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Maduro's 'Perfect Union' With China Hides Deep Economic Rupture

By Bloomberg News

(Bloomberg) -- Ousted Venezuelan leader Nicolas Maduro may have done more to hollow out China's presence in his economy than Donald Trump ever could.

As the US president moves to root out rivals and adversaries like China days after toppling Maduro, lost in the aftermath is that his 12-year rule already led to an unwinding of financial ties with Beijing. The threadbare partnership that's endured belies what Maduro described as his country's "perfect union" with China — in comments made to President Xi Jinping's envoy just hours before the shock capture last weekend.



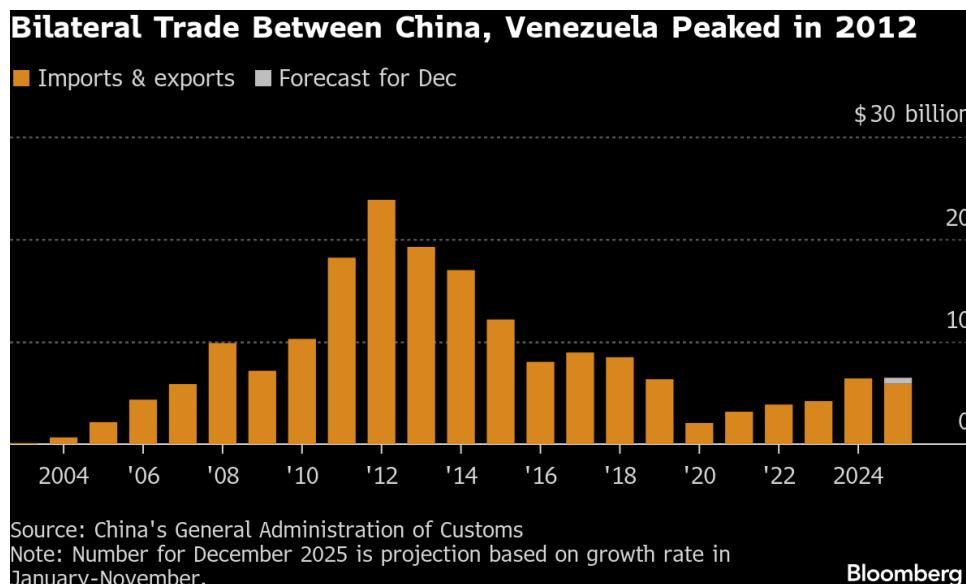
Nicolas Maduro arrives at the Wall Street heliport ahead of his appearance in federal court in New York on Monday.

Although China is still Venezuela's largest buyer of crude, with billions of dollars owed to Beijing, bilateral trade peaked the year before Maduro took power. Beijing's loans also reached a historical high in 2012 and then tapered off, according to Tang Xiaoyang, a professor in international relations at Tsinghua University.

Since then, economic ties with Venezuela have chilled as it descended into chaos while commodity prices turned lower, even as China positioned itself as a champion of the Global South and a counterweight to the US-led world order.

A diminished relationship now means Beijing is unlikely to go tit for tat with Trump as the US seeks to extend its economic influence in Venezuela. Despite China's expressions of dismay at Maduro's downfall and the importance of keeping oil flowing from Venezuela, it will probably look to avoid the approach taken during an escalatory trade war with the US.

In 2025, China's imports from Venezuela were on pace to shrivel to just 8% of purchases it made 13 years ago, official data show. Its outstanding foreign direct investment in Venezuela was \$318 million in 2024, less than a 10th the amount in 2018, according to an annual report by the Chinese government released in September.



"It's been almost a decade that China has begun to hedge their outstanding risk," said Stephen Kaplan, associate professor at George Washington University's Elliot School of International Affairs.

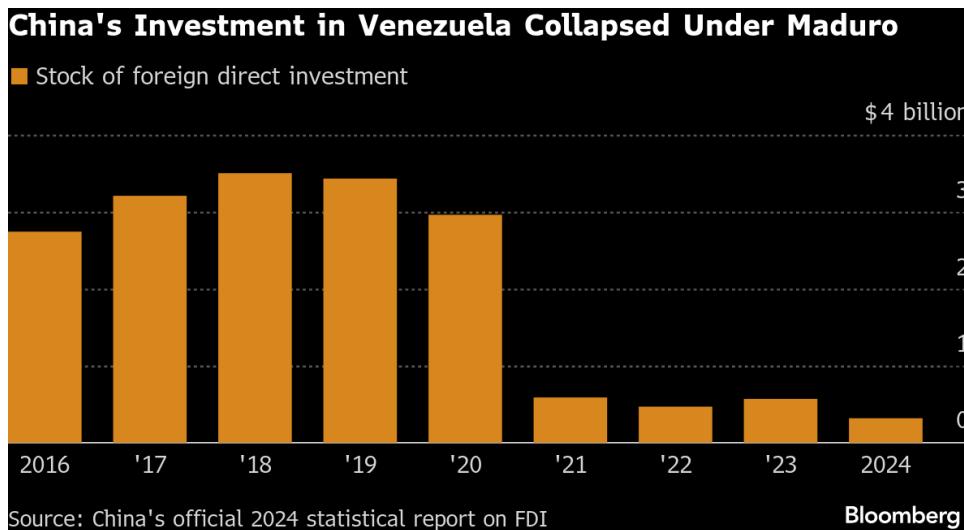
China faces "a situation where the outstanding financial commitment in Venezuela does not involve the same kind of stakes" as did the trade war with the US, he said in answer to a question about how aggressive Beijing's actions might be.

Caracas is still on the hook to repay about \$20 billion to China, including arrears accumulated in recent years, according to Kaplan, author of the book *Globalizing Patient Capital: The Political Economy of Chinese Finance in the Americas*. Venezuela requested a debt moratorium in 2016 and was allowed to pay down the interest and not the principal, he said.

China became a key lender to Venezuela in 2007, when it first provided funds for infrastructure and oil projects under late President Hugo Chavez. Estimates suggest that Beijing lent upwards of \$60 billion in oil-backed loans through state-run banks until 2015.

Venezuela has suffered through decades of mismanagement that eroded the country's oil infrastructure, sparked prolonged bouts of hyperinflation and saw millions of economic and political migrants flee for neighboring countries and the US. Oil purchases from Venezuela accounted for just 4% of China's crude imports in 2025, as output fell sharply during Maduro's regime.

When asked on Wednesday about an ABC report that the White House is demanding Caracas reduce its relationships with countries including China, Foreign Ministry spokeswoman Mao Ning said "China and other countries have legitimate rights in Venezuela, which must be protected."



While China gradually retreated from Venezuela, it continues to offer new lending to Latin American economies like Brazil and Argentina that export critical minerals or battery metals, according to a Lowy Institute analysis.

"Venezuela ranks near the bottom in terms of China's current economic connection with Latin American countries," said Tsinghua's Tang, who's headed several research projects commissioned by China's Ministry of Foreign Affairs.

Getting an accurate read on Beijing's remaining financial involvement in Venezuela is a challenge.

China's official sector creditors have made loan commitments worth \$106 billion to Venezuela, and its total outstanding public and publicly guaranteed debt to them stood at about \$44.5 billion in 2017, according to numbers compiled by AidData, a university research lab at William & Mary in Virginia.

But more recent figures have been difficult to track given Caracas stopped publishing detailed information about such liabilities after its sovereign default in 2017, said Brad Parks, executive director of AidData.

"The bottom line is that no one knows — with a high level of certainty — how much Venezuela currently owes to its Chinese creditors," he said. "There may very be a significant amount of additional, unreported public debt exposure to China."

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Venezuela has been servicing debts to China using cash raised from oil exports to the Asian nation, with buyers paying for contracted shipments by depositing money into the accounts of state-owned lenders like China Development Bank, according to US and Chinese scholars.

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However, a US naval blockade and Venezuela's falling oil output contributed to a disruption in repayments, according to Tang. Chinese companies have a small footprint in Venezuela, he said, with oil firms taking a limited role due to the nationalization of assets as well as operational difficulties.

Apart from oil, Chinese firms in sectors such as utilities, construction and telecommunications also operated in Venezuela, although many of them have more recently pulled out of the country.

More than half of the 48 Chinese companies registered in Venezuela had no active operations. Many of them provided services or one-off sales to the Venezuelan government, according to a study by Benedicte Bull and Antulio Rosales, professors based in Oslo and Toronto.

Whether China can recover the money it lent depends on the US plan for Venezuela, said Tang. It's still "very unclear what the US will do next."

(Updates with comments from China's foreign ministry.)

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