# Venezuelan Crisis and Indian Oil Trade

## What is the issue?

- The US has announced sanctions on Venezuela's oil trade amid growing efforts by the opposition to unseat the socialist president.
- In this scenario Venezuela has turned to India to sell its crude.

## What is Venezuela crisis all about?

- Venezuela has been caught in a downward spiral for years with growing political discontent further fueled by skyrocketing hyperinflation, power cuts and shortages of food and medicine.
- More than three million Venezuelans have left the country in recent years.
- Juan Guaidó, the leader of the legislature declared himself acting president and said he would assume the powers of the executive branch from there onwards.
- The move was a direct challenge to the power of the legitimate President Nicolás Maduro, who had been sworn in to a second six-year term in office.
- Some countries say Nicolás Maduro is president of while others are backing Juan Guaidó, President Maduro condemned the ploy by the US to oust him.

## What are the issues with Maduro's presidency?

- During Maduro's first term in office, the economy went into freefall and many Venezuelans blame him and his socialist government for the country's decline.
- Mr Maduro was re-elected to a second six-year term in highly controversial elections in May 2018, which most opposition parties boycotted.
- Many opposition candidates had been barred from running while others had been jailed or had fled the country for fear of being imprisoned and the opposition parties argued that the poll would be neither free nor fair.
- Mr Maduro's re-election was not recognized by Venezuela's opposition-controlled National Assembly.
- The opposition argues Nicolás Maduro is clinging on to power through fraudulent elections
- The National Assembly argues that because the election was not fair, Mr Maduro is a "usurper" and the presidency is vacant.
- Citing articles 233 and 333 of Venezuela's constitution, the legislature says

that in such cases, the head of the National Assembly takes over as acting president.

## What are the concerns with US's role in Venezuela?

- US President Donald Trump officially recognised Juan Guaidó as the legitimate president of Venezuela just minutes after the latter had said he would take over the executive powers.
- Predictably, this met with a swift response from Nicolás Maduro, who has long said that the US is behind attempts to drive him from office.
- Mr Maduro broke off relations with the US and gave US diplomats 72 hours to leave Venezuela.
- As a response US made sanctions on Venezuelan oil which was designed to cut off President Nicolas Maduro's access to oil revenues that have helped him stay in power.

## What is the status of Indo-Venezuela oil trade after sanctions?

- Squeezed by US sanctions that began on January 28, Venezuela has turned to India to sell its crude.
- India has been Venezuela's second-largest customer after the United States.
- Reliance is among PDVSA's main cash-paying customers, while Nayara receives Venezuelan oil from one of its largest stakeholders, Russian oil giant Rosneft.
- Before the sanctions, PDVSA shipped over 500,000 bpd to the US, followed by India at more than 300,000 bpd.
- Since sanctions were announced, Venezuela's state-run oil company PDVSA has loaded and exported 1.15 million bpd of crude and refined products.
- Crude oil was trading higher 0.91 per cent to Rs 3,753 per barrel in futures market as speculators created fresh bets, taking positive cues from overseas markets.
- Speculators built fresh positions after oil prices rose overseas amid OPEC-led supply cuts and US sanctions against Iran and Venezuela, although surging US production and concerns over economic growth kept markets in check.

**Source: The Indian Express**

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