US Secretary of State Tillerson threatens oil sanctions against Venezuela

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Reflecting mounting concern over challenges to US dominance over Latin America, the Trump administration sent Secretary of State Rex Tillerson on a diplomatic tour aimed at countering "new imperial powers" in the region, particularly China and Russia.

In a preamble to his trip at the University of Texas in Austin, Tillerson declared Thursday: "Today, China is gaining a foothold in Latin America. It is using economic statecraft to pull the region into its orbit." He later condemned Russian military aid to certain countries and warned Mexican officials to be wary of Russian influence in their July general elections.

The message he sought to deliver was summed up by his comment that the 1823 Monroe Doctrine claiming US hegemony over the hemisphere "is as relevant today as it was the day it was written."

This represented an about-face from the declaration by then-US Secretary of State John Kerry in 2013 that "The era of the Monroe doctrine is over." Washington is dispensing with such rhetorical accommodations to national sentiments in order to pursue its recently announced strategic orientation to the preparation for "great power" conflicts

Overall, Tillerson's trip followed the same guidelines as that of US Vice President Mike Pence's Latin American tour last August, when he pushed governments to join the US in condemning the government of President Nicolas Maduro in Venezuela as part of a broader campaign to undermine Russian and Chinese interests in the region. "As we see widening asymmetrical threats developing around the world, we would do well to see to Central and South America," Pence said, advancing the reasoning behind Washington's escalation and expansion into Latin America of the anti-China "pivot to Asia."

The Chinese state newspaper *Global Times* condemned Tillerson's characterization, pointing out the insincerity of Washington's supposed concern for the region, reflected in Trump's celebration of plans to open auto plants being scrapped in Mexico. For its part, the official *China Daily* pointed out Sunday that this reflected a strategic escalation, as "in a matter of weeks," the US perception of China changed from a "revisionist state" in the National Security Strategy to a "new imperial power."

In Austin, Tillerson, a former Exxon oil executive, framed as his key objective for the region, "integrating the wealth of energy resources within the hemisphere," adding that "Venezuela boasts the world's largest proven oil reserves."

To accomplish this, he suggested that perhaps the Venezuelan military would carry through a "peaceful transition" to oust Maduro.

Speaking in Argentina on Sunday, however, he announced that Washington was considering direct sanctions on 95 percent of Venezuelan exports—its oil. Such a step would severely exacerbate the country's economic and social crisis.

The US has already imposed economic sanctions on more than 40 Venezuelan individuals, including President Maduro, has barred US businesses and individuals from transactions with the Venezuelan state oil company PDVSA, and blocked the sending of dividends to PDVSA by its US subsidiary, CITGO.

Tillerson also presented the oil sanctions as a means of pressure to guarantee a democratic process in presidential elections convoked by the *chavista* -controlled Constituent Assembly for April, although it's clear that Maduro will comfortably win.

A recent poll shows that 75 percent of Venezuelans oppose US sanctions, which are supported by the US-backed opposition parties. In fact, Tillerson's appeals to Washington's "regional partners" and the Bolivarian military constitutes an acknowledgement that the right-wing opposition in Venezuela is much more widely hated than the ruling PSUV.

Washington has been partially successful in getting other governments in the region to isolate the Maduro regime, including its suspension from the regional trade bloc Mercosur. Repeating his anti-Maduro and anti-China message during the first leg of his tour in Mexico, Argentina and Peru, Tillerson faced no significant protests from government officials. However, the leaders of the Latin American capitalist states have previously denounced threats from Washington of a military intervention, fearing that this would provoke a resurgence of anti-imperialist sentiment among Latin American workers and peasants and worsen conditions already forcing many Venezuelans to seek refuge in neighboring countries.

The US secretary of state made clear in Argentina that the priority is to minimize any damage to "US business interests," only later adding: "One of the aspects of considering sanctioning oil is what effect would it have on the Venezuelan people, and is it a step that might bring *this* to an end, to a more rapid end," referring to the overthrow of the Maduro regime. In other words, it is necessary to destroy the livelihoods of the Venezuelans in order to save them.

In a similar vein, the *New York Times* has denounced the Maduro government as dictatorial and sought to legitimize a US intervention on "humanitarian" grounds. It even argued on Sunday: "For all of his [Maduro's] anti-capitalist rhetoric, Venezuela remains highly dependent on US oil exports, especially for importing food and medicine."

While this is true—imports, largely of essential goods, have fallen by 93 percent in five years— and also proves the bankruptcy of left bourgeois nationalism, the hypocrisy of such criticism by the leading mouthpiece of the US financial oligarchy, particularly those sections aligned with the military-intelligence apparatus and Democratic Party, is extreme. The financial parasites the newspaper speaks for are among those profiting the most out of the Venezuelan crisis. Goldman Sachs is reportedly the top investor in Venezuelan bonds, while Fidelity Investment, T. Rowe Price and BlackRock all hold vast amounts of Venezuelan debt.

In fact, US vulture funds are reportedly hovering in larger numbers over Venezuela's economy. As its death throes become more frequent, bond yields increase, and the Trump administration sticks out its harpoons across the Caribbean aiming at the vast Orinoco oil fields.

The Venezuelan economy, according to Fitch Ratings, will be cut in half by the end of 2018 as compared to four years ago. Its crisis has been driven by the 2013-2014 fall in oil and other commodity prices, in turn resulting primarily from the deceleration of the Chinese economy.

Adding to the falloff, upward pressures on interest rates in the US and internationally have been paired with a stronger dollar and the largest stock market drop in the US since at least 2011, a combination of factors that leads to higher borrowing costs for the highly indebted Latin American economies and lower prices for commodities bought in dollars. The 8 percent drop in the US S&P 500 between its high on January 26 and Tuesday was paired with a close to 5 percent drop in crude oil prices.

On November 14, Venezuela started to accumulate missed interest payments, leading President Maduro to make a failed attempt to get creditors to renegotiate the debt, insisting that the government will not default. As reassurance for investors, Maduro fired two managers charged with embezzlement and appointed Major General Manuel Quevedo to head the oil ministry and PDVSA.

However, Wall Street will not budge until a new government favors its interests over those of Russia and China, which have given substantial loans to the Venezuelan government. "Political changes would be required to address US sanctions and re-engage the broad international creditor community, beyond Russia and China," writes Fitch Ratings in its January report on Venezuela.