

Venezuela: The Impact of the Illicit Drug Trade on the Politics of the Clone War

The Unspoken Reality

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Venezuela: The Unspoken Reality

Venezuela with the coming to power of Hugo Chavez in 1999 to the present has spurred the creation of a 21st century clone of the old post-world war 2 cold war. In this clone war, reality and analyses driven by reality are on a daily basis murdered on the altar of political expediency in the prosecution of this war. With the death of Chavez what we have now in Venezuela are two cliques with their foreign allies in tow locked in battle for state power and the masses increasingly alienated by this war of cliques and oligarchs. The warring cliques and oligarchs are steadily delegitimising the Venezuelan state to the point where actors with the requisite power can and will move to fill the vacuum to constitute a social order that is in tatters at best.

The warring cliques and oligarchs consist of: Maduro, his crew and the Bolivarian oligarchy as they plunder the state, state institutions and especially PDVSA. Their sole concern is maintaining their grip on state power at all costs and in their quest to do so they are willing to dance with any devil to ensure their longevity. Maduro's devils are the politicised military and the transnational trafficking organisations. This is not about continuing in the path of the Chavez vision modified in keeping with the reality of the collapse of energy prices. The concern is maintaining the allegiance of a state machinery, the Bolivarian oligarchy and chosen military leaders who are now part of Maduro's executive as they are seen as vitally necessary to regime survival. In this operational structure the revolution has been shelved and the masses are being put back in their place. Maduro is arrogant as a result of his position that the opposition is yet to offer a viable alternative to Chavez's revolution.

There is no opposition as there are oppositions with disparate visions for Venezuela that only ground with Venezuelan electors of specific economic means and a skin colour. To be viable they must appeal to the masses the very masses that support and supported the Chavez revolution but the most vocal in public of them continue to long for a Venezuela of the Caracazo and the Punto Fijo accord. A Venezuela swept away by the Chavez revolution. They then carry political deadweight such as the sins of the old Blanco oligarchic order and the 48-hour coup d'état of April 2002 and Maduro never fails to utilise this deadweight in a bid to exonerate himself from grave sin against the masses and the revolution. In

December 2015 the oppositions swept the elections for the National Assembly and from then to now they have singularly failed to present to the Venezuelan masses a clear, concise and concerted agenda for Venezuela post Maduro and a unified leadership singing out of the same, single hymnal. From December 2015 all they have invested in is confrontation of all forms with the institutions of state backed up with doses of gross incompetence and strategic miscalculation as they seek to attain ends by refusing to abide by the means demanded by the constitution. In every instance they have failed their international allies have backed them up with the servile choirs of western media insisting that they are victims of Maduro and the oppositions actually see this as accolades to their legitimacy because they don't intend to do the necessary hard political work to defeat Maduro at the next presidential elections in 2018. They want their allies to remove Maduro and hand them power. But in all of this the masses of Venezuela are not impressed by both sides of the clone war.

An opinion poll by Hinterlaces carried out between October 22 and November 2, 2016 reported that 60% of the sample of 1580 respondents via telephone viewed the political opposition to Maduro as being deeply divided and having no plan to tackle Venezuela's economic problems. 62% of the sample indicated that the opposition continues to be led by leaders from the pre-Chavez political era burdened with the deadweight of that era. 64% of the sample indicated that the opposition lacks a strong leader that identifies with the masses. 66% of the sample indicated that the opposition was only interested in moving Maduro as it has failed to present its plan for the failing Venezuelan economy. After the landslide victory in the national assembly elections of December 2015 the opposition then squandered the opportunity handed to it by the masses. What is emerging is the crisis of sustainability of the Venezuelan political structure in accordance with its constitution. An opinion poll by Hinterlaces at the end of 2016 reports that 51% of the sample are not supporters of the PSUV and its allies and the MUD. The two cliques with their attendant oligarchs have now alienated the majority of the sample of electors with 33.9% indicating that they support none of the existing political parties at the time of the poll. The support levels for political parties were as follows: The United Socialist Party (PSUV) 27%, Popular Will 12%, 8.6% for the MUD coalition, First Justice 7.2%, 6% Democratic Action, A New Era 1.8% and 1% COPEI. The PSUV fell from 40% under Chavez to its lowest under

Maduro but the oppositions remain incapable of winning the support of the electorate to effect an electoral victory. And the masses grow increasingly alienated from the political process dominated by the increasingly irrelevant two factions of the clone war. This is a recipe for extremism on all sides including the masses.

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As the presidential election of 2018 draws closer the issue is not the candidacy of Maduro in spite of his bold and engrained failures as the president and political leader of the PSUV but the ability of the oppositions to field a candidate of consensus from among them who appeals to the masses. Maduro has from his first day in Miraflores set about the task of dismantling and recreating the Chavez project in his own image and likeness and in doing so purging all those viewed as threats to his quest for sustainable hegemony. Whilst the next grouping in this clone war refuses to evolve to respond to the reality on the ground. A clone war driven by denial that will ultimately reduce Venezuela to civil war.

Maduro has now deepened the politicisation of the military by bringing them into his executive and having them share in the state pie especially in PDVSA. The handing over of the distribution of state subsidised food staples to the military via the CLAP has sent out the Maduro message to the masses that state distributed food is now political patronage dispensed by the armed forces. Whilst the next faction of the clone war continues to call upon the armed forces to rid Venezuela of Maduro by any means necessary as they did in the run up to the April 2002 coup against Chavez. Two factions of the clone war playing dangerous games with the armed forces especially in light of the fact that in the 48-hour coup d'état the top brass of the armed forces ordered the removal of Chavez and the rank and file obeyed without question. Maduro and the oppositions cannot command the support of the masses as Chavez did and it was the masses who responded in their numbers to the removal of their President that crippled the momentum of the 2002 coup. Maduro and the oppositions will never mobilise the masses to face off with the military in the event the methodology of April 2002 is once again used in Venezuela and they both know it. There are then the following factions in the power struggle: Maduro and his clique, the oppositions and their clique, the

military and their clique and the masses. The armed forces are then utilising the weaknesses of the factions of the clone war to increase their power base and most importantly to create an oligarchy composed of members and ex members of the armed forces. First we had the traditional Blanco oligarchs then we got the Bolivarian oligarchs and now we have the military oligarchs.

The economic reality

The collapse in the price of oil spawned financing crises throughout the Venezuelan economy especially with the dominant generator of foreign exchange that drives the economy: PDVSA. Faced with burdensome international debt payments at a time when revenue collapsed Maduro took the unspoken decision to drastically reduce the quantum of US dollars available to feed the addicted local economy in a bid to amass US dollars to service PDVSA's debt especially the two huge balloon payments in 2016. Earnings of US dollars fell whilst the quantum made available locally was reduced by a greater amount than the fall in earnings to generate savings. The import driven economy then collapsed as the level of imports was drastically curtailed, inflation soared as a result of demand for US Dollars that was never satisfied by supply, real wages were eaten up by inflation and Maduro printed Bolivars until they were worthless. Real state spending collapsed and PDVSA fell into the trap of owing its suppliers for goods and services to the point where production was curtailed and the infrastructure simply began to fall apart. PDVSA's debt in 2016 was serviced, there was no default and there is still no default at great cost to PDVSA and the people of Venezuela. In the midst of this economic reality the oppositions have remained silent on an alternate economic plan as Maduro has implemented a harsh neoliberal austerity plan thereby pre-empting the oppositions'. Socialist Venezuela of western media is in fact a recipient of hard core neoliberal austerity dished out by Maduro but never so announced by Maduro to the Venezuelan people unlike Fidel following the collapse of the Soviet Union. In this collapse of the Venezuelan state and the social order the new political terrain that the factions of the clone war must traverse in their quest for state power in 2018 has emerged.

The Condition of PDVSA

PDVSA is the single locomotive of the Venezuelan economy but PDVSA is no longer an energy company seeking to maximise the energy resources of Venezuela to the maximum benefit of Venezuelans. PDVSA has been given roles in the Venezuelan economy that has nothing to do with maximising energy resources but with looting PDVSA for personal wealth generation to the detriment of PDVSA's sustainability. PDVSA owns PVD Holdings Inc. which owns CITGO Holdings Inc. which owns CITGO Petroleum Corp. In 2016 faced with the debt balloon payments PDVSA offered inducements for bondholders to roll over maturing bonds in 2016 to 2020 with a 20% bonus, a rate of 8.5% and collateral for the bond of 50.1% of the shareholding of CITGO Holdings Inc. These bonds for USD 3.4 billion at 8.5% mature in 2020 and in the event of PDVSA's default these bondholders will hold 50.1% of CITGO Holdings Inc. for USD 3.4 billion plus 8.5% interest due. In November 2016 it was revealed in the US that PDVSA had mortgaged the remaining 49.9% of CITGO Holdings Inc. to Rosneft of Russia for USD 1.5 billion. In the event of default Rosneft will then own 49.9% of GITGO Holdings Inc. which is a US based and registered entity. The dire financial straits have now resulted in the fire sale of PDVSA's assets in an effort to prop up the Maduro government as PDVSA remains the only milk cow left much to the detriment of the sustainability of PDVSA as an energy company. The burden of the maturing bonds continues to impact PDVSA's viability. In April 2017 PDVSA announced that it had met its obligation to pay the capital and interest due on its 2017 bond for 2 thousand and 60 million USD (USD 2.06 billion) with a coupon of 5.25%. It also paid the interest due on the 2027 bond of USD 81 million and the 2037 bond of USD 41 million. PDVSA is in a Catch 22 and the reality of this is seen in the following story. In March 2017 a case in the Courts of Sint Maarten revealed the condition PDVSA is in as 10 Liberian shipping companies and PDVSA headed to court over money owed to these shipping companies for daily rental of their tankers as over four million gallons of PDVSA's crude and fuels sit in tankers anchored throughout the Caribbean unable to sail to their destinations as PDVSA cannot pay for hull cleaning, inspections and other port services. The court action of the Liberian shipping companies concerned a tanker anchored off St Eustatius in a bid to secure payment from PDVSA of USD 20 million owed by PDVSA to them. PDVSA is then in a holding action as they attempt to use any measures available to keep producing and exporting in face of a cash crunch that is palpable. The crucial reality is the fact that the cash crunch is not the product of

the daily operations of the energy company but the product of the daily operations of a cash cow being drained by corruption, politically determined agendas and politically subservient management. The leveraged operations will then grind the company to a halt as politics in command is anathema to its survival.

<http://www.laht.com/article.asp?ArticleId=2427676&CategoryId=10717>

<https://www.thedailyherald.sx/islands/64146-pdvsa-10-shipping-companies-at-loggerheads-over-load-of-oil>

<https://www.thedailyherald.sx/islands/64450-pdvsa-allowed-to-pump-oil-out-of-chained-tanker>

The Drug Trade

In this economic free fall coupled with the collapse of the state and the social order the transnational illicit drug trade has thrived which has impacted the social order on the ground. The oligarchs of all factions of the clone war and the state are complicit with transnational trafficking organisations which operate in Venezuela especially those that comprise the order of the Mexican Transnational Trafficking Organisations (MTTOs). Venezuela is now the premier export trafficking point for product destined for Central America and the Caribbean whilst it ranks second to Brazil for product destined for Africa. Product is moved via multiple trafficking modes out of Venezuela to these destinations. A trafficking point as important as Venezuela under the hegemony of the MTTOs must have cocaine laboratories present in its territory for this is a crucial strategic action of the MTTOs and meth labs are also possible. The states of Western Venezuela that border with Colombia are the first stop on the movement of bulk product into Venezuela in the states as Zulia, Táchira, and Apure. The air flights depart for central America especially from Táchira, Barinas, and Apure. In these states the militias that operate the illicit trafficking businesses are also involved in a series of operational alliances with oligarchs connected to the state and private economic interests from both factions of the clone war which enable these illicit enterprises to operate with impunity. From these western states the product is moved eastwards and northwards across Venezuela to as far east as Delta Amacuro and northwards to the urban spread along the northern Caribbean coast centred on Caracas. There is now increasing activity in Amazonas state as the river systems

are being used as transportation arteries. At present transnational drug trafficking with its associated illicit trades as small arms, human smuggling and others as fuel smuggling is the dominant growth industry in Venezuela. The salient question that must now be answered is the involvement of the MTTOs in the illicit trade of Venezuelan oil and its by-products on international markets given the fact that the MTTOs view this illicit trade as a strategic enterprise and the supply and opportunity exist in Venezuela. The power wielded by transnational organised crime is enhanced by the reserves of US dollars that the trafficking organisations command and used as tools of patronage and power in the present Venezuelan social order. Through all levels of the hierarchical social order it's an accepted actionable belief that opportunity for personal aggrandisement exists through association with the order of the transnational trafficking organisations in Venezuela. This accepted belief is reflected in the escalation of gangs and gang violence and the move by gangs to control territory by excising such territory from the hegemony of the state and defeating the opposition mounted by the Revolution on the ground. Organised crime at the ground level in Venezuela under Maduro is engaged in a political process in its quest for hegemony over spaces of Venezuela's geography.

The political process is expressed with the move to expunge from spaces under the control of drug gangs and militias revolutionary leaders and to impact the choices the electorate of these spaces express in elections. In the western border states of Venezuela with Colombia the drug militias have moved aggressively to implement their social order with its political agenda. The social cleansing of these spaces is then an ongoing process unhindered by the state. The illicit drug trade is then sending a clear message to the factions of the clone war that they are impacting the turnout of voters in elections along with the choice of candidates. The power wielded is now sending the message that the intent is to exercise hegemony over the social order of Venezuela especially in this time of economic and state failure. The ongoing complicity with the trade which well predated Chavez has now evolved into a schizophrenic paranoid Frankenstein monster. The most potent illustration of this welded agenda of political action in order to expand the hegemony over spaces of Venezuela's geography was the civil rebellion launched in the aftermath of the slender victory of Maduro in 2013. Gangland and petty criminals manned the barricades and was the tip of the spear

unleashed in the attempt to delegitimise Maduro thereby serving faithfully the agenda of the oppositions. But as the residents of the area especially in opposition strongholds learned as the criminal element moved in to resist the state the illicit activity skyrocketed and as the rebellion faltered the criminal element never left as these spaces were now under their control fully integrated into the criminally controlled spaces of Venezuela. The clone war, the collapse of the state and the economy have then enhanced the power of organised crime in Venezuela. In this reality a number of the communities of the working poor and the underclass are now under the hegemony of organised crime and its foot-soldiers as Catia and Petare among others and the political agenda is being applied aggressively with the desired results as potently seen in Catia. The April 2017 street engagements are again driven by the said model of action where organised crime has penetrated all factions of the clone war.

Drug Trafficking and the Maduro Government

The Flores brothers

In November 2015 two nephews, Flores de Freitas and Campo Flores, of Cilia Flores the wife of President Maduro were arrested by US authorities in Haiti on a charge of conspiring to smuggle cocaine to the US. In 2016 they were found guilty as charged and in January 2017 in the hearing of their motion for acquittal and a new trial the US state presented new evidence as to the involvement of the Flores brothers in drug trafficking before the commencement of the sting operation that led to their arrest in Haiti in 2015. The motion of the Flores brothers was thrown out and they now face the sentencing hearing. The US evidence presented at the hearing presents interesting reading clearly indicating the willingness to utilise the impunity their family links afforded them in Venezuela and the conviction that this impunity must be used to generate their personal wealth. Flores de Freitas and Campo Flores were selling the service of exporting cocaine kilo bricks from the Simon Bolivar International Airport with impunity to any destination. They were looking for space in the trafficking world selling their impunity derived from family links to Maduro as their prime asset. What is abundantly clear is that they enjoyed no credibility with the MTTOs as their business partner Pepe strung them along with promises as his prime interest was to spring his associate from jail using the Flores brothers as the intermediaries which they embraced and Polanco

was released. Pepe promised repeatedly to link the Flores brothers to a Mexican trafficking organisation wanting to move cocaine from Venezuela to Mexico but failed to deliver. The Flores brothers ended up shifting their interest to Honduras where the sting operation fell into place. In fact, the entire reality as presented by US government documents smells of a purge and a message to the political oligarchs of Venezuela by the MTTOs. Venezuela is today the frontier territory of drug trafficking in Latin America where individuals and groups with state linked impunity are not only content with selling impunity but aggressively break the rules of the Game which demand concerted reprisals from the MTTOs. In the US government document the Flores brothers demanded a stake in shipments to Mexico as they were not content with settling for the trafficker's fees which they were only entitled to as the product was not theirs, as was the airplane and the operational structures in the supply point and the end point of the run. The Venezuelans are now seeking to change the terms of the trade and the push back is seen in the endemic gun violence and more appropriately in the passing of information on traffickers to be purged to the US. This is a most potent strategy the MTTOs utilise in Mexico, Guatemala, Honduras and the US with Venezuela now added to the list but the Dominican Republic (DR) is yet to be added to this list which indicates a vastly different strategy applied to Venezuela from that of the DR. In the DR there is yet no need for the strategy applied to Venezuela. The sting operation on the Flores brothers reek of this strategy. The fact that the Flores brothers pled not guilty and are pursuing their freedom to the point where they will offer information in return for a deal illustrates the danger of exposing the operations of trafficking cells to sellers and brokers of impunity for a fee. In the Game the rule is simple you plead guilty and do your prison time in silence. Those who break this rule and end up in a US super max are by no means insulated from the long reach of the MTTOs.

Major General Nestor Luis Reverol Torres

In August 2016 the US unsealed the indictment of Reverol for selling impunity, protection and freedom from seizure and incarceration to drug traffickers and their illicit drugs transiting Venezuela for Mexico and central America. In the same month Maduro appointed Reverol the Minister of the Interior, Justice and Peace. Maduro by this action sent a message to the US and one also to the MTTOs which can directly impact relations between the MTTOs and the sellers and brokers of

impunity of the state. The message in fact is that under Maduro the state in Venezuela has adopted the model of Mexico on steroids with the possibility of a repeat of the Calderon/PAN gambit in Venezuela with drastic impact on the stability of a social order that is under grave pressure. The potency of the message is directly linked to the reality of who gave up Reverol to the US state and why. Reverol is presently an untouchable and beholden to Maduro but the indictment hangs on his shoulders as a yoke long after he is of no use to Maduro. Both Maduro and the indictment cannot shield him from the long arm of the MTTOs if the need exists.

Tarek El Aissami Maddah

In February 2017 Aissami was designated a foreign narcotics kingpin by the US Treasury at the time of the announcement Aissami was the Vice-President of the Bolivarian Republic and still is. The US Treasury said that Aissami facilitated drug exports from Venezuela via an air base and ports. Aissami moved shipments in excess of 1,000 kilo bricks some of which he had an ownership stake in and facilitated, protected and coordinated shipments for other trafficking organisations. For Aissami to move product he owned to Mexico and the US in the era of the MTTOs he has to be an affiliate of the MTTOs as persons not affiliated cannot own and move product along MTTOs pipelines to Mexico and the US. Aissami is then in the big league according to the US Treasury. Aissami in a public letter to the US Treasury insists that his impeccable illicit drug war record proves his integrity but in the Game you clean out the deadwood of the old order to usher in the new order of the MTTOs. But the salient question hanging over Aissami is his political ambition in light of the chronic failures of Maduro as leader of the Revolution and President of the Bolivarian Republic.

<https://www.justice.gov/usao-sdny/file/792936/download>

<http://www.laht.com/article.asp?ArticleId=2433549&CategoryId=10717>

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There is a position revealed by Campo Flores in the US evidence that they are entitled to use their links to political power for their personal gain. And most importantly they are obligated to utilise the wealth generated by their political

power to ensure that their grouping/faction and family continue to hold on to political power. At best theirs is a worldview of masked, secretive organised crime in control of a state with law and order and all the agencies of the state as instruments of their quest for sustainable power and wealth generation. Under their hegemony Venezuela is now a criminal state and the Chavez experiment is now dead at the hands of this group. Hustlers, carpetbaggers and charlatans wielding state power but the tragedy of Venezuela is the fact that the other factions of the clone war are just the same and even worse. The choice is then between which massa beats and starves you **less** on a comparative basis making that choice a good massa but a massa nonetheless. The fact that the US has convicted the Flores brothers, opened the Reverol indictment and designated Aissami a foreign narcotics kingpin from 2015 to 2017 indicates that all is not well in the relationship between the MTTOs and those selling impunity in Venezuela. This intention to change the rules of trade and the terms of endearment will impact the Venezuelan state and most importantly its politics. Never forget the traffickers moved on Chavez in 2002 and removed Aristide in 2004.