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Trump threatens redoubled economic sanctions against Venezuela

By Alexander Fangmann

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US President Donald Trump called for “strong and swift economic actions” against the Venezuelan government on Monday, raising the implicit threat of sanctions against that country’s oil industry, which would have a devastating effect on the country’s economy.

The threat from Washington follows an escalation of the right-wing opposition’s campaign against the government’s plan to hold a constituent assembly which would rewrite the constitution. This has culminated in a call for a 24-hour national strike to be held on Thursday, July 20.

According to a Reuters report, an expansion of targeted sanctions aimed at regime officials has already been prepared and needs only to be announced by Trump. Two figures thought to be targeted by the measures are defense minister Vladimir Padrino Lopez and Diosdado Cabello, the former speaker of the National Assembly and a key figure in both the Venezuelan military and the *chavista* United Socialist Party of Venezuela (PSUV). These new sanctions would involve a freeze on these officials’ US assets and prohibit business dealings with US companies and individuals.

This follows two earlier rounds of sanctions against officials of the Venezuelan government and state-owned oil company PDVSA. Most recently, the US Treasury Department announced it was

blocking Vice President Tareck El Aissami from the US financial system for alleged involvement in drug trafficking.

According to a report published in the *Financial Times*, when asked about the possibility of a ban on Venezuelan oil imports, one US official reportedly stated that “all options are on the table.” The US receives around 25 percent of Venezuela’s crude oil production, meaning that any reduction in imports would reduce the foreign currency available to the Venezuelan government to finance imports of food, medicine and other basic necessities, exacerbating already severe shortages.

However, there has been opposition to a blanket embargo on Venezuelan oil from US refinery operators who depend upon Venezuelan crude for their operations and would face difficulties in switching to other crude sources. The president of the American Fuel and Petrochemical Manufacturers association, Chet Thompson, wrote to Trump saying, “Sanctions limiting U.S. imports of Venezuelan crude would disadvantage many U.S. refineries, particularly those in the Gulf Coast and East Coast regions, that have optimized to utilize sour crudes produced in Venezuela.”

Among the largest importers of Venezuelan oil are Citgo, the US subsidiary of PDVSA, Valero Energy, Phillips 66 and Chevron. As a whole, Venezuela accounts for around 9 percent of US crude oil imports. A reduction in the availability of Venezuelan crude would mean a rise in gasoline prices and even possible layoffs at refineries.

Because of the political difficulties involved in widening sanctions beyond prominent *chavistas*, much of the US pressure on Venezuela has come through its support for the right-wing opposition centered on the Democratic Unity Roundtable (MUD) and its call for new elections and some kind of power-sharing arrangement based upon its control of the National Assembly.

This led on Sunday to a MUD-organized national referendum on the constituent assembly plan. Though held outside of the auspices of the National Electoral Council, which called the vote illegal, the MUD claimed a voter turnout of 7.2 million or 37 percent, with 98 percent voting against the constituent assembly. Such a figure lines up closely with recent vote totals for the MUD in national elections and apparently includes votes cast at polling stations in over 100 countries, including the United States.

On the same day as the MUD referendum, the Venezuelan government scheduled a “dry run” of its own constituent assembly vote, with pro-government news sources such as *Telesur* claiming that millions participated. The actual vote is scheduled for July 30. Once convened, the constituent assembly will be tasked to rewrite the constitution in order to consolidate the *chavista* hold on at least certain aspects of the Venezuelan government and economy.

Following the referendum, the opposition declared that it was “zero hour” for the Maduro government, and called for a 24-hour nationwide strike on Thursday. However, sensing the isolation of the MUD from the working class and broader social layers, Freddy Guevara, the vice president of the National Assembly and a member of the Popular Will party, said on Twitter that the “civil strike this Thursday cannot come only from businessmen. The country belongs to

everyone and everyone needs to guarantee to paralyze Venezuela.” According to an Associated Press report, Venezuela’s largest chamber of commerce even announced that employers would not punish workers for striking.

Reports are also emerging that there are high-level international negotiations over how to put an end to the crisis in Venezuela. The *Financial Times* cited an anonymous source who said that Colombian president Juan Manuel Santos is set to fly to Havana on Sunday at least in part to convince Raul Castro to lend support to a negotiated end to the crisis, possibly by even taking in Maduro and his wife, Cilia Flores, as political exiles. The private intelligence agency, Stratfor, also claims that Cuba is the nexus for indirect talks between Russia and the United States, in which former Spanish prime minister Jose Luis Rodriguez Zapatero has been a key figure. Stratfor also noted that it “has received persistent reports that he [Maduro] has considered asking for refuge in Russia or Cuba.”

Cuba, Russia and China all have substantial economic interests in Venezuela and would be hurt significantly by being cut out entirely were the Maduro government to fall. By taking part in negotiations in which Maduro exits the scene, they hope to ingratiate themselves with the right-wing MUD and maintain their present relationships for as long as possible.

The chief obstacle standing in the way of any negotiated settlement to the crisis, or a palace coup, is the working class itself. For the working class, all of the proposed outcomes, based as they are on the maintenance of capitalism, mean continued austerity in order to shore up Venezuela’s continually declining balance sheets and pay off its bondholders.