

RUSSIA IN VENEZUELA: GEOPOLITICAL BOON OR ECONOMIC MISADVENTURE?

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EXECUTIVE SUMMARY

The Kremlin has been one of the most dedicated creditors of and investors in the Bolivarian Republic of Venezuela, beginning with the relationship forged under Hugo Chavez twenty years ago. However, once highly profitable, the Russia-Venezuela relationship is proving more difficult as Venezuela suffers from a deep economic, political and social crisis that has plunged more than 90 per cent of its population into poverty.

KEY INSIGHTS

- The Kremlin's aims in Venezuela are to secure financial returns, primarily from hydrocarbon riches, rather than geopolitical gains.
- This strategy has been guided by Igor Sechin, head of Russia's state-owned oil firm Rosneft.
- However, Venezuela's crisis has blighted Sechin's effort.
- Now the Kremlin may be reconsidering its strategy in Venezuela.
- New loans, investments, and once-frequent weapons sales have dried up.
- Rosneft's interests have suffered as oil production has fallen to its lowest level in decades.
- It is clear that the Kremlin is now struggling to protect its investments in Venezuela.
- With Venezuela's future hanging in the balance, Moscow will have to prioritize these financial investments over any possible geopolitical returns.

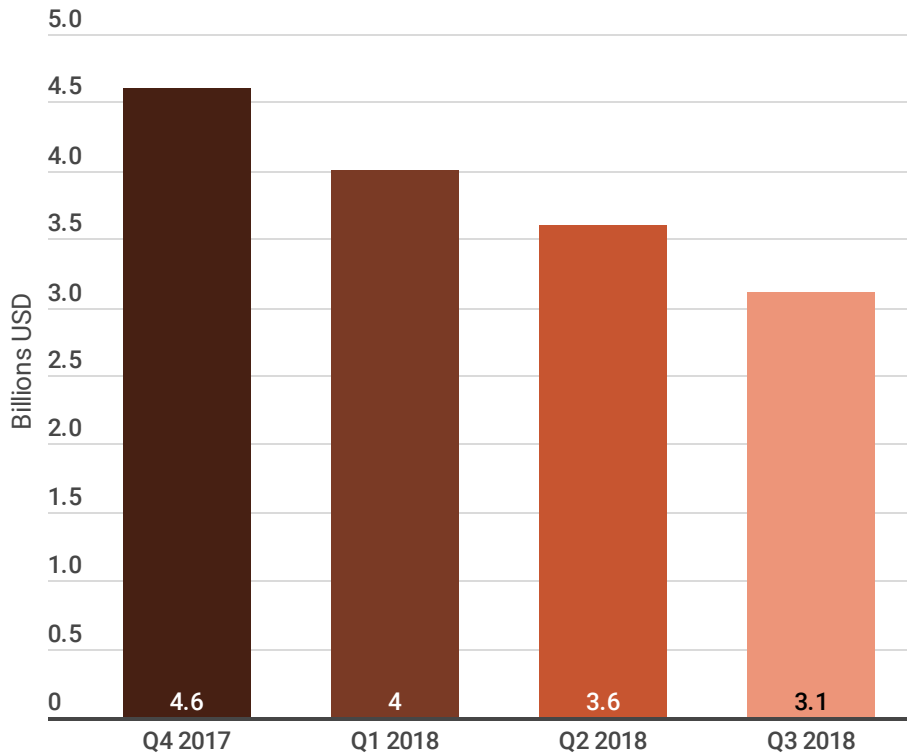


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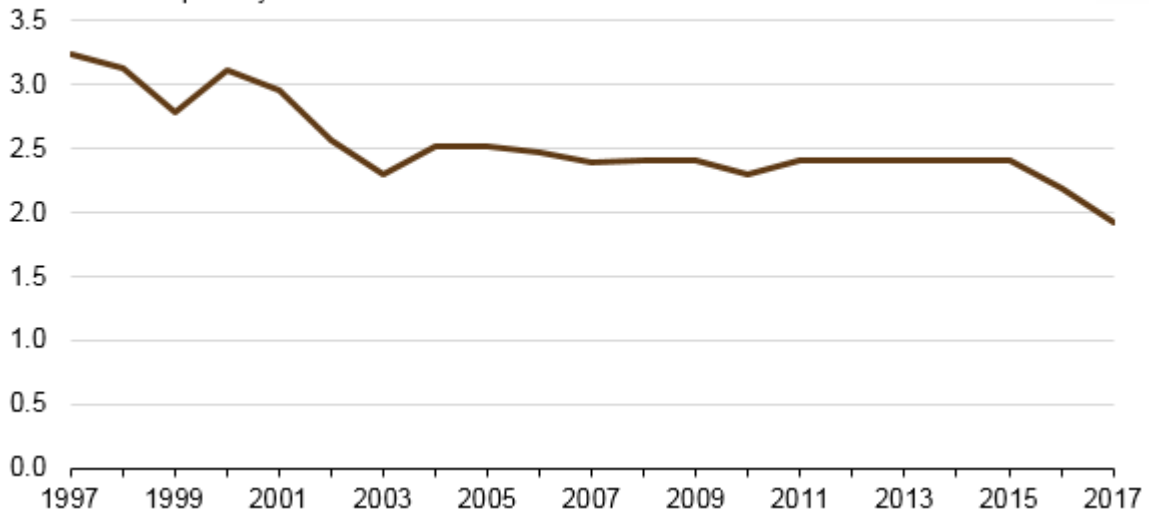
PVDSA OUTSTANDING DEBT TO ROSNEFT



VENEZUELA AVERAGE ANNUAL CRUDE OIL PRODUCTION

Venezuela average annual crude oil production

million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook