

The US plan for Venezuela won't work without the rule of law. Here's how to make progress

Policy Paper

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Summary

- The US has laid out a prospective three-stage plan for change in Venezuela following the ousting of Nicolás Maduro on 3 January 2026. While still vague, these stages nominally consist of stabilization, then recovery and reconciliation, and then transition.
- However, the promised economic growth and social peace cannot be achieved without broad reforms to ensure the rule of law. The success of the US plan hinges on Venezuela establishing and sustaining an independent, efficient judicial system, and improving protection of private property, contract rights and human rights.
- Qualified, independent judicial and prosecutorial authorities are also essential if Venezuela is to reduce drug trafficking, illegal mining and other criminal activity, and if the country is to re-establish democracy.
- Preliminary negotiations must begin without delay between the US, the interim Venezuelan government, multilateral organizations, foreign diplomatic missions, investors, and local business and civil society. This process should identify priorities, benchmarks and a timeline for institutional and legal reforms.
- Areas requiring special attention include commercial and investment law, the vetting/reappointment of independent judicial personnel, and the need to strengthen impartiality in commercial arbitration. Work must also begin on integrating international standards and norms on commerce and for the protection and defence of human rights in Venezuelan public life.

What's the problem?

The US military operation to remove President Nicolás Maduro in early 2026 has raised expectations of an improvement in the Venezuelan economy. However, success relies on improving the legal system. Without the broad-based rule of law, the economy will not be able to grow at the rates expected by many Venezuelans, nor generate the employment and prosperity many are undoubtedly hoping for after 80 per cent of GDP was wiped out between 2014 and 2021.¹

¹ Alvarez, J. et al. (2022), *Regional Spillovers from the Venezuelan Crisis: Migration Flows and Their Impact on Latin America and the Caribbean*, Departmental Paper, Washington DC: International Monetary Fund, <https://www.imf.org/-/media/files/publications/dp/2022/english/rsvcea.pdf>.

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The rule of law is essential to realization of the Trump administration's three-stage plan for post-Maduro change in Venezuela.

The rule of law is essential to realization of the Trump administration's three-stage plan for post-Maduro change in Venezuela. This plan, though light on detail, nominally envisages an initial period of stabilization, to be followed by recovery and reconciliation, and ultimately by transition (a term not fully defined by the Trump administration).^{2,3}

The pressure to deliver effective reform that benefits a wide range of citizens and economic constituencies is illustrated by recent protests in Caracas and across the country demanding wage increases; without rapid improvement in governance and living standards, expressions of popular discontent will likely grow.⁴ The resulting social tensions will discourage investment and economic growth.

A professional and independent judicial and security system is also key to the other declared objective of the Trump administration: addressing transnational crime, drug trafficking and corruption. Venezuela is a major transshipment point for cocaine – with 10–13 per cent of global cocaine production estimated to pass through the country – and also has an entrenched illicit economy around other activities such as illegal gold mining and money laundering.⁵ Addressing corruption, crime and violence in the country is important not just for Venezuelans, but also for the prospects of efforts by the US and the international community to crack down on transnational criminal networks. That will require putting in place an efficacious, independent system of rule of law.

Reforms of Venezuela's hydrocarbons law were approved by the National Assembly in February 2026, but these changes – along with more recent mining regulations – have fallen short of the expectations of investors and legal experts. The hydrocarbons law, in particular, grants wide latitude for government discretion over royalty rates and government issuance of licences for exploration and production. This latitude risks corruption and favouritism in policy decisions.

But beyond these individual cases, limiting and giving priority to reforms in the extractive sector while ignoring reforms in other essential areas risks further enabling and sustaining a rentier economy that excludes large segments of the wider Venezuelan economy and society.

In human rights, the advances have been similarly weak. The former Maduro government's repressive security, judicial and prosecutorial apparatus remains in place, as do many of the officials involved in it. According to Amnesty International, between 500 and 600 political prisoners remained in detention in late May 2026;⁶ moreover, an amnesty law that had been passed by the pro-government National Assembly in February was informally suspended by the interim president in late April.⁷

² Lewis, S. and Zengerle, P. (2026), 'Rubio says US plan for Venezuela is stability, recovery, then transition', Reuters, 7 January 2026, <https://www.reuters.com/world/us/rubio-says-us-plan-venezuela-is-stability-recovery-then-transition-2026-01-07>.

³ This policy paper complements the Chatham House paper published in April 2026, dedicated to developing policy recommendations for elections in Venezuela. That paper addressed many of the political and human rights themes in more depth. See Sabatini, C. (2026), *Democratic elections in Venezuela won't happen overnight – here's the groundwork that's needed first*, Policy Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/2026/04/democratic-elections-venezuela-wont-happen-overnight-heres-groundwork-thats-needed-first>.

⁴ Associated Press (2026), 'Police in Venezuela block protesters calling for higher wages, pensions', Al Jazeera, 9 April 2026, <https://www.aljazeera.com/news/2026/4/9/police-in-venezuela-block-protesters-calling-for-higher-wages-pensions>.

⁵ U.S. Department of State (2025), *2025 International Narcotics Control Strategy Report*, Volume 1, p. 331, <https://www.state.gov/2025-international-narcotics-control-strategy-report>.

⁶ Amnesty International (2026), 'Venezuela: few releases, hundreds of political prisoners remain detained in Venezuela', May 2026, <https://www.amnestyusa.org/urgent-actions/venezuela-few-releases-hundreds-of-political-prisoners-remain-detained-in-venezuela>.

⁷ Moleiro, A. (2026), 'The abrupt end of the amnesty law frustrates hopes of freedom in Venezuela', *El País*, 28 April 2026, <https://english.elpais.com/international/2026-04-28/the-abrupt-end-of-the-amnesty-law-frustrates-hopes-of-freedom-in-venezuela.html>.

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Why it matters

In 2024, 73 per cent of Venezuelans were living in poverty;⁸ little has changed since then. Without a stable, predictable system of law and justice that underpins broad economic and job growth, popular discontent will grow, fuelling social upheaval and instability and in turn generating even greater economic uncertainty.

The potential reintegration of Venezuela's interim government into the international and multilateral communities offers a historic, but quickly closing, opportunity to build a new consensus among pro-market, democratic voices and support reconstruction of the collapsed economy.

The public mood in Venezuela is hopeful but wary – supportive of political change, but sceptical that the underlying conditions for a stable democratic and economic recovery are yet in place. A January 2026 survey by Gold Glove Consulting found that 83 per cent of respondents were optimistic about the country's future and 72 per cent believed it was moving in the right direction. Yet this optimism is tempered by impatience and distrust: 68 per cent want presidential elections this year, and 58 per cent believe security has worsened since 3 January.⁹

While macroeconomic stabilization may come fairly quickly after the economic disaster of the past, failure to meet citizens' expectations of economic and job growth and greater opportunities for political dialogue and expression could quickly sour the public mood. This would undermine the immediate economic – but still shallow – gains that have been made since 3 January 2026. At the same time, the focus on legal reforms and guarantees in the extractive sector – to the exclusion of other sectors to date – has left other potentially productive areas of the economy undercapitalized due to higher perceived legal and political risk.

Venezuela's path to a diversified, non-rentier economy and broad-based prosperity will depend on legal changes protecting property and contract law, on restoring the independence and competence of the judicial system, on measures to provide greater clarity and consistent application of laws or arbitration decisions, and on Venezuela's re-entry into international capital markets at the appropriate moment.

Policy options and trade-offs

The central challenge for rule-of-law reform is the inescapable need to enlist the support and participation of the interim government and some of the vested interests within and outside the Venezuelan state that have undermined legal certainty and accountability for so long. Venezuela's current dysfunctional legal system is the product of over two decades of partisan capture of the state and control over the economy. Maintaining the status quo will spell policy failure for the international community and Venezuelan citizens.

The US's three-phase transition plan will require far-reaching changes in commercial and investment laws, commercial arbitration and the administration of justice. Such changes will necessarily be multifaceted, complicated and slow to implement. Negotiations and planning for this comprehensive – and technically and politically

⁸ Galan, S. (2026), 'Percentage of households in poverty and extreme poverty in Venezuela from 2002 to 2024', Statista, 22 April 2026, https://www.statista.com/statistics/1235189/household-poverty-rate-venezuela/?srsltid=AfmBOoqLvnXJ9libTCNSLeAhcleSuNOMs94us_TY2VM3W6ht3gML3JCR (accessed 22 May 2026).

⁹ Gold Glove Consulting (2026), 'Venezuelans Hopeful, But Desire Quicker Transition', February 2026, <https://www.atlanticcouncil.org/wp-content/uploads/2026/02/02.06.2026-ENG-VZLA-Gold-Glove-PPTX.v3.nd-1-public-2-18-AC-1.pdf>.

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complicated – process therefore needs to begin immediately. And it should be conceived of in stages based on urgency and ease of implementation – with longer-term personnel changes and institutional reforms taking place later – as defined by agreement among stakeholders.

The challenge is political as much as technical. Deep reforms to the judicial system, security sector and legal framework will threaten entrenched interests that have shaped Venezuela's political economy over the past two decades. Reforms must be pragmatic, incremental, and supported by coordinated engagement both with international stakeholders – including multilateral institutions, governments and investors – and with Venezuelan civil society and private sector actors.

The first step and keystone for this process, we argue, should be the negotiation of a wide-ranging international and domestic reform pact. This public pact should identify necessary changes, set priorities, and outline a timeline and measurable benchmarks – allowing Venezuelan and international advocates for change to monitor and support each step. Such a process can yield relatively quick consensus on specific laws that will need to be repealed or amended. It can also support expansion of investor-friendly interim measures such as arbitration and negotiation in relation to Venezuela's defaulted debt. Other essential reform commitments must include the release of all political prisoners, and cooperation by the Venezuelan authorities with multilateral organizations on economic technical assistance and human rights.

Negotiations on this initial pact should also agree on the composition and mandate of an interim committee of Venezuelan and international jurists to address longer-term reforms. The committee will need to cover the following issues, among others: personnel changes in ministries; vetting (or, if necessary, replacement) of judges; the interim streamlining of commercial, civil and criminal justice systems until a more comprehensive judicial overhaul is completed; and reform of the security sector and the prosecutorial offices. A publicly established independent interim committee should monitor progress in these areas. The negotiations and any reform plan will need to ensure the repeal of laws restricting freedom of expression and assembly – including the so-called 'Simón Bolívar Law' (Ley Orgánica Libertador Simón Bolívar contra el Bloqueo Imperialista y en Defensa de la República Bolivariana de Venezuela), which criminalizes advocacy of sanctions or the call for foreign intervention against state officials.¹⁰

However, Venezuela's current interim government has little tolerance for checks and balances on its authority, or for open political and civic dialogue. Some of its members and their associates are highly likely to resist the measures outlined above. Establishment of an independent judiciary, and the removal of key ministers and justice officials linked to human rights abuses and corruption, will create tensions between the government and both international and domestic advocates of reform. Breaking the control of the ruling Partido Socialista Unido de Venezuela (PSUV) over the state will also provoke tensions within the fractious government, the security sector, and the businesses – licit and illicit – that have long survived, and thrived, on access to accommodating officials.

Fortunately, the current constitution provides the normative foundation and institutional framework for making these changes. In fact, the 1999 constitution establishes many processes and guarantees on the rule of law and executive oversight and control; but the constitution has long existed more on paper rather than in practice.

¹⁰ Tugacetaofficial.com (2024), 'Extraordinary Official Gazette #6859 11/29/2024', 29 November 2024, <https://tugacetaofficial.com/gaceta-oficial-extraordinaria-6859-29-11-2024>.

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Constitutionally, nominations and confirmations to judgeships are the purview of the president (interim or other) and the National Assembly, both of which are likely to favour preservation of the status quo (the acting president, Delcy Rodríguez, is a PSUV member, and the legislature is dominated by the party). Addressing the politicization and technical deficiencies of judicial personnel will require immediate, short-term measures to review the country's broader cohort of judicial and security personnel – beyond high court officials and the attorney general – and to ensure transparent and accountable management of vetting and appointments.

A wholesale reconstitution of an independent Supreme Court remains a long-term objective. But there may be other interim means – such as the creation of temporary, independent professional courts and prosecutors' offices – to ensure impartial, independent adjudication of legal cases in the meantime.

Sustained economic growth will require public and private access to capital. For this, Venezuela must return to international capital markets. But its ability to do so depends on restructuring the country's defaulted external debt, now estimated at approximately \$150–170 billion.¹¹ The US is working to catalyse negotiations among bondholders, the Venezuelan government and international financial institutions. In April, the International Monetary Fund announced that it is again 'dealing with the Government of Venezuela', a step that reopens the possibility of broader multilateral engagement.¹²

Crucially, that process needs to be leveraged not only to restructure the state's liabilities, but also to secure concrete reforms on the rule of law and separation of powers, central bank independence, fiscal transparency, anti-corruption oversight, and the legal framework governing public financial reporting and the collection of economic and social data. Without such conditions, debt resolution may restore financing channels without restoring the institutional credibility needed for multi-sectoral investment and sustained recovery.

Recommendations

The analysis and recommendations below emerged from a working group, informally convened by Chatham House, consisting of 20 international and Venezuelan jurists, former and current diplomats, scholars of democratic transitions and democratization, and representatives of the Venezuelan opposition.

The recommendations, presented in rough order of priority, outline a series of incremental but integrated steps intended to promote rule-of-law reform. For each step, a range of relevant stakeholders – variously including, depending on the context, the US, the international community, the interim government, the opposition, Venezuelan and international investors and business, and civil society – will need to:

- **Initiate a formal Venezuelan/international negotiation and monitoring process for rule-of-law reform:** The negotiation – among Venezuelans, with the support of the US and the international community – should focus on identifying, detailing and establishing priorities for institutional and

¹¹ George, L. (2026), 'IMF, World Bank say they are resuming dealings with Venezuela', Reuters, 17 April 2026, <https://www.reuters.com/world/americas/imf-resumes-dealings-with-venezuela-after-six-year-gap-2026-04-16>.

¹² International Monetary Fund (2026), 'IMF Announces Resumption of Dealings with Venezuela' (2026), press release, 16 April 2026, <https://www.imf.org/en/news/articles/2026/04/16/pr26123-venezuela-imf-announces-resumption-of-dealings>.

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legal reforms and a structured, incremental approach to rebuild the state's independent judicial capacity. This should be accompanied by the setting of benchmarks and a timeline for the introduction of each reform. The process should also involve establishing a public pact that commits parties to those reforms. Advances that have already been made by Venezuelan civil society and international organizations, which in 2023 set out a framework for reforms and benchmarks, can be used as the foundation for the negotiations and resulting commitments.¹³

- **Agree to a consensus framework that links specific rule-of-law reform targets to investment, economic growth and prosperity:**
The above-mentioned process and resulting proposals should make a point of publicly articulating how judicial, commercial, legal and human rights reforms relate to (and support) economic and political development. This is to demonstrate causality – between specific reforms and international and Venezuelan goals of economic recovery and political and social stability – in order to provide political cover for what is certain to be a complicated and fraught process. Making that link and commitment explicit would help, too, to address Venezuelans' growing scepticism about reform prospects, and lengthen the time horizon the public deems acceptable in terms of waiting for an eventual political and economic transition.
- **Ensure international leverage via sanctions liberalization, maintenance or snapback:** At present, some of the US's 'maximum pressure' sanctions, dating back to 2019, remain in place on key sectors of the Venezuelan economy. The US, EU institutions, EU member states and Canada also retain individual targeted sanctions on many public officials in the interim government and its security apparatus. Broad sanctions relief and the lifting of personal financial and travel sanctions should be tied to commitments and follow-through on key elements of rule-of-law reform.
- **Explore the creation of an interim board of Venezuelan and international jurists to assist in reviewing the administration of justice, and in evaluating and nominating judicial and security sector officials.** Given that both the interim government and the National Assembly are dominated by the PSUV, a full constitutional process of nominating and confirming a credible cadre of new judicial, prosecutorial and security officials would be a long-term project. Judicial reform, however, cannot wait. In the interim, any political pact that establishes priorities and areas for reform should consider creating a council of prominent jurists (national and international, with broader international support) to propose standards for merit-based appointments, promotions and – where needed to address governance concerns – the withdrawal of judicial and prosecutorial credentials from non-compliant personnel. If agreed, the council could also be charged with nominating and confirming interim appointments to the judiciary and security sector. Sanctions relief or snapback should be linked, respectively, to progress or relapses in these areas.
- **Include human rights considerations in the definition and implementation of commercial- and investment-focused institutional and legal reforms:** Social development hinges on the ability of citizens, civil society and the private sector to exercise freedom of expression, participate freely in the economy and society, and seek public accountability without prejudice. The above-proposed public pact will need to identify – and present a timeline for the repeal of – laws

¹³ Faisal, Y., Coirdia, C. and Borges, B. (2023), 'Sin cumplimento de recomendaciones no haber justicia' [Without completing the recommendations, there will be no justice], Caracas: Justicia, Verdad Venezuela, https://www.justiciayverdad.org/wp-content/uploads/2023/06/INFORME_JUSTICIA_VERDAD-1.pdf.

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that restrict freedom of expression and political activities. It must ensure due process. To this end, any agreement should permit the visit of international human rights groups such as the UN's Independent International Fact-Finding Mission on Venezuela, the Inter-American Human Rights Commission, the International Committee of the Red Cross and civil society organizations to work with officials to identify key areas of reform, monitor developments, support the release of political prisoners, and improve the capacity of the Venezuelan authorities under the 1999 constitution to defend human rights and support victims of human rights abuses (as well as the families of those victims). Negotiations should also include the return of Venezuela to the inter-American rights system and its jurisdiction.

- **Reinforce and increase the use of arbitration bodies for commercial and investment cases:** As with the 1999 constitution, the normative and institutional foundation already exists for a system for the resolution of commercial and contractual disputes through arbitration, without a complete overhaul of the justice system. The relevant bodies should be strengthened and given a stronger role in the negotiation of investments and contracts, and linked to international arbitration bodies as well. Arbitration decisions and their enforcement, however, must be insulated from potential judicial interference, especially from the Venezuelan Supreme Court.
- **Resolve Venezuela's external debt crisis, and begin to reintegrate the country into international capital markets, to incentivize financial transparency and observation of the rule of law:** The international community and local stakeholders should use the process of negotiating with bondholders, and securing Venezuela's re-entry into capital markets, as leverage to promote broad rule-of-law and institutional reform. The potential legal and financial benefits of any debt renegotiation will depend on the participation of the IMF and other credible brokers. The IMF should conduct a technical assessment of Venezuela's economic data, fiscal accounts, relevant laws and social conditions. Any payment on defaulted bonds, and an associated return to capital markets, will need to be contingent on credible plans for the re-establishment of central bank autonomy, fiscal transparency and robust anti-corruption measures, and on publication of reliable government economic data.
- **Support international and Venezuelan investment beyond extractives:** Fully revitalizing the economy and delivering broad-based job growth will depend on investment in recovery across a range of sectors. This may avoid the potential re-creation of the type of enclave, rentier economies that often result from dependence on the extraction and production of hydrocarbons, metals or minerals. Special care to establish rules to protect the environment and indigenous populations should be a priority. To this end, in its evaluation of legal and regulatory reforms, the above-mentioned interim board of prominent jurists should look at a range of sectors such as financial services, infrastructure and property; it should also look at reforming rules and regulations for opening new businesses. Foreign governments and embassies should seek to encourage businesses from their own countries to explore opportunities in some of these non-extractive sectors in Venezuela.



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