

# Why Is Venezuela's Gold Still Frozen in the Bank of England?

Four years ago, the UK government recognised Juan Guaidó as Venezuela's president. He's now gone, but the Bank of England is still holding some of the country's key assets.

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*In late December, Venezuela's leading opposition parties [voted](#) to oust Juan Guaidó as "interim president" and dissolve his parallel government.*

This was clearly not the ending the UK government had in mind.

Four years ago, the British government made the bold decision to recognise Guaidó as Venezuelan president, and proceeded to facilitate his legal battle to seize roughly \$2bn of gold held in the Bank of England.

Indeed, the UK government insisted at every turn that it recognised Guaidó - and not Nicolás Maduro - as Venezuelan president. In turn, Guaidó's lawyers argued that he was authorised to represent and control the assets of the Central Bank of Venezuela held in London.

Throughout this time, Guaidó paid his UK legal costs by drawing on millions of dollars of his country's assets originally seized by the US government. In other words, Guaidó [tried](#) to seize Venezuelan state assets with looted Venezuelan state assets.

Meanwhile, it seems certain that the Foreign Office also used a significant amount of public funds to sustain its backing of Guaidó.

Now that Guaidó has been ousted, the legal argument for transferring the gold to the Venezuelan opposition has effectively disintegrated. Despite this, the gold remains frozen in the Bank of England, with no clear resolution in sight.

Whatever happens next, this case sets a precedent which could have far-reaching

consequences: the UK's coup weapons now include asset stripping a foreign state, and transferring those assets to political actors engaged in regime change.

This will surely serve as a warning to any state which plans to store its gold in the Bank of England.

## Recognising Guaidó

The recognition of Guaidó was a key prerequisite for the Bank of England's refusal to release Venezuela's gold.

Guaidó had never run for presidential office. Yet on 23 January 2019, he [swore](#) himself in as Venezuelan "interim president", using Article 233 of the Venezuelan constitution to declare that Maduro had abandoned his post and thereby left an "absolute vacuum of power".

This vacuum, claimed Guaidó, would have to be filled by the president of Venezuela's National Assembly – a post occupied by Guaidó.

Without the support of the US government, Guaidó's legal gymnastics would probably not have gotten him very far. However, the Donald Trump administration moved [quickly](#) to recognise Guaidó, and began pressuring the so-called "international community" to follow suit.

The day after Guaidó's self-swearing in, then UK foreign secretary Jeremy Hunt visited Washington and [met](#) key members of the Trump administration including Secretary of State Mike Pompeo, Vice President Mike Pence, and National Security Adviser John Bolton.

The political crisis in Venezuela was high on the agenda. Before meeting with Pompeo, Hunt [told](#) the press that "the United Kingdom believes Juan Guaido is the right person to take Venezuela forward. We are supporting the US, Canada, Brazil and Argentina to make that happen". This was a strong statement – but not yet recognition.

Documents obtained by *Declassified* show that Hunt was privately thanked by Pompeo and Bolton for this. However, Britain's contribution to toppling Maduro would go further.

## 'Delighted' to freeze Venezuela's gold

The Foreign Office is refusing to say whether its officials or ministers have had discussions with counterparts in the United States on the Venezuelan gold stored in the Bank of England since 2019.

In response to a Freedom of Information request, it also claimed that "the release of information relating to this case could harm our relations with the United States of America and Venezuela".

Yet according to Bolton, Hunt was "delighted" to help with Washington's destabilisation campaign in Venezuela, "for example freezing Venezuelan gold deposits in the Bank of England".

The Bank's directors, however, were uneasy about the legal implications of freezing a foreign state's assets. The Bank of England had already [refused](#) to release Venezuela's gold

in 2018, citing doubts over the legitimacy of Maduro's government, though they were on shaky legal ground.

The Foreign Office worked to ease their nerves. On 25 January 2019, Alan Duncan, the minister of state for Europe and the Americas, [wrote](#) in his diary that he held a phone call with Mark Carney, Governor of the Bank of England, about Venezuela's gold. He wrote:

"Hunt was 'delighted' to help with Washington's destabilisation campaign in Venezuela"

"I tell Carney that I fully appreciate that, although it's a decision for the Bank, he needs a measure of political air cover from us. I tell him I will write him the most robust letter I can get through the FCO lawyers, and it will outline the growing doubts over Maduro's legitimacy and explain that many countries no longer consider him to be the country's President".

In other words, the Bank of England required a robust legal rationale for keeping Venezuela's gold frozen, and the Foreign Office was happy to provide it with one.

One week later, on 4 February, Hunt went one step further by [issuing](#) an official statement recognising Guaidó "as the constitutional interim President of Venezuela, until credible presidential elections can be held".

With this, the UK government had committed to the Washington-backed coup effort. Hunt apparently [declared](#): "Venezuela is in their back yard, and it's probably the only foreign adventure they might just pursue".

When the Foreign Office was asked in parliament this month whether it received legal advice in recognising Guaidó as president, it [replied](#) "We do not comment on when legal advice has been received".

## The legal battle

The UK's recognition of Guaidó triggered a protracted legal battle over the gold.

In May 2020, the Maduro government sued the Bank of England over its refusal to release the gold. The issue then moved to the courts, centring on whether the UK government [recognised](#) Guaidó, and if the Bank of England could therefore act on instructions from his "ad-hoc board" of the Central Bank of Venezuela.

Throughout this time, the UK government consistently [supported](#) Guaidó's case by emphasising its recognition of him.

In 2020, for instance, the Foreign Office [provided](#) a written certificate to the courts to confirm that the UK still "recognises Juan Guaido as the constitutional interim President of Venezuela".

In 2021, the Foreign Office even [acquired](#) the services of Sir James Eadie QC and Jason Pobjoy (of Blackstone Chambers) and Sir Michael Wood and Belinda McRae (of Twenty Essex) – some of the country's top lawyers – to present its case on recognition of Guaidó at the Supreme Court.

It thus looks certain that the UK government has spent a significant amount of public funds

on this case. This casts obvious doubts on the UK government's [claim](#) that this is merely a matter for the Bank of England or the courts: the UK has invested both political and seemingly financial capital into this case, with the explicit intention of overthrowing the Maduro government.

*Declassified* asked the Government Legal Department how much was spent in legal costs on this case. A spokesperson for the Department said: "We will not comment further due to ongoing legal proceedings".

With each hearing, Guaidó and his representatives also incurred substantial costs. Recently published accounts [suggest](#) that Guaidó's team spent over \$8.5m on legal fees - roughly £7m.

Remarkably, Guaidó's UK legal fees were [paid](#) with money which was originally appropriated from the Venezuelan state in the US.

## Guaidó gone

Guaidó and his representatives never managed to get their hands on the gold.

In the most recent hearing, in October 2022, judge Justice Cockerill [granted](#) the Maduro board permission to appeal, declaring that the issues at stake were "effectively unprecedented", and that "the consequences of the decision have the potential to affect all the citizens of Venezuela".

Indeed, the freezing of Venezuela's gold has served as a form of collective punishment.

In 2021, United Nations special rapporteur on sanctions, Alena Douhan, [urged](#) the UK "and corresponding banks to unfreeze assets of the Venezuela Central Bank to purchase medicine, vaccines, food, medical and other equipment, spare parts and other essential goods to guarantee humanitarian needs of the people of Venezuela".

With the issue still in the courts, Venezuela's main opposition parties [voted](#) in December 2022 to remove Guaidó as "interim president" and dissolve his parallel government.

The UK government [announced](#) that it would "respect the result of this vote", adding that: "The UK continues not to accept the legitimacy of the administration put in place by Nicolás Maduro".

The legal basis for freezing Venezuela's gold and transferring it to the Venezuelan opposition has therefore largely crumbled. Further hearings are expected later this year.

Whether the gold will remain frozen until Venezuela holds elections which are to the satisfaction of the UK government, or the courts will find that the case for freezing the gold has now collapsed, remains unclear.

The issue would be immediately resolved if the UK normalised relations with the Maduro government - though this would entail an embarrassing climb-down and would have to be worked out alongside Washington.

What's clear is that the sanctions regime against Venezuela has failed to remove Maduro, but has harmed ordinary Venezuelans.

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*Featured image: The Bank of England has refused to return 31 tonnes of Venezuelan gold. (BoE)*

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