

Russia may be handing Venezuela a \$6 billion lifeline

BY JIM WYSS

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As Washington tries to build an economic wall around Venezuela, President Nicolás Maduro keeps digging tunnels.

On Thursday, Maduro said that Russia had agreed to invest more than \$5 billion in boosting Venezuelan oil production and an additional \$1 billion in mining — principally for gold.

After meeting with President Vladimir Putin this week, Maduro said the Russian government and private sector would also invest in Venezuela's diamond sector, bring in new satellite technology and provide some 600 tons of wheat in 2019. In addition, Russia will continue to supply and maintain Venezuela's military arsenal.

Venezuela has the world's largest oil reserves and is thought to have one of the world's largest gold reserves, but it has been mired in an economic crisis that has led to food and medicine shortages, and the migration of more than three million people in recent years.

But the announcement was greeted with skepticism by some. Venezuela already owes Russia an estimated \$6 billion in overdue loans, and there are doubts that it would be willing to double down on its bad bet.

David Morán, a Venezuelan analyst and former vice minister of finance, said that government often makes grandiose statements that don't amount to much. And Maduro never stated what Venezuela might be offering in return for the investments.

"What Maduro says is irrelevant, what's relevant is what he didn't say," Morán explained.

"Maduro is trapped," by Venezuela's mounting debt to its foreign allies, he added. "[Maduro] either makes changes in the economy or those people will abandon him. No one is going to finance communism in this day and age. Not Russia, not China and not Turkey."

The announcement comes as Washington has been using a combination of targeted and systemic sanctions to hamstring Venezuela's economy. Last month, the White House prohibited U.S. residents and citizens from dealing in Venezuela's ["corrupt" gold industry](#) — a move that was seen as a way to disrupt trade between Venezuela and Turkey.

Speaking to reporters in Moscow, Maduro called the sanctions "illegal from the point of view of international law and criminal from the point of view of humanity."

He also suggested that Washington's stance was forcing Venezuela and other nations to forge a new path and build a "new world."

As part of that new world, Maduro said Venezuela would continue to lessen its dependence on the dollar. In particular, Maduro said that, starting next year, Venezuela would gradually only accept the [digital currency, Petro](#), as a means of payment. The Petro is government backed and its value, in theory, is tied to Venezuela's oil and mineral reserves, but it has struggled to become relevant.

On Thursday, as Turkish President Recep Tayyip Erdogan visited Venezuela, the two nations agreed to unspecified agreements in gold mining and energy production.

The Russian commitments, if they come through, are a big boost for Maduro who is due to begin a new six-year term on Jan. 10.

More than three dozen nations, including the United States, have said they will not recognize Maduro as a legitimate president in his new term. They say the May election was flawed and mired by fraud. But analysts say the international condemnation is unlikely to move the needle, particularly if Venezuela continues to have the financial support of allies like Russia, China and Turkey.

"This visit has put us in an advantageous situation for the battle for stability, development and prosperity in the years to come," Maduro said.