We affirm.

Our sole contention is Ending Economic Warfare.

Chengu '19 of Harvard writes that prior to the imposition of American sanctions, Venezuelan poverty and inequality were on the decline. Rodriguez '18 of Torino Economics warrants that while falling global oil prices initially caused Venezuela's decline, the continued collapse is due to sanctions that slash imports and lines of credit. Indeed, Curcio '17 of University of Bolivar explains that Venezuela's economic decline isn't due to domestic factors, but American pressure intended to overthrow the Venezuelan government.

In fact, Vyas '19 of the Wall Street Journal writes that Venezuelan economic reforms created an uptick in their economy despite US sanctions. Thus, Weisbrot '17 of the Nation concludes that Venezuela could easily recover from their economic crisis with the removal of Trump's sanctions.

These sanctions doom Venezuela's economy in two ways.

First, is a Debt Disaster.

Business Insider '19 explains that Venezuela's debt doubled last decade, skyrocketing to financially unhealthy levels. However, Weisbrot '17 of The Nation finds that in 2016, Venezuela was on the brink of restructuring and solving their debt problem, until **Trump's** sanctions cut Venezuela off from needed international finance.

Rodriguez '18 of Foreign Policy continues that, without credit, Venezuelan imports have dropped 31 percent, as the government uses their available capital to pay off their debt rather than buy imports.

If sanctions aren't removed soon, Weisbrot warns they will cause Venezuela to default on their debt, unraveling their markets and destroying any chance for recovery.
Fortunately, without sanctions, Venezuela will be able to restructure their debt. Moatti '19 of Harvard Kennedy School explains that debt restructuring would jumpstart Venezuela's economy and allow for long-term growth, as it moves money away from the debt towards investment in oil and other sectors. Thus, Moatti finds that debt restructuring would double Venezuela's real GDP and fully recover oil production in ten years.

Ending the crisis saves Venezuelans. Weisbrot '06 of CEPR concludes that before its economic crisis Venezuela was lifting millions from poverty.

Second, is the Oil Industry.

Campbell '19 of CEPR explains that while Venezuela's oil sector should've recovered due to oil price increases, it didn't because of US-imposed sanctions. Zuniga '19 of the **Financial** Times warrants that sanctions have stopped Venezuela from buying necessary refining supplies for producing oil and blocked Venezuela from exporting oil to the majority of the market.

Rodriguez continues that, to stem the initial decline in oil prices, Venezuela signed joint-ventures in oil to secure investment, most of which were destroyed by sanctions. In fact, the only unaffected ventures, he continues, have increased in production.

Thus, Rodriguez finds that financial sanctions cost 17 billion dollars in economic losses per year. Weisbrot '19 of CEPR explains that this hurts Venezuela's general population because Venezuela depends on dollars that are generated via oil trade to buy imports. Without oil revenue, the Venezuelan people can't access basic necessities like food and medicine.

Fortunately, Monaldi '19 of Petroleum Economics finds that lifting sanctions would cause oil production to recover with a year.

Even if the oil sector is struggling due to alternative causes, Weisbrot '19 continues that with access to international markets, Venezuela could sell off oil to generate enough revenue to halt the current economic crisis.

Charles '19 of Miami Herald writes that Venezuela's oil **collapse** has wreaked economic havoc across Carribean and Central American countries that rely on Venezuelan exports, causing dozens of fuel shortages. Hernandez '19 of Venezuela Analysis writes that fuel shortages caused by the sanctions created so much economic and social turmoil that Haiti is about to plunge into a civil war.

The impact is a Venezuelan Collapse.

The decline in imports from debt and oil is catastrophic. Weisbrot '19 impacts that sanctions are a death sentence to thousands because people can't access basic necessities. Indeed, The Irish Examiner '19 writes that US sanctions are bound to create a famine in Venezuela. Furthermore, Real News '19 finds that millions of people are unable to access water due to US sanctions.

The crisis won't end in Venezuela. WOLA '19 explains that sanctions-led economic turmoil is creating a refugee crisis, as millions flee Venezuela in hope of better lives. Nasr '19 of Foreign Policy warns that Venezuela's refugee crisis is destabilizing Latin America, particularly Colombia, where millions of refugees are joining rebel groups, drug traffickers, and other crime organizations in desperation, generating more conflict.

Thus, we affirm.

Nuke war add

But this destabilization is likely to escalate far beyond a regional battle. Kumar ‘17 of the Atlantic Council explains that because of the threat that illegal immigration poses to Trump presidential narrative, and the loss of an emerging export market, Trump would launch the military head first in South America where it would engage in attacks on non state and military groups. O’Connor ‘19 of Newsweek furthers that as both Putin and Trump seek influence in the underdeveloped west, the stage is set for a new cold war. Unfortunately, this war would likely erupt into full scale conflict shortly thereafter, as Eland ‘08 of the Center for Peace and Liberty finds that because of Russia's declining military prominence and inability to overtake the US, Russia needs it's sphere of influence to maintain relevant, and US action in their new backyard would cause an escalation to all out war.

Trump would intervene to stabilize Latin America because of the migration threat and US export markets

Ashish **Kumar**, 8-29-2017, "Here’s Why Latin America Matters," Atlantic Council, https://www.atlanticcouncil.org/blogs/new-atlanticist/here-s-why-latin-america-matters/

Latin America is important to the United States first due to geography. Prosperity in our own hemisphere is critical to US stability. Throughout history **we have oftentimes taken Latin America for granted, except when things reached a boiling point**. Also, **Latin America is**, in broader economic terms, a region poised for incredible growth in the years to come. It is a huge opportunity for US trade and, specifically, **US exports.** The US has more free trade partners in Latin America than in any other region of the world. As Latin America continues to rise in global prominence many Latin American nations, like Colombia and Brazil, are increasingly valuable participants in UN on-the-ground efforts. And global powers continue to see Latin America as a rising player in setting the commercial and trade agenda. **From a security perspective, stability and prosperity in Central America will pay dividends in rooting out lawlessness and clamping down on traffickers** who use the region as a gateway to the United States. **In the case of Venezuela**, it is of interest not only because of the erosion of a democracy and creation of a narco state in our hemisphere, but **as the situation continues to deteriorate we should expect to see a migration crisis that will eventually end up on the shores of the United States and our friends across the region. This could have a major destabilizing effect.**

The risk of a new Cold War rise as Russia and China compete in Latin America

Tom **O'Connor**, 12-13-2019, "U.S. and Russia build ties with Latin America as instability rocks region," Newsweek, https://www.newsweek.com/us-russia-latin-america-rivalry-1477204

The United States and Russia separately **court**ed two **Latin American countries as the powers pursued rival agendas in a region that has become the latest venue for Washington and Moscow's bout for global influence**.

In addition to checking U.S. moves in the Middle East, Russian President Vladimir **Putin has sought to engage more actively with countries off of the U.S. borders, building ties with nations skeptical of Washington's influence. The U.S. has for decades actively tried to suppress leftist currents across Latin America, especially during the Cold War, and recently re-intensified this effort under Trump**.

Sphere of Influence war causes escalation

Eland 8(Ivan Eland, Ivan Eland is Senior Fellow and Director of the Center on Peace & Liberty at The Independent Institute. Dr. Eland is a graduate of Iowa State University and received an M.B.A. in applied economics and a Ph.D. in Public Policy from George Washington University. He has been Director of Defense Policy Studies at the Cato Institute, and he spent 15 years working for Congress on national security issues, including stints as an investigator for the House Foreign Affairs Committee and Principal Defense Analyst at the Congressional Budget Office., "Is a "Resurgent" Russia a Threat to the United States?" November 3, 2008 http://www.independent.org/newsroom/article.asp?id=2363, BG)

¶ The Russian military was clearly superior to that of a small country in its "near abroad"—Georgia—but is a "resurgent" Russia a threat to the United States? **If the United States insists on expanding its informal empire into Russia's nearby sphere of influence, it has to expect some pushback from a Russia that is no longer as weak as it once was and is resentful at having been trampled on during the 1990s and early 2000s**.¶ At the end of the Cold War, the United States pledged verbally to Soviet leader Mikhail Gorbachev that if the U.S.S.R. allowed Germany to reunite and embed in NATO, the U.S. would not expand the alliance, which the bear perceives as hostile. The United States, however, violated this promise and repeatedly expanded NATO—inducting former Soviet Warsaw Pact allies in Eastern Europe and even former Soviet republics (the Baltic states). (Incredibly, even after the U.S. and NATO were proved impotent in helping Georgia during its recent war with Russia, the Bush administration is still pressuring its reluctant European allies to admit Georgia and the Ukraine, an even more important former Soviet republic on Russia's border). Further showing that the **U.S. foreign policy elite never ended the Cold War have been repeated acts by both Democratic and Republican presidents to thumb their nose at a weakened Russia**—for example, winning U.S. access to military bases in former Soviet Central Asia, rerouting energy pipelines from the oil-rich Caspian Sea around Russian territory, and planning to build missile defense installations in the territories of former Soviet allies Poland and the Czech Republic.¶ But the bear is now coming out of a long hibernation a bit rejuvenated. Using increased petroleum revenues from the oil price spike, the Russians will hike defense spending 26 percent next year to about $50 billion—the highest level since the collapse of the Soviet Union. Yet as the oil price declines from this historic high, **Russia will have fewer revenues to increase defense spending and rebuild its military. ¶** Even the $50 billion a year has to be put in perspective. The United States is spending about $700 billion per year on defense and starting from a much higher plain of capability. After the collapse of the Soviet Union, the Russian military fell apart and was equivalent to that of a developing country. Even the traditionally hawkish U.S. military and defense leaders and analysts are not worried about Russia's plans to buy modern arms, improve military living standards to attract better senior enlisted personnel, enhance training, and cut back the size of the bloated forces and officer corps. For example, Eugene B. Rumer of the U.S. National Defense University was quoted in the *Washington Post* as saying that Russian actions are "not a sign, really, of the Russian military being reborn, but more of a Russia being able to flex what relatively little muscle it has on the global scale, and to show that t actually matters."[1]¶ In addition, the Russian military is very corrupt—with an estimated 40 percent of the money for some weapons and pay for personnel being stolen or wasted. This makes the amount of real defense spending far below the nominal $50 billion per year.¶ U.S. analysts say, however, that increased military spending would allow Russia to have more influence over nations in its near abroad and Eastern Europe. Of course, throughout history, small countries living in the shadow of larger powers have had to make political, diplomatic, and economic adjustments to suit the larger power. Increased Russian influence in this sphere, however, should not necessarily threaten the security of the faraway United States. It does only because the United States has defined its security as requiring intrusions into Russia's traditional sphere of influence. By expanding NATO into Eastern Europe and the former Soviet Union, the United States has guaranteed the security of these allied countries against a nuclear-armed power, in the worst case, by sacrificing its cities in a nuclear war. Providing this kind of guarantee for these non-strategic countries is not in the U.S. vital interest. **Denying Russia the sphere of influence in nearby areas traditionally enjoyed by great powers (for example, the U.S. uses the Monroe Doctrine to police the Western Hemisphere) will only lead to unnecessary U.S.-Russian tension and possibly even cataclysmic war.**

Stuff for Rebuttal:

- Civil War bad
- Nuke War Link
- US would intervene in coup

Evidence

Uniqueness

While Venezuela's economy initially declined because of oil prices, it is now because of falling oil production AND declining oil production is caused by Venezuela's lack of credit access

Francisco RodríGuez (). 9-20-2018. "Crude Realities: Understanding Venezuela's Economic Collapse." Venezuelan Politics and Human Rights. https://venezuelablog.org/crude-realities-understanding-venezuelas-economic-collapse/. Accessed 12-26-2019. //TP

In this piece, I present a framework for thinking about the economy's performance that assigns a central role to the collapse in the country's oil sector. I argue that **Venezuela's economy has imploded because it can't import, and it can't import because its export revenue has collapsed. While at the onset of the crisis the export decline could be blamed on oil prices,** more recently it has been driven by the fall in oil production**.** I also present some hypotheses about the key drivers of the contraction in oil output. I note that there are two inflexion points in the oil production series: early 2016, when oil prices fell below $30, and late 2017, when the oil sector lost access to international finance. I argue that **during 2017 lending to Venezuela became progressively "toxic", in the sense that financial intermediaries dealing with the country had to be ready to pay high reputational and regulatory costs. The resulting loss of access to credit appears to have helped precipitated** the collapse in oil output, **driving the resulting economic contraction**.

Venezuela's economic downfall is not due to real economic variables AND the distortion of the economy part of the plan to overthrow the government AND Western media disseminates socialism bad ideology to blame it on Venezuela

Pasqualina zS Curcio (). 2017. "The Visible Hand of the Market: Economic Warfare in Venezuela." No Publisher. https://ia800101.us.archive.org/22/items/THEVISIBLEHANDOFTHEMARKET.ECONOMICWARFAREINVENEZUELA.PASQUALINACURCIOC/THE-VISIBLE-HAND-OF-THE-MARKET.-ECONOMIC-WARFARE-IN-VENEZUELA.-PASQUALINA-CURCIO-C.pdf. Accessed 12-28-2019. //TP

The shortages and inflation that affect Venezuelans since mid-2012 **do not correspond to the behavior of the real variables of the economy**. The current economic situation Venezuelans are going through result from political actions undertaken by those who want to seize power of a country that has the largest world oil reserve, the second largest gas reserve, and the largest freshwater reserve, gold and coltan in the world. They intend to impede the success of a system other than capitalism. They are unconventional warfare weapons that, deviously yet massively have hurt the Venezuelan people. **The distortion of the economy and the concomitant social unrest, has been a means to achieve political objectives that seek to undermine people's support to the national government, influence the elections and even generate social chaos**

that eventually overthrow the Government. They have the support of the large media corporations to make the whole world believe that the Bolivarian model is responsible for the atrocity to which people have been subjected.

Maduro's reforms are helping the economy despite sanctions

Kejal Vyas (). 9-17-2019. "Venezuela Quietly Loosens Grip on Market, Tempering Economic Crisis ." WSJ. https://www.wsj.com/articles/venezuela-quietly-loosens-grip-on-market-tempering-economic-crisis-11568718002. Accessed 12-28-2019. //TP

President **Nicolás Maduro**'s authoritarian government, long a practitioner of tight state control of the economy, has quietly and cautiously begun implementing free-market policies to tame hyperinflation and correct an economic contraction worse than America's Great Depression. So far, that approach is providing a sliver of light to the moribund economy. In recent months, the **regime has scaled back its once frenzied printing of money, nearly ended frequent salary hikes, and largely stopped enforcing the price controls that had led to dire food shortages and a thriving black market. Inflation has fallen from a peak 12-month rate of 2.6 million percent in January to 135,000% in August**, the National Assembly says. The easing of controls is a risky move for a government that has publicly championed its state-led, socialist economic model as the country's only salvation from greedy capitalists. But **the measures are giving some life**, even if limited, **to the economy** Mr. Maduro controls, **despite a raft of U.S.-led financial sanctions and dozens of nations deeming his leadership illegitimate.** The economy is also getting a boost from a key consequence of its miserable state: the massive migration of desperate Venezuelans. The some four million migrants who fled since 2015 are sending about $4 billion annually to relatives they left behind, private economists say, and those remittances are in hard dollars.

Venezuela could recover easily right now, but Trump sanctions prevent

Mark Weisbrot (). 9-7-2017. "Trump's Sanctions Make Economic Recovery in Venezuela Nearly Impossible." Nation. https://www.thenation.com/article/trumps-sanctions-make-economic-recovery-in-venezuela-nearly-impossible/. Accessed 12-28-2019. //TP

At the end of August, **the Trump administration imposed harsh sanctions on Venezuela** that prevent the country from borrowing or selling assets in the US financial system. **The new embargo will exacerbate shortages** of food, medicine, and other essential goods**, while severely limiting the policy options available to pull the country out of a deep depression. Prior to these sanctions, it was possible for the Venezuelan government to launch an economic-recovery program that could have restarted economic growth.** Unlike most countries suffering from a balance-of-payments crisis, Venezuela would not necessarily have to go through a period of "structural adjustment," as it used to be called before IMF programs gave this term a bad reputation. In this kind of adjustment, living standards typically fall, at least temporarily, because the country has to cut imports in order to balance its external accounts. Venezuela has already cut imports by about 75 percent since 2012. This is an astounding number; Greece, for comparison, has reduced imports by about 31 percent after suffering through a depression for most of the past seven years, which is twice as long as Venezuela's current crisis. This means that **Venezuela's economy could begin to recover fairly quickly in response to the appropriate reforms, without having to endure further declines in output or employment. Or at least that was true until Trump's August 25 executive order.**

Sanctions have locked Venezuela into a downward economic spiral AND an economic recovery that reduced mortality and improves health could have begun without sanctions

Mark Weisbrot and Jeffrey Sachs. April 2019. CEPR. http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf //TP Accessed 12-2-2019.

Thus one of the most important impacts of the sanctions, in terms of its effects on human life and health, **is to lock Venezuela into a downward economic spiral.** For this reason, it is important to note that when we look at, for example, the estimated more than 40,000 excess deaths that occurred just from 2017 to 2018, **the counterfactual possibility in the absence of sanctions is not just zero excess deaths, but actually a reduction in mortality and other improvements in health indicators. That is because an economic recovery could have already begun in the absence of economic sanctions.** And conversely, the death toll going forward this year, if the sanctions remain in place, is almost certainly going to be vastly higher than anything we have seen previously, given the highly accelerated rate of decline of oil production and therefore the availability of essential imports, and also the accelerated decline of income per person.

Before sanctions, socialism in Venezuela reduced poverty and inequality, but sanctions have caused large declines in living standards

Garikai Chengu (). February 1, 2019. "Sanctions of Mass Destruction: America's War on Venezuela." CounterPunch.org. https://www.counterpunch.org/2019/02/01/sanctions-of-mass-destruction-americas-war-on-venezuela/. Accessed 12-28-2019. //TP

Over the past five years**, American sanctions have cut Venezuela off from most financial markets, which have caused local oil production to plummet. Consequently, Venezuela has experienced the largest decline in living standards of any country in recorded Latin American history. Prior to American sanctions, socialism in Venezuela had reduced inequality and poverty whilst pensions expanded.** During the same time period in America, it has been the absolute reverse. President Chavez funnelled Venezuela's oil revenues into social spending such as free+6 healthcare, education, subsidized food networks, and housing construction.

Sub-point A. Oil

Simple explanation of financial toxicity because of sanctions

Alexander Campbell (). 2-4-2019. "What's the Deal with Sanctions in Venezuela, and Why's It So Hard for Media to Understand?." No Publication. http://cepr.net/blogs/the-americas-blog/what-s-the-deal-with-sanctions-in-venezuela-and-why-s-it-so-hard-for-media-to-understand. Accessed 12-27-2019. //TP

These examples are certainly not alone in their misunderstanding of the sanctions — and their impact on the oil industry. But it's not terribly difficult to find information on the impact of the 2017 sanctions. Venezuelan economist Francisco Rodríguez provided a useful analysis last year explaining just this — and it is even in English. Rodríguez's basic story: **the oil industry is critical to the Venezuelan government; underinvestment and the rapid decline in oil prices caused a significant drop in revenue; then, as oil prices began increasing, Trump imposed sanctions making any international financial transaction extremely difficult and potentially "toxic."** Rodríguez explains, using this graph of oil production in Venezuela and Colombia, how Venezuelan and Colombian oil production both declined at the same rate, until the Trump financial embargo was implemented in August 2017.

Sanctions cut credit and caused firms to cut back on operations AND caused the financial toxification of Venezuela

Francisco Rodriguez (). 06-24-2019. Torino Economics. https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf. Accessed 12-20-2019. //TP

The hypothesis that **financial sanctions are the explanation for the acceleration in the rate of decline of PDVSA's oil output** in the second half of 2017 is based on the premise that there are strong links between finance and real activity. In other words, this hypothesis posits that **the oil industry's lack of access to credit made it increasingly difficult for the firm and its partners, including suppliers and clients, to carry out activities that were necessary to maintain the firm's level of oil production. Lack of access to external finance can lead a firm that has no access to alternative sources of funding to cut back on operating expenses, with immediate effects on production.** But there is another myriad of ways in which sanctions barring lending can curtail a firm's ability to carry out its day-to-day activities. This is because modern finance is commingled with a set of other activities that are essential to the productive process. Most obviously, trade credit is often a necessary by-product of relations with vendors, and while the August 2017 sanctions carved out exceptions for trade-credit of under less than 90 days, there is substantial evidence that these exceptions were far from sufficient to protect all trade-related loans.24 In this sense, it is important to highlight that the financial sanctions hypothesis is part of a broader "financial toxification" hypothesis that contends that the decline in PDVSA's oil production was impacted by the increase in the regulatory and reputational costs for financial institutions and intermediaries of interacting with any entities owned by the Venezuelan government that occurred in the context of the worsening of the country's political crisis in 2017 (Rodríguez, 2018). The decision by the National Assembly in early 2017 to warn international banks that if they lent money to Venezuela they would be illegally financing a dictatorship after the government decided that it would not request parliamentary authorization for debt issuances, was a key inflection point in this worsening, as was the opposition's vocal denunciation of Goldman Sachs' purchase of USD 2.8bn of bonds in May of that year from Venezuela's central bank through an intermediary. These actions should be seen as steps in the implementation of a strategy to use what the opposition saw as one of its only effective weapons at the time in its fight against Maduro's moves to curtail Venezuelan liberties: its ability to restrict the Venezuelan government's access to funds. The decision by U.S. authorities to formally bar financing to the Venezuelan government on August of 2017 should be seen as an additional step in the escalation of that strategy. 25

Venezuela can't buy supplies for oil industry AND oil is key to Maduro's regime AND China has stopped buying oil & Venezuela is not making any money from Russia buyers

Mariana Zuniga (). 11-10-2019. "Venezuela selling cut-price oil as US sanctions bite." Financial Times. https://www.ft.com/content/700641ec-fc28-11e9-a354-36acbbb0d9b6. Accessed 12-30-2019. //TP

Venezuela is being forced into selling cut-price oil as US sanctions against President Nicolás Maduro's government start to bite into its most important source of revenue. **Sanctions have left the country struggling to buy vital supplies for its oil industry**, according to analysts, who said that as a result Caracas was having to offer cheaper blends of oil at a steep discount **. With oil accounting for well over 90 per cent of Venezuela's legal exports, the country's ability to sell it abroad is critical for Mr Maduro's survival as president.** The US has been trying to oust him since the start of the year and replace him on an interim basis with Juan Guaidó, the leader of the opposition and president of the democratically elected congress. While that effort has so far failed, Venezuela's oil output has continued to dwindle under sanctions and is at its lowest level since the 1940s. Igor Hernández, adjunct professor of the Center of Energy and Environment at the IESA, a business school in Caracas, estimates that exports are bringing in just $250m net each month, compared with an average of $5.3bn per month between 2005 and 2014, during a sustained commodities boom. Before Washington imposed sanctions on the oil industry in January, Venezuela was importing naphtha, much of it from the US, and mixing it with heavy crude, which was then shipped to refineries in the Gulf of Mexico. That upgraded oil sold at a discount to Brent of only about $7 a barrel. But analysts consulted by the Financial Times said Venezuela's increasing lack of access to supplies of naphtha — which is used to dilute heavy oil and move it through pipelines — meant it was now selling a different, less profitable domestically produced blend of oil. The local blend, known as Merey 16, was selling at between $15 and $17 per barrel below the price of Brent, which currently trades at about $60, they said. "The Merey blend generates lower revenue than upgraded heavy crude but is easier to place in Russia and in Asian markets such as China, India and Thailand," the Economist Intelligence Unit noted recently. A lack of access to naphtha has been exacerbated by a dearth of ships. As nations turn their back on Venezuela — either out of a desire to isolate Mr Maduro or fear of breaching US sanctions — the number of tankers calling at Venezuelan ports has dropped. Last month, maritime intelligence agency Lloyd's List reported that ExxonMobil and Chinese state shipping company Unipec had stopped chartering vessels that had any business links with Venezuela in the previous year, including port calls. Other freight companies have also shunned Venezuela and some tankers have reportedly turned off their transponders as they enter the country's waters to avoid detection. "Few tankers are willing to take that risk of breaking US sanctions," said Antero Alvarado, Venezuela director at Gas Energy Latin America, a consultancy. Washington's punitive measures mean Venezuela has lost access not only to its biggest market — the US, which bought about 40 per cent of the country's oil exports until this year — but also other markets. **Even China National Petroleum Corp, a leading buyer of Venezuelan oil, says it has stopped buying the country's crude.** Faced with a dwindling number of customers**, Venezuela is increasingly reliant on Russian state oil company Rosneft, which is helping it circumvent US sanctions by shipping oil to buyers in China and India. But Venezuela's state-owned PDVSA is not making money from these transactions, which are being used to pay off its outstanding debt to Moscow.** "There is no interest from Russia in leaving this business," Mr Alvarado said. "That way they collect a debt that otherwise could not be paid." In an interview with the Financial Times last month, Elliott Abrams, the Trump administration's special representative for Venezuela, described Rosneft as "really central to the regime's survival. "It is buying the oil that is produced, it is helping sell that oil, it is helping them arrange financing. Rosneft is really key here." **Unable to export its oil easily, Venezuela has been forced to store it, meaning some storage units have been filled to capacity and the company has had to resort to using ships as floating storage tankers. All of this has had a knock-on effect at production sites, where PDVSA has been forced to reduce output to a minimum.** "The consequence is that PDVSA has closed wells. That's why production has fallen so much," Iván Freites, a PDVSA union leader, said. "Production levels are so low at some oilfields that at any moment we'll have to shut them down."

Sanctions have caused a 37.1% decline in Venezuela's oil output

Francisco Rodriguez (). 06-24-2019. Torino Economics. https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf. Accessed 12-20-2019. //TP

Run on a four-year pre-trend window (2013-2017), all but 1 of the 36 regressions produce a negative estimate of β1. The exception is the pairwise comparison with Yemen, to which we return below. Chart 4 shows the distribution of these estimates. The median coefficient estimate is -.46, which indicates that sanctions lead to a 46 log point decline in oil output. **Taking the August 2017 level of oil production as the starting point, this estimate would imply that sanctions are associated with a 37.1% decline in Venezuela's oil production, or of 689 thousand barrels per day or USD15.2bn in export revenue at current prices. 5**

Venezuela signed 7 financing agreements that were increasing in production during the economic collapse, but sanctions killed the agreements

Francisco Rodriguez (). 06-24-2019. Torino Economics. https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf. Accessed 12-20-2019. //TP

However, there are also two direct ways in which the August 2017 sanctions affected the state-owned firm's ability to carry out production and investment activities. **In 2013, PDVSA had begun signing financing agreements whereby foreign partners would lend funds into joint ventures with the state-owned oil company** as long as the loan could be repaid directly from the joint venture's production. Given that Venezuelan law requires the government to be the majority shareholder in joint ventures (JV), this design allowed foreign partners to fund most of the investment in the JVs, without being formally granted a higher stake in the company. In return, partners would be paid directly from offshore accounts into which the proceeds from oil sales would flow directly before being transferred to the PDVSA-controlled entity. Between 2013 and early 2017, **PDVSA had signed 7 of these financing agreements with foreign joint-venture companies for a total USD 10.9bn in lending.** Loan terms ranged from 3 to 13 years and loan rates fell in the range of Libor plus 5-7%, well below the costs at the time of PDVSA's unsecured financing. **Production in these joint ventures rose by 9.0% between the date of execution and early 2017**, according to data collected by independent oil consultancy IPD Latin America, **during a period in which, as we have seen, production fell for Venezuela as a whole. U.S. financial sanctions brought these financing arrangements to a halt, and thus impeded PDVSA from continuing to use one of the most effective mechanisms that it had found to sustain production.** Similarly, beginning in 2015 PDVSA had begun refinancing its arrears with service providers such as General Electric, Halliburton and Schlumberger through the issuance of New York law promissory notes at 6.5% interest. By mid-2017, PDVSA had issued and remained current on at least USD 3.2bn of these promissory notes. Like many other oil companies, PDVSA had begun accumulating arrears after oil prices plunged in 2016, and foreign suppliers were willing to continue providing some level of services as long as they found a way to ensure that their arrears would be paid. U.S. financial sanctions had two effects on these arrangements: they stopped the company from issuing new notes, and they also barred holders of these notes from trading them – unless they obtained an OFAC license to do so – thus generating large losses for the firms that had accepted to refinance PDVSA debt through these mechanisms.

Joint financing agreements with China and Russia have maintained steady output and rising even w/ the economic collapse

Francisco Rodriguez (). 06-24-2019. Torino Economics. https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf. Accessed 12-20-2019. //TP

If financial sanctions were indeed behind the acceleration in the rate of decline in oil production, we could expect to see different evolutions in projects that were less dependent on these financing agreements. Regrettably, data on production by field or even by subsidiaries for PDVSA is not available, and it would be extremely difficult to characterize their credit exposure even if it were. But one interesting piece of evidence comes from the evolution of production in entities in which the financing was being provided by the nation's Chinese and Russian partners, for which production data has been made public. **As non-U.S. entities, Chinese and Russian firms were not subject to U.S. financial sanctions**. Perhaps even more importantly, we can also safely assume that they were not constrained by reputational considerations, given the strong stance of the governments that control them in support of the Maduro regime. In December of 2018, output at Sinovensa, **the joint venture between PDVSA and China's National Petroleum Company accounting for around a tenth of Venezuela's oil production, stood at 130tbd.28 This is essentially unchanged from the average 2017 production level of 128tbd** estimated by the U.S. Energy Information Administration. **29 Output at joint ventures with Russia's Rosneft grew 7% y-o-y in 2018**, according to a statement by Rosneft CEO Igor Sechin, who also added that the company does not expect significant declines in output of its Venezuelan JVs in 2019. **These figures contrast strongly with the 30% drop observed in Venezuela's oil production as a whole in 2018**.30 In other words, output at Russian and Chinese joint ventures, which were much less affected by sanctions and toxification, remained stable and even grew as the remainder of Venezuelan oil production was collapsing.

Financial sanctions alone cost around 17 billion dollars in economic losses per year

Francisco Rodriguez (). 06-24-2019. Torino Economics. https://torinocap.com/wp-content/uploads/2019/06/Sanctions-and-Vzlan-Economy-June-2019.pdf. Accessed 12-20-2019. //TP

This paper has provided evidence that the 2017 financial sanctions and the 2019 oil sanctions adversely affected the Venezuelan economy and contributed to the decline in the country's income and living standards. We have provided several models and alternative estimation techniques to approximate that effect. In our preferred specification**, we estimate that financial sanctions were associated with economic losses of USD 16.9bn per year.** Additional cross-national estimates suggest that oil sanctions, imposed earlier this year on an already decimated oil industry, will likely lead to a further decline in oil output.

Sanctions hurt the general population because reducing oil productions cuts off the dollars that the government and private sector uses to import goods

Mark Weisbrot (). 2-28-2019. "Trump's Other 'National Emergency': Sanctions That Kill Venezuelans." No Publication. http://cepr.net/publications/op-eds-columns/trump-s-other-national-emergency-in-the-americas-with-sanctions-that-kill. Accessed 12-26-2019. //TP

But the Venezuelan people have been even more vulnerable to US economic sanctions than Iraqis were. **Venezuela is dependent on oil exports for almost all of the dollars the economy needs to import necessities such as medicine and food.** This means that **anything that reduces oil production is primarily hitting the general population by cutting off the dollars that both the private sector and government use to import goods for people's basic need**s, as well as for transport, spare parts, and most goods that the economy needs in order to function.

Lifting sanctions would cause oil production to rebound within a year

Francisco Monaldi (). December 19, 2019. "Venezuela feels the heat." No Publication. https://www.petroleum-economist.com/articles/politics-economics/south-central-america/2019/venezuela-feels-the-heat. Accessed 12-28-2019. //TP

How far is production going to decline? It depends mainly on how much the US government enforces secondary sanctions on Russian, Chinese, and Indian buyers of Venezuelan oil. That, in turn, is part of the wider geopolitical contest between the powers. It also depends on how much oil buyers can get out of Venezuela without being detected. There are widely disparate estimates about Venezuela's current exports, partly because some of the higher estimates account for up to 20pc in additional exports to Cuba and Malaysia, undetected because tankers turn off their transponders**. If things remain the same, 2020 production is likely continue to decline**, but at a slower pace than in 2019, to some 500,000bl/d. But it could be a much worse picture if sanctions' enforcement gets stronger. Of course, **the picture could change significantly if** there is a political transition in Venezuela and **sanctions are lifted. Production would rebound** and could go back to 800,000-900,000bl/d **within a year.** In the longer term, investments of more than $100bn, and close to a decade of time, would be needed to sustain an additional 2mn bl/d of production.

Venezuela could have sold a fraction of their oil to stop their economic collapse

Mark Weisbrot and Jeffrey Sachs. April 2019. CEPR. http://cepr=.net/images/stories/reports/venezuela-sanctions-2019-04.pdf //TP Accessed 12-2-2019.

In a situation of hyperinflation, people increasingly lose confidence in the domestic currency and do not want to hold it. Therefore, at some point the hyperinflation becomes a self-fulfilling prophecy. However, the dynamic that is created can make it possible to get rid of hyperinflation easier and more quickly than taming much lower, but still high, inflation. This happens when, as a result of the hyperinflation, people cease to look at prices in the domestic currency, and instead look to the exchange rate for pricing. At that point, **stabilizing the exchange rate can quickly stabilize domestic prices. For example, in the Bolivian hyperinflation of 1985, hyperinflation was brought under control within 10 days**.58 This Exchange-Rate-Based Stabilization (ERBS) was done by creating a new exchange rate system with full convertibility and a managed float of the currency. Following that, in order to change expectations and maintain price stability, the government also had to undertake serious fiscal and monetary reforms. Could Venezuela have adopted such a program in the absence of US economic sanctions? It is certainly possible. **Venezuela would not necessarily have needed outside help to have enough reserves to create a new exchange rate system.59 Nor was there any need for further austerity to stabilize the balance of payments; by 2016 imports had already fallen by more than 80 percent from their 2012 level.60 To the extent that the government did need to borrow — or provide collateral for a debt restructuring — Venezuela should have been able to securitize some of their 300 billion barrels of oil in the ground. With unimpeded access to the international financial system, there would be some price — even it if were only a small fraction of current prices — at which the potential return would balance the risk of non-payment and would attract investors.** These contracts are less difficult to arrange than in the past, as the ability of investors to collect judgements for such assets has increased substantially in recent years.61 **And for a government that wants to avoid an economic collapse, selling off some fraction of its oil in the ground at a very low price would be worthwhile, especially since these reserves are more than it could hope to export in a century. Thus, in the absence of sanctions, a government with these vast oil reserves (in addition to other minerals) would be expected to have the ability to avoid this kind of an economic crisis**.62

Sanctions are causing oil shortages in Caribbean and Central American nations, cutting away social programs

Jacqueline Charles (). 1-28-2019. "U.S. sanctions on Venezuela are affecting Caribbean nations' ability to pay for oil." Miami Herald. https://www.miamiherald.com/news/nation-world/world/americas/haiti/article228172349.html. Accessed 12-30-2019. //TP

For more than a decade, an energy alliance with Venezuela guaranteed a stable flow of oil to desperate Caribbean and Central American nations as they purchased millions of barrels on preferential payment terms from the oil-rich South American nation. The generous deal — 60 percent paid up front, the remainder payable over 25 years at one percent interest **— allowed nations like Haiti, Jamaica and others to use the savings to fund social projects for the poor and control pump prices at a time when $100-a-barrel oil prices threatened to gut government coffers**. **Then came the crushing crisis in Venezuela and**

U.S. sanctions. Now, both seemed to have accomplished what the U.S. had long attempted to do ever since the PetroCaribe oil alliance was launched by President Hugo Chávez in June 2005 with 14 countries: kill it. "PetroCaribe to me has been dead for at least a year," said Jorge Piñón, director of the Latin America and Caribbean Energy Program at the University of Texas at Austin. "This is nothing new. All of these countries should have seen it coming." With Venezuela's fuel production down to just over 1 million barrels per day from 3.5 million barrels per day when Chávez took office in 1999, Piñón said the only country that seems to still be receiving Venezuelan petroleum products is Cuba, which doesn't pay for fuel in U.S. dollars but in an exchange of doctors and medical services. "I am amazed when I see a cargo ship leaving Venezuela for Cuba. That shows you the relationship, the dependency both countries have on each other," he said. Piñón said the fuel stoppages to the rest of the Caribbean and Central America should not be blamed on the U.S. sanctions, which first went into effect in 2017, but on the mismanagement of Petroleos de Venezuela PDVSA, Venezuela's state-run oil company. Some Caribbean nations that once were the beneficiaries of PDVSA's generous subsidies, however, disagree. Caribbean leaders say **the economic sanctions imposed by the U.S.**, including those in January on financial transfers linked to the sale of Venezuelan oil in the United States, **are having an adverse impact on everything from fuel supply to debt payments to stability in the region.** "The quantities of fuel for these countries are very small, and you need small vessels to take them and Venezuela has to pay them in advance with U.S. dollars," said Ralph Gonsalves, prime minister of St. Vincent and the Grenadines. "Venezuela doesn't have any account systems where they can pay them. So it's a question of the shipping. It's as simple as that**. The sanctions are adversely affecting payment for the shipping**." One of the staunchest supporters of Venezuela in the 15-member Caribbean Community regional bloc known as Caricom, Gonsalves is among the Caribbean leaders who have been critical of the Trump administration's and the Organization of American States' pressure campaign on President Nicolás Maduro's regime. After issuing a statement publicly condemning the U.S.'s recognition of opposition leader Juan Guaidó as Venezuela's interim president, Caricom unsuccessfully appealed to the United Nations to intervene. On Tuesday, the White House announced that the leaders of four Caricom countries — Haiti, Bahamas, Jamaica and Saint Lucia — along with the president of the Dominican Republic would be joining President Trump on Friday for a meeting at at Mar-a-Lago in Palm Beach County. The meeting, the White House said, would reaffirm the U.S. "strong friendship with and commitment to these countries, and signal the importance of the Caribbean to the hemisphere." "The President will discuss his vision for our diverse relationships in the Caribbean and the potential opportunities for energy investment," the statement said, adding that the president will also be thanking "these countries for their support for peace and democracy in Venezuela." All of the invitees have aligned themselves with the Lima Group — a bloc of Latin American and Caribbean nations — at the Organization of American States that has been pushing to step up sanctions and political pressure on Venezuela. While all voted with the U.S. in January to not recognize the legitimacy of Maduro as he prepared to start another presidential term, only Haiti, the Bahamas and the Dominican Republic agreed to recognize Guaidó. Still, the White House's invitation — and who was not among the invited — has been noticed in the region, where some leaders have questioned Caricom's support for Maduro and the Caribbean's interdependency on Venezuela's oil economy. "We never supported Maduro because we got money from PetroCaribe. We have supported Maduro on the principle that you cannot threaten a country with force," Gonsalves said. "You can't use force against a country and you cannot impose unilateral sanctions against a country. They are illegal." Gonsalves' eastern Caribbean nation used to receive about $30 million to $35 million worth of long-term financing from Venezuela. But that amount has since dwindled as the sanctions took hold to the point where the country now receives no Venezuelan subsidized fuel to supply its state-owned electric company. "We haven't had fuel now from PetroCaribe for months upon months, and it's severely affecting us because we used to get long-term financing through the PetroCaribe arrangement and there is no money from it now, none, absolutely none," he said. "Rather than pay 50 percent up front we now have to pay everything in cash," he added. "**We have to find the money from other sources and don't quite spend on some programs as we used to spend before because there were a lot of poverty reduction programs, on which we spent the PetroCaribe money. We have to find other resources or cut back on the extent of the spending. It's affecting us, it's affecting every one of us**." Of course no case in the region is as dire as **Haiti**'s, where a ship with more than 150,000 barrels of gasoline has been off the coast of Port-au-Prince for 23 days, unable to unload because the government has yet to come up with $58 million in overdue payments. The country, which last received fuel from Venezuela a year ago**, has had to deal with frequent blackouts** and ongoing disputes with a U.S. fuel supplier over its failure to pay. The overdue payments have created a severe oil shortage in the country where Haitians are now selling fuel for as much as $12 a gallon on the black market. And that's not the only way the sanctions are being felt. Earlier this month, Jamaica's finance minister, Nigel Clarke, told a finance committee in his country's parliament that Jamaica's December payment to Caracas toward its $115 million PetroCaribe debt was returned by a correspondent bank, which does not run afoul of the recent U.S. sanctions. The uncertainty of the language in the U.S. sanctions "raises a lot of fear," said Daniel Gutierrez, chairman of the Florida International Bankers Association's (FIBA) Anti-Money Laundering Committee. "There are some institutions that have made decisions not to process any transactions at all in an effort to avoid repercussion, reputational risk and because of costs," he added. Gonsalves and Antigua and Barbuda Prime Minister Gaston Browne said they too have faced similar rejections, and are having to put the money in escrow. Browne said the sanctions also mean that Venezuela "cannot supply under the circumstances." Like Antigua, he's had to dig deep within his hurricane-recovering nation's shallow coffers, he said, to now pay for poverty-reduction programs that were once financed by the savings from not having to pay for fuel upfront. Antigua's debt to Venezuela, reduced by half, now stands at $90 million, payable at 1 percent interest over 25 years. "We now have a trade deficit with the U.S. of almost $500 million annually**. The social programs that are being funded have been severely undermined. These along with the hardships of the sanctions on the Venezuela people are among the consequences of the sanctions**," said Browne, who noted that while President Trump is free to meet with whomever, Friday's meeting with Caribbean leaders at Mar-o-Largo should not commit Caricom to any decisions taken. "They need to free up Venezuelans' billions so that they could feed themselves, instead of offering symbolic politicized aid."

Fuel shortage is sparking civil war in Haiti

Clodovaldo Hernandez (). November 22, 2019. "What Does PDVSA Have to Do with the Crisis in Haiti?." Venezuelanalysis. https://venezuelanalysis.com/analysis/14729. Accessed 12-30-2019. //TP

Haiti has been on fire for weeks, without the so-called 'international community' or its associated press paying any attention. **Fuel shortages have plunged the Caribbean country back into social turmoil which borders on civil war.** There are many causes behind this dramatic panorama, which has been exasperated by the decrease in production by Venezuelan state-run oil company PDVSA, corruption scandals in the Caribbean country and **relentless US pressure on Venezuela, which have all damaged the PetroCaribe crude oil supply programme, which Haiti was reliant on.** PDVSA's internal collapse, coupled with the labyrinth of obstacles placed by the US' unilateral coercive measures (sanctions) against Venezuela, has forced the dismantling of what was one of Commander Hugo Chavez's most powerful initiatives. The project is a regional mechanism for selling oil at preferential prices with financing for the residents of the Antillean Basin. Local opposition groups and the Washington-led international coalition have, however, always branded the programme as a way for Venezuela to ensure support in the international arena based on the so-called 'petro-chequebook.' Internal corruption Before the programme was damaged by PDSVA's fall in production and the blockade against Venezuela, there were already revelations of financial irregularities by unscrupulous Haitian civil servants and entrepreneurs who took advantage of Venezuelan aid to line their own pockets. In Haiti, these crimes are particularly outrageous because the programme was conceived as a way of providing financial assistance to the government to address serious internal problems, exacerbated by the 2010 earthquake and five major hurricanes, including Hurricane Matthew in 2016. Under the programme, PetroCaribe delivered crude oil to a state agency called the Monetisation Bureau of Development Aid Programmes, which proceeded to sell it to private Haitian companies. The resulting funds should have been used to rebuild infrastructure, especially in the areas of health, education, housing and roadways, however around US $2 billion is estimated to have been stolen. The responsibility of Venezuelan officials in this and other Petro Caribe- related corruption cases remains to be seen. The issue of corruption is so important in the Haitian political debate that in addition to demanding the resignation of pro-US President Jovenel Moise, the opposition and Haitian grassroots movements, which have led the wave of demonstrations in recent months, also demand the prosecution of those involved in irregularities that distorted the initial objectives of the programme. Opposition Deputies Youri Latortue, Mois e Jean Charles and Shiller Louidor have been the flag-bearers of these demands. The political reasons In parallel, and in accordance with Washington's instructions, the Haitian government of businessman Jovenel Moise, which is propped up by the US, has preferred to sever its relationship with PetroCaribe, supposedly to distance itself from the influence that revolutionary Venezuela exerted on previous Haitian presidents, such as René Preval and Michel Martelly. Moise (whose name also appears amongst the list of alleged benefactors from the theft of PetroCaribe funds) was snared with promises that the US would supply the oil that Venezuela would no longer deliver. But that obviously hasn't happened. As the country ran out of fuel, what has been described as Haiti's worst political crisis has erupted. The nation has lived in perennial instability due to, among other reasons, the continued interference of the US in its internal affairs. Apart from Haiti, the PetroCaribe programme favoured Antigua and Barbuda, the Bahamas, Belize, Cuba, Dominica, Guatemala, Guyana, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, El Salvador, the Dominican Republic and Suriname. Guatemala and Belize abandoned the agreement in 2014 and 2017 respectively, and in June 2018 **Venezuela announced that it was suspending shipments to all these nations due to a drop in production,** with the notable exception of Cuba. Denouncements of irregularities in the programme's funds were well exploited by Venezuela's opponents to discredit the project between 2016 and 2018. Simultaneously, the US toured the Caribbean offering to supply US oil extracted through fracking in exchange for support for its aggressive political moves against the Venezuelan government of Nicolas Maduro. Of course, in the US' case, we aren't talking about a social programme but rather winning the Caribbean market for its oil corporations, while continuing to strangle Venezuela economically. In 2018, a Caribbean Energy Security Summit was held in Washington, which mentioned adopting sustainable renewable energy systems for the region. The political purpose, the true one, was later expressed by a spokesman for the US State Department: "That the Caribbean doesn't increase its debt to the only energy supplier which has attended the region to date." PDVSA's inability to continue honouring the programme, in addition to corruption scandals in countries like Haiti, allowed this goal to be achieved just as the US wished. Now, the entire Caribbean region once again depends on the savage capitalism's suppliers , and Haiti's social protests are one of the first symptoms of this return to the harsh reality.

<u>**Sub-point B. Debt**</u>

Debt is high

Finanzen.Net Gmbh (). 12-30-2019. "Venezuela's debt has exploded to $156 billion, according to a new report." markets.businessinsider. https://markets.businessinsider.com/news/stocks/venezuela-debt-explodes-to-156-billion-report-2019-3-1028013380. Accessed 12-31-2019. //TP

<u>**As Venezuela's crisis deepens, it's spiraling further into the red. External debt in the collapsing country has more than doubled over the past decade**</u>, economists at the Institute of International Finance estimated in a new report, rising to about $156 billion in 2018. <u>**That means the total amount owed by Venezuela is about 738% of the value of its exports, more than four times what is typical in emerging markets.**</u> (Debt-to-gross domestic product estimates weren't included due to Venezuela's lack of government data, multiple exchange rates, and high levels of inflation. "The creativity of policymakers in tapping alternative sources of financing as policies deteriorated and bond markets closed resulted in atypical debt composition for the standards of emerging markets," wrote Sergi Lanau, deputy chief economist at the IIF. While it's been cut off from many credit markets, Venezuela's debt has continued to increase from a build-up of arrears, bilateral loans, and legal fees from arbitration cases. The debt-to-export ratio looks poised climb even though new borrowing is not possible, the report said, because of the rate at which oil shipments are falling.

Sanctions push Venezuela towards default

Mark Weisbrot (). 9-7-2017. "Trump's Sanctions Make Economic Recovery in Venezuela Nearly Impossible." Nation. https://www.thenation.com/article/trumps-sanctions-make-economic-recovery-in-venezuela-nearly-impossible/. Accessed 12-28-2019. //TP

<u>**The sanctions also push the country toward default, which would cause a new set of severe financial problems, including the potential seizure of Venezuela's international oil assets and a drastic drop of the price of the country's oil.**</u> <u>**The sanctions also prevent recovery by making debt restructuring impossible.**</u> Debt restructuring would give Venezuela some breathing room, as it would involve a voluntary agreement with creditors to postpone current payments in exchange for new bonds. But the Trump executive order prohibits US financial institutions and individuals from participating in these bond issues.

Probability of default is high

No Author (). xx-xx-xxxx. "." No Publication. https://www.atlanticcouncil.org/wp-content/uploads/2018/03/AC_VENEZUELAOIL_Interactive.pdf. Accessed 12-30-2019. //TP

Venezuela has defaulted on debts to many creditors— most prominently China and Russia. Yet, until late 2017, it had avoided defaulting on bondholders (to whom it owes more than $60 billion, including both Venezuelan Treasury debt and PDVSA's debt). But during the last quarter of 2017, the country was late in making some payments and was declared in selective default by the leading international rating agencies (Fitch Ratings, Moody's, and Standard & Poor's).15 And while President Maduro called in October 2017 for a restructuring of Venezuela's debt, he has not provided details on how he will do so. In 2018, the country again faces bond payments of more than $8 billion. Absent a significant additional increase in the price of oil, <u>**the likelihood of a generalized default is very high, as the combination of US sanctions, the decline in oil production, and the depletion of Venezuela's external assets leaves the authorities with very little room to maneuver**</u>. <u>**The consequences of default could be very serious**</u>. Already, creditors have attempted to seize PDVSA's foreign assets, and in January 2018 some cargo ships were seized in the Caribbean for unpaid debts.16 The costs of avoiding these kinds of actions by creditors would further negatively impact PDVSA's financial situation.

Venezuela was almost done with restructuring their debt

Mark Weisbrot (). 9-7-2017. "Trump's Sanctions Make Economic Recovery in Venezuela Nearly Impossible." Nation. https://www.thenation.com/article/trumps-sanctions-make-economic-recovery-in-venezuela-nearly-impossible/. Accessed 12-28-2019. //TP

Venezuela was already mostly prevented from accessing international bond markets before Trump's executive order, but this was not irreversible. If the Venezuelan government made some reforms and the economy began to recover, they could begin to access financial markets again. And, **as recently as last year, a restructuring of the debt was nearly concluded that would have deferred billions of dollars of debt payments and opened the way to new borrowing. Now Venezuela is blocked from international financial markets as long as Trump or his successor wants it to be.**

The sanctions have made a stabilization program impossible by preventing a debt restructuring that would have solved Venezuela's balance of payment crisis

Mark Weisbrot and Jeffrey Sachs. April 2019. CEPR. http://cepr.net/images/stories/reports/venezuela-sanctions-2019-04.pdf //TP Accessed 12-2-2019.

Again, we can never know what the counterfactual would have been. But what we can know is that **the sanctions made such a stabilization program practically impossible.** Most immediately, **they prevented a debt restructuring that would be necessary to resolve Venezuela's balance of payments crisis.** The sanctions **also prevented the government from pursuing an ERBS program because a peg to the dollar would require access to the dollar-based financial system, which the sanctions have cut off as much as possible.** The whole idea of restoring confidence in the domestic currency while stabilizing the exchange rate would seem impossible when a foreign power is cutting off as much of the country's dollar revenue as it can, freezing and confiscating international assets, and, as the Trump administration

Venezuela was forced to build up external surpluses to service its debt, caused a decline of imports by 31%

Francisco RodríGuez (). 12-14-2017. "Why More Sanctions Won't Help Venezuela." Foreign Policy. https://foreignpolicy.com/2018/01/12/why-more-sanctions-wont-help-venezuela/. Accessed 12-27-2019. //TP

That's what began to happen in 2017. Last year, Venezuela's export revenues rose from $28 to $32 billion, buoyed by the recovery in world oil prices. Under normal conditions, a rise in a country's exports would leave it with more resources to pay for its imports. **But in the Venezuelan case, imports fell by 31 percent during the same year. The reason is that the country lost access to international financial markets**. **Unable to roll over its debt, it was forced to build up huge external surpluses to continue servicing that debt in a desperate attempt to avoid a default.** Meanwhile, creditors threatened to seize the Venezuelan government's remaining revenue sources if the country defaulted, including refineries located abroad and payments for oil shipments. **U.S. economic sanctions have stopped Venezuela from issuing new debt and blocked attempts to restructure its existing debt obligations.** Major financial institutions have delayed the processing of all financial transfers from Venezuelan entities, significantly hampering the ability of Venezuelan companies to do business in the United States. Even Citgo, a Venezuelan-owned subsidiary that owns 4 percent of the United States' refining capacity, hasn't been able to get U.S. financial institutions to issue routine trade credit since sanctions were imposed.

Venezuela needs debt restructuring for long-term growth

Thomas Moatti (). March 2019. "An Economic Framework for Venezuela's Debt Restructuring." Harvard Kennedy School. https://www.hks.harvard.edu/sites/default/files/degree%20programs/MPAID/files/Moatti%2C%20Thomas%20and%20Muci%2C%20Frank%20SYPA.pdf. Accessed 12-30-2019. //TP

Venezuela's extraordinary economic collapse likens episodes of state collapse or war and calls for exceptional measures. In the five years between 2013 and 2018, GDP per capita has halved, oil production has fallen over 50%, imports per capita have contracted over 85% and the economy has completely demonetized amid hyperinflation. Survey data shows that over two thirds of Venezuelans have lost weight involuntarily for two consecutive years, with minimum wages dropping to under US$ 10/month.

Between 10% and 16% of the population has left the country. **Venezuela's economic reconstruction will require large-scale international financial assistance and external debt restructuring to stabilize the economy and lay the foundations for sustained long-term growth. Official financing will be necessary to jumpstart the economy and the oil sector, rapidly address the humanitarian crisis and end hyperinflation. An external debt restructuring exercise will be critical to restore debt sustainability and macroeconomic resilience, two critical pre-conditions for growth, investment and a smooth return to international capital markets.**

Debt restructuring will double real GDP and fully recover oil production in 10 years

Thomas Moatti (). March 2019. "An Economic Framework for Venezuela's Debt Restructuring." Harvard Kennedy School. https://www.hks.harvard.edu/sites/default/files/degree%20programs/MPAID/files/Moatti%2C%20Thomas%20and%20Muci%2C%20Frank%20SYPA.pdf. Accessed 12-30-2019. //TP

In this SYPA**, we propose an economic framework for Venezuela's external debt restructuring based on ambitious but realistic assumptions for the recovery of the economy and oil sector**. Specifically, we assume that **oil prices remain in the current 65-70$/bbl price range and that in a ten-year period, overall real GDP doubles and oil production recovers to 3mbpd.** The GDP growth trajectory is based on what we believe is a "politically and socially sustainable economic recovery path". It is also consistent with our in-depth understanding of the economy, the oil sector and of historical post-crisis recoveries.

Pre-recession Venezuela was lifting millions out of poverty

Mark Weisbrot (). 5-24-2006. "New Paper Explains Falling Poverty Rates in Venezuela, Corrects Misreporting." No Publication. http://cepr.net/press-center/press-releases/new-paper-explains-falling-poverty-rates-in-venezuela-corrects-misreporting. Accessed 12-31-2019. //TP

Over the past year, the statement that poverty **in Venezuela** has increased **under the government of President Hugo Chávez** has appeared in scores of major newspapers, on major television and radio programs, and even journals such as Foreign Affairs1 and Foreign Policy.2 These statements have only rarely been contested or corrected. See Appendix to the paper for samples of this misreporting on poverty in Venezuela. An Issue Brief released by the Center for Economic and Policy Research looks at the numbers and concludes: **The** household **poverty rate was reduced by** nearly 5 percentage points, or **11.4 percent**, from 42.8 percent in the first half of 1999 (when President Chavez took office) to 37.9 percent in the second half of 2005. Since the economy has continued to grow rapidly this year (first quarter growth came in at 9.4 percent), the poverty rate is almost certainly significantly lower today. There is no evidence that the Venezuelan National Institute of Statistics has changed its methodology, so these numbers are directly comparable. The most recent figures are about what would be expected as a result of the rapid economic recovery. Most of the erroneous reporting on this issue results from using numbers gathered in the first quarter of 2004. These numbers reflect sharp increase in the poverty rate caused by the severe economic downturn of 2002-2003. Since the preliminary poverty numbers for 2005 were released in September 2005, it is not clear why the out-of-date, early 2004 numbers have continued to be widely used. The early 2004 numbers quickly became out of date because **of the rapid growth of the Venezuelan economy in 2004 (17.9 percent) and 2005 (9.4 percent),** which **pulled millions of people out of poverty.** The reduction in poverty noted above, since 1999, measures only cash income. This, however, does not really capture the changes in the living standards of the poor in Venezuela, since there have been major changes in non-cash benefits and services in the last few years - for example health care is now provided to an estimated 54 percent of the population. The paper looks briefly at the impact of these changes.

Impact: Collapse/Stuff Specific to Imports

Sanctions are a death sentence for tens of thousands because of lack of imports

Mark Weisbrot (). 2019. " Punishing Civilians: U.S. Sanctions on Venezuela." Taylor & Francis. https://sci-hub.tw/10.1080/05775132.2019.1638094. Accessed 12-27-2019. //TP

One result of the **sanctions**, as described above, is to **deprive the Venezuelan economy of many billions of dollars of foreign exchange needed to pay for essential and life-saving imports.** The sanctions implemented in 2019, including the recognition of a parallel government, accelerated this deprivation and also cut off Venezuela from most of the international payments system, thus ending much of the country's access to these essential imports including medicine and food—even those that could normally be bought with available dollars. There is no doubt that all of these sanctions since August 2017 have had severe impacts on human life and health. According to the National Survey on Living Conditions (ENCOVI by its acronym in Spanish), an annual survey of living conditions administered by three Venezuelan universities, there was a 31 percent increase in general mortality from 2017 to 2018. This would imply an increase of more than 40,000 deaths. More than 300,000 people were estimated to be at risk because of lack of access to medicines or treatment. This includes an estimated 80,000 people with HIV who have not had antiretroviral treatment since 2017, 16,000 people who need dialysis, 16,000 people with cancer, and 4 million with diabetes and hypertension (many of whom cannot obtain insulin or cardiovascular medicine). These numbers by themselves virtually guarantee that the current **sanctions**, which are much more severe than those implemented before this year, **are a death sentence for tens of thousands of Venezuelans.** This is especially true if the projected 67 percent drop in oil revenue materializes in 2019.

Sanctions create famine in Venezuela

No Author (). xx-xx-xxxx. "War in Venezuela is now a scary possibility." No Publication. https://www.irishexaminer.com/breakingnews/views/analysis/war-in-venezuela-is-now-a-scary-possibility-907565.html. Accessed 12-27-2019. //TP

Even without military intervention, **US sanctions policies, if sustained, are bound to create a famine.** By cutting off Venezuela's oil trade with the US and threatening to sanction non-US firms that do business with Venezuela's state-owned oil company, the Trump administration has created one of the most punitive economic sanctions regimes in recent history. But rather than provoking a coup, **economically isolating a country that feeds itself with its oil export revenues could lead to mass hunger**. Venezuela's neighbours and world leaders must put aside the US military option. Venezuela needs mediation and new elections, not war. It also needs an urgent, interim period of political truce in 2019 to end the devastating hyperinflation, restore flows of foodstuffs and medicines, and reconstitute the electoral rolls and institutions for a peaceful, credible election in 2020.

Millions of Venezuelan's don't have water because of Trump sanctions

Check (). 5-26-2019. "US Sanctions Leave Millions of Venezuelans Without Water." Real News Network. https://therealnews.com/stories/us-sanctions-leave-millions-of-venezuelans-without-water. Accessed 12-26-2019. //TP

Because of the international economic blockade the United States has imposed on Venezuela it's been impossible to buy the pumps, because the Venezuelan government has tried to send the funds twice in order to acquire the pumps, since we don't have them here, because of the blockade. And it has never worked, because they have blocked the companies and the countries that have been trying to help us." President Donald Trump intensified sanctions on Venezuela in August 2017. According to Venezuela, the U.S. government has frozen $5.5 Billion U.S. dollars of Venezuelan funds in international accounts in at least 50 banks and financial institutions. **Even if Venezuela could get the money abroad, the United States has threatened to sanction foreign companies for doing business with the country.** This is not an isolated reality. According to officials at the state water company Hidroven**, as much as 15-20% of the country is facing water shortages due to U.S. sanctions.** We're talking **about millions of Venezuelans without potable**

running water, because of the U.S. government. Maria Flores is the Vice President of Operations at Hidrocapital, the Venezuelan state water company for the capital, Caracas.

US sanctions will accelerate the refugee crisis

WOLA (). xx-xx-xxxx. "U.S. Oil Sanctions Risk Deepening Human Suffering in Venezuela and Could Weaken Mobilization for Democracy." . https://www.wola.org/2019/01/u-s-oil-sanctions-risk-deepening-human-suffering-venezuela-weaken-mobilization-democracy/. Accessed 12-26-2019. //TP

However, we are deeply concerned at the potential for the recently announced **U.S. sanctions** to intensify the severe hardships and suffering that millions of Venezuelans are enduring. Venezuelans are already facing widespread scarcities of essential medicines and basic goods. Venezuela's oil exports represent the main source of hard currency used to pay for imports. Without this revenue, it is clear that the importation of food and medicine could be put at risk. In turn, this **will further accelerate a migration and refugee crisis that has strained neighboring countries and put many of the over 3 million Venezuelan migrants and refugees at risk.**

4 million refugees are expected in Venezuela by 2021 AND the refugees are being funneled into criminal activities AND this could destabilize Colombia again

Vali Nasr (). 10-25-2019. "Don't Let Venezuela's Crisis Take Down Colombia Too." Foreign Policy. https://foreignpolicy.com/2019/10/25/dont-let-venezuelas-crisis-take-down-colombia-too-refugees/. Accessed 12-26-2019. //TP

According to some estimates, **another 4 million Venezuelans could seek refuge in Colombia by 2021.** The number of Venezuelans in the country could then total 6 million, equivalent to some 10 percent of Colombia's population. Venezuelans are not sequestered in camps in Colombia. They live throughout the country, largely in cities or in settlements on their outskirts. Those who have the right to work do so. Many more find employment in the informal economy. Children can attend school, and public hospitals provide free emergency care, regardless of migration status. However, the influx of refugees is placing a heavy burden on those already strained resources. Many Colombians also worry that **the most recently arrived refugees, who have more acute needs, will impact social stability**. Vulnerable **refugees**—including children—**are being recruited or trafficked by gangs into sex work or indentured labor, some in coca fields.** Local NGOs in Soacha, a municipality adjacent to Bogotá where many Venezuelan refugees have found shelter, told us that **the presence of drug gangs, including Mexican cartels, is growing—along with the National Liberation Army (ELN), a violent guerrilla group**. **This puts at risk gains Colombia has made in ending debilitating civil conflicts that have torn the country apart**—even as the peace process between the government and the largely demobilized Revolutionary Armed Forces of Colombia (FARC) comes under increasing strain. What we saw in Colombia was a humanitarian tragedy evolving into a strategic one as the Venezuelan crisis becomes a Colombian one. Washington was most vocal on the migration issue earlier this year, drawing international attention to it and encouraging media coverage, viewing it as an embarrassment to the Maduro government and potentially a signal of its imminent collapse. But Maduro held on to power, and the refugee crisis proved to be not so much a threat to Maduro as a headache for Venezuela's neighbors. That is exactly why the United States must take this humanitarian tragedy seriously. Washington is already the main funder for the humanitarian response, but it also needs to lead. For example, the United States should help mobilize other humanitarian donors and convince neighboring governments to open their doors. It should also encourage the World Bank to make additional financing available to countries hosting large numbers of Venezuelans. Colombia is and has been a close ally of the United States. Over the past decade, it has made great strides in fighting narco-trafficking, ending internal conflicts, and creating a vibrant economy. Signs of progress are evident across Colombia. Washington lauded these achievements and contrasted them with the failings of socialist and populist experiments in Colombia's neighboring countries. The refugee crisis is now threatening much of what Colombia has achieved. Columbia does not have the depth of social services to shoulder many more refugees. Without additional international assistance**, the crisis will provoke social tensions and political reaction of the kind that has rocked Chile**. The debacle in Venezuela is a testament to socialism's bankruptcy and a cautionary tale against the promises of populism. But in its failure, **Venezuela could succeed in defeating the Colombian model.** The United States should not allow that to happen.

Sanctions are exacerbating the refugee problem

Safiya Charles (). 8-9-2019. "Trump's Venezuela Policy Is Causing Turmoil in the Caribbean." New Republic. https://newrepublic.com/article/154713/trumps-venezuela-policy-causing-turmoil-caribbean. Accessed 1-6-2020. //TP

Better known to most Americans for its picturesque beaches than its vast petrochemical reserves, Trinidad and Tobago boasts the most robust economy in the Caribbean. It has also, in the past year, become one of the premier destinations for Venezuelans trying to escape an escalating crisis. In its ongoing attempt to push Venezuelan President Nicolás Maduro out of office, **the Trump administration** has appointed Elliott Abrams—a divisive former Reagan- and Bush-era official associated in Latin America with regime-change plots and atrocity coverups—as special envoy; **has slapped Venezuela with additional sanctions**; and has recognized opposition politician Juan Guaidó. According to one estimate, U.S. sanctions since 2017 have caused the deaths of at least 40,000 by restricting access to funds needed for food, medicine, and other essential imports. Maduro remains in power. And **Washington's aggressive posture has exacerbated the refugee problem in the Caribbean**, putting nations traditionally close to the U.S. in a difficult position that has brought issues of American paternalism to the fore and encouraged some to seek greater partnership with China—viewed as a less demanding and interventionist ally. For decades, as economic forces have ebbed and flowed, people have emigrated freely between Venezuela and Trinidad and Tobago, separated by only seven nautical miles. As Venezuela's economic crisis worsens, the island of 1.3 million has been overwhelmed by a surge of people attempting to avoid the fallout. In June, a crowd of protestors gathered at a sports stadium in downtown Port of Spain. "Rowley must go. Close our borders. Rowley must go," they chanted. The chant echoed a rising tide of frustration among many Trinbagonian citizens, vexed by Prime Minister Keith Rowley's weak response to what Refugees International has called the worst humanitarian crisis in the Americas in modern history. The United Nations estimates there are currently 4 million Venezuelans living abroad due to the crisis at home. Since 2017, some 40,000 to 60,000 have arrived in Trinidad and Tobago according to UN figures—the highest influx in the Southern Caribbean.