



State Department Announces Framework for a Peaceful Democratic Transition in Venezuela

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On March 31, 2019, Secretary of State Mike Pompeo announced a proposed Framework for a Peaceful Democratic Transition in Venezuela (The Framework). This announcement comes days after the U.S. Department of Justice's (DOJ) [criminal indictment](#) against Nicolás Maduro and his cohorts. The framework proposes a peaceful and democratic transition that would occur over six to twelve months through the establishment of a transitional government to administer free and fair presidential elections. In return, the United States Government would lift sanctions on Venezuela.

The Framework requires that during this transitional period the military high command (Defense Minister, Vice Defense Minister, CEOFANB Commander, and Service Chiefs) and State or local authorities remain in place for the duration of the transitional government. The Framework also outlines the following conditions:

1. Full return of all members of the National Assembly; Supreme Court restores all powers to the National Assembly; the National Constituent Assembly is dissolved.
2. Release of all political prisoners.
3. All foreign security forces depart immediately unless authorized by 3/4 vote of the National Assembly.
4. National Assembly elects a new National Electoral Council (NEC). U.S. sanctions on former NEC members would be removed.
5. National Assembly approves "Council of State" Law, which creates a Council of State that becomes the executive branch. The Council of State is comprised of four members who would then select a fifth member to become the Secretary General and who would serve as Interim President until the election. This individual is not permitted to be a candidate for president in the elections.
6. All of the powers assigned to the President by the Constitution will be vested exclusively in the Council of State. U.S. and EU sanctions on those who claimed Presidential authorities will be lifted.
7. The former Council of State and foreign security forces must depart, triggering the suspension of U.S. sanctions on the Government of Venezuela, PdVSA, and the oil sector.
8. The Council of State appoints a new cabinet, triggering the removal of sanctions on former cabinet members.

9. The international community provides humanitarian, electoral, governance, development, security, and economic support, with special initial focus on medical care system, water and electricity supply.
10. A Truth and Reconciliation Commission is established with the task of investigating serious acts of violence that occurred since 1999, and reports to the nation on the responsibilities of perpetrators and the rehabilitation of victims and their families.
11. The Council of State sets a date for simultaneous President and National Assembly election between six and 12 months.
12. Presidential and National Assembly elections are held. With a consensus of international observers that elections were free and fair, remaining U.S. sanctions are lifted.
13. Bi-partisan commission within the National Assembly is developed to create long term solutions to rehabilitating the economy and refinancing the debt.

After the terms are met, U.S. sanctions on members of the National Constituent Assembly, Supreme Court, and National Electoral Council will be lifted. The U.S. and the EU will lift sanctions on those who claimed Presidential authority. U.S. sanctions on the Government of Venezuela, PdVSA, and the oil sector will be suspended. The U.S. would also lift sanctions on former cabinet members and members of the National Armed Forces of Venezuela.

Sanctions Removal Implications:

To date, the U.S. has imposed increasingly rigorous sanctions on the Government of Venezuela and certain of its sectors including petroleum. The U.S. Government also has shown a willingness to impose sanctions on non-U.S. entities for doing business with the Government of Venezuela—Rosneft Trading being the most recent. Given the expansive restrictions on doing business with the Government of Venezuela and state-owned enterprises, the international business community increasingly has treated business opportunities in Venezuela as off-limits – or at least – subject to extreme enhanced due diligence. Recent Administration statements have made it clear that sanctions against Venezuela will increase. As an example, Deputy Assistant Secretary David Peyman, in a [March 9 interview](#), announced the looming publication of maritime guidelines establishing compliance expectations for sanctioned governments including Venezuela, North Korea, Iran, and Syria.

If both, Nicolás Maduro and Juan Guaidó, accept this framework and free and fair elections occur under international observation, then the removal of all U.S. and EU Sanctions will immediately follow. The removal of these sanctions will have a far-reaching impact – including opening up avenues for the re-development of the Venezuelan economy. The international business community would be able to re-enter the market – although due diligence obligations focusing on anti-money laundering and anti-bribery/anti-corruption would remain at least for the near term.

Even though sanctions would be lifted under the Framework, the indictments against Maduro and his cohorts – and the narco cartel – would remain.

Venezuela's Response:

A couple of hours after Secretary Pompeo's announcement, the Maduro government's Minister of Foreign Relations Jorge Arreaza [tweeted](#) the government's response to the proposed framework. The response stated that, as a sovereign and independent country, Venezuela will not accept the interference of a foreign sovereign—particularly not from the United States. It accused the United States of contradicting itself in its foreign policy and trying to take advantage of Venezuela under the current global pandemic. The response concluded with the following statement:

Neither threats nor extortion strategies, nor the pretense of imposing false agreements, will distract the attention and energy of President Nicolás Maduro, his government, the Bolivarian National Armed Forces and the Venezuelan state as a whole, in the protection of the people of Venezuela at such difficult times for humanity. Venezuela will remain unscathed in the face of any aggression and united in the defense of its sovereignty and independence.

U.S. Response:

After the Minister of Foreign Relations of the Maduro government tweeted the government's response, U.S. Special Representative for Venezuela Elliot Abrams stated in a press conference that, while the response from Maduro's government was expected, their hopes lie in the private conversations taking place within the government and the party within Venezuela as the proposed Framework protects the legitimate rights of the Chavista party to contest elections and to be treated absolutely fairly in a transitional government. He also clarified that all sanctions related to employment status are immediately lifted once the person stops working for the organization, but the person remains sanctioned while employed under the sanctioned organization. In regards to sanctions relating to drug trafficking, human rights abuses, money laundering, or corruption those are not automatically lifted and remain in place.

When asked about the DOJ indictment, Special Representative Abrams reminded the press that indictments come from the U.S. Department of Justice as part of the domestic legal process and not from the Departments of State or the Treasury.

EU Standing:

On April 1, 2020, the European Union stated that the EU will support all steps that lead towards "genuine political process" in Venezuela, especially ones that consists of "credible and transparent elections". In terms of the specific stance on the proposals and removals of sanctions, the EU has promised to study these proposals and report back in the coming days. The spokesperson emphasized the effects of the coronavirus on Venezuela, and calls for "unity, political maturity and generosity" in order to avoid the devastating and compounding effects the virus will have on the country in its current situation.

Implications:

U.S. and non-U.S. businesses should continue to treat the territory of Venezuela – and transactions involving the Government of Venezuela – as high-risk transactions. For now, the Government of Venezuela and state-owned enterprises remain prohibited parties to transactions wherever there is a U.S. nexus. As is clear from the indictments, business transactions involving the Government of Venezuela (including PdVSA) are high risk for exposure to money laundering, corruption, and other crime-derived profits. We do not expect the situation to change in the near future but remain hopeful that it will.

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