

The IMF Abandons Venezuelans to the Threat of the COVID-19 Pandemic on a Political Decision

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No government that had to bow to the power of a financial institution like the International Monetary Fund (IMF) knows the harsh consequences to which it will have to submit. That includes the Venezuelan government. And yet last March 15 president Nicolas Maduro filed a formal [request](#) to the IMF for a financing facility of US\$5 billion from the emergency fund of the Rapid Financing Instrument (RFI) with the following words in a letter sent to the IMF director Kristalina Georgieva and that Arreaza [published](#) on his Twitter account:

“Only under the spirit of solidarity, brotherhood, and social discipline, we will be able to overcome the situation that comes our way, and we will know how to protect the life and wellbeing of our peoples.”

To no avail. The IMF took the decision to [reject](#) the requested loan to combat the COVID-19 pandemic in Venezuela. Although predictable, it is shocking. (We make the side note that while we trust the source of the information, we have not been able to confirm it officially from Venezuela nor have we been able to find the information on the IMF website.)

What makes the IMF decision particularly disgraceful is the fact that the special RFI fund was set up precisely to respond to the current pandemic. Instead the IMF made a politicised decision totally contrary to its purported intentions and Venezuela’s legitimate request.

The Washington-based institution rejected the request with the unprincipled excuse:

“Unfortunately, the Fund is not in a position to consider this request,” claiming that there is “no clarity” on international recognition of the country’s government. “As we have mentioned before, IMF engagement with member countries is predicated on official government recognition by the international community, as reflected in the IMF’s membership. There is no clarity on recognition at this time”.

The IMF has a membership of 189 countries. Venezuela has been a member since 1946 despite its intentions to withdraw in 2007. Only about 50 countries are reported to recognise self-appointed unelected “interim president” Juan Guaidó. The majority of IMF countries have recognised elected president Maduro. This leaves no doubt that the IMF decision responds to political pressure from dominant powers like the US, Canada, and several EU countries.

Iran had recently made a similar [request](#) to the IMF for the same amount. At the time of writing we do not know the decision. A recent [analysis](#) suggests that it will be very unlikely

that the IMF will grant a loan to Iran as the IMF is seen as a “soft power tool” of the US. However, the analysis continues,

“This is great PR for the Iranian government, specifically the hardliners. It allows the government to tell the general population that they tried to reach out for help, but that the international community turned their back on them.”

What makes the request for IMF special funding particularly crucial at this time is that these two countries have been forced into an economic situation similar to war time or a siege – despite their wealth in resources – is the fact that they are under severe US unilateral coercive measures (sanctions) that prevent them from purchasing medication and medical supplies ever more necessary in a situation of pandemic. Following the just announced drop of oil price below \$25 a barrel, both countries can only expect the situation to get worse even if they were able to freely export oil without US intervention.

Venezuela, has been the object of escalating threats as well as financial and economic blockade by the US since 2017. Despite that, it has been able to confront the crisis with a series of internal policies and the solidarity of countries such as Cuba, China and Russia. Venezuela does not have a critical health situation due to COVID-19 virus with only 42 confirmed cases to date. All standard prevention programs and recommendation are in place but things can quickly change for the worst.

Venezuela’s heavy reliance on loans would be unnecessary if the government could have access to the financial resources it owns but have been blocked. US has imposed an oil blockade that has blocked the purchase of oil from Venezuela’s state oil company, PDVSA. It has also confiscated Venezuela’s US subsidiary CITGO, worth \$8 billion. This is a huge blow for Venezuela, which receives around 90% of government revenue from the oil industry. The US government has also frozen \$5.5 billion of Venezuelan funds in international accounts in at least 50 banks and financial institutions.

We must conclude that the IMF shamefully abandons Venezuelans to the threat of the COVID-19 pandemic on a political decision. However, we also must recognise that the US has typically either created national crises or taken advantage of natural crises for its unrelenting regime change goal. There is no other explanation for the [additional](#) “sanctions” imposed on Iran at this time.

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