conduct of next year’s election. People familiar with the Maduro government’s thinking said that while it wanted to improve the economy and normalise

the country after a decade of hardship, the ruling Chavista movement fully intends to win next year's election and remain in power.

Responding to criticism of the sanctions relief, a senior US State Department official, speaking on condition of anonymity, insisted that Maduro "has to be willing to allow for a competitive election" in exchange for the sanctions relief, and that he now had a strong reason to do so.

"All of [Venezuela's] economic incentives were to deal with Iran, China and Russia, those countries that would knowingly and willingly violate the sanctions against them.

"Now they have a new incentive structure, where they can deal with countries in the west . . . they don't have to sell their energy products illegally at a discounted price . . . in the black market. So that's going to be more rewarding for the Maduro regime.

"Some Venezuelan opposition figures, while reluctant to criticise the US policy shift in public, have privately expressed dismay. There is concern that the easing of sanctions was premature and that US officials were naive to believe that Maduro had any intention of holding competitive elections.

SOS Orinoco, an NGO that campaigns against illegal gold mining, said sanctions relief for state mining company Minerven would "boost a criminal bonanza and allow the Nicolás Maduro regime to accelerate the plundering of Venezuelan Amazonia".

Antony Blinken, secretary of state, insisted after the sanctions relaxation that the US expected a "specific timeline and process for the expedited reinstatement of all candidates" in the presidential election by the end of November.

"Failure to abide by the terms of this arrangement will lead the United States to reverse steps we have taken."

That prompted a rapid riposte from Maduro's chief negotiator Jorge Rodríguez, who "categorically rejected" Blinken's words as "unacceptable meddling".

Although Blinken's conditions appear firm, observers say Maduro could announce a lengthy review of Machado's ban, allowing detente with the US to continue while enjoying additional oil and gold revenues.

As the US presidential election approaches next year, few believe the Biden administration would want to reimpose full sanctions on Venezuelan oil, potentially

triggering a jump in fuel prices and sending fresh waves of refugees towards the US border.

If the Venezuelan government plays its hand adroitly, releasing prisoners and starting a review of banned candidates, Washington might keep the sanctions relief into next year, while Maduro stands firm on keeping Machado out of the election. But if Venezuela overplays its hand, the process could easily unravel.

“The hard facts are that it seems highly unlikely that the Maduro government is going to agree to the reinstatement of opposition candidates it has made every effort to disqualify . . . including primary winner María Corina Machado,” said Michael McKinley, a former top State Department official.

“There’s the very real likelihood that there will be strong pressure to reimpose sanctions in short order, given statements by [ruling party vice-president] Diosdado Cabello and others that the government has no intention of recognising the opposition primary result.”