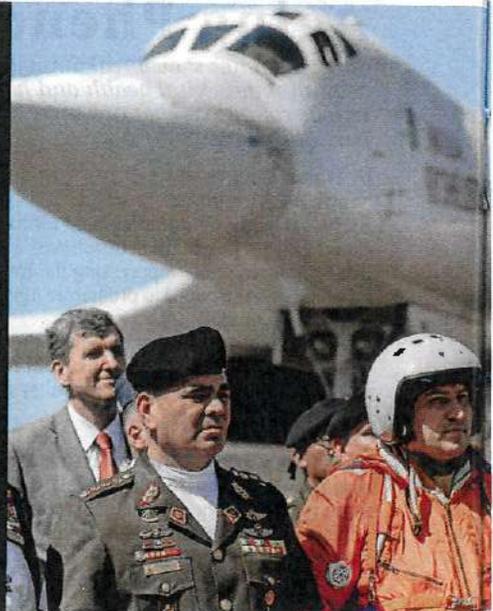




CARIBBEAN AXIS

Venezuelan president Nicolás Maduro is greeted in Moscow in December by Russian president Vladimir Putin soon after a Russian Tupolev long-range supersonic bomber arrived at an airport north of Caracas for a joint training exercise.



Venezuela: A New Russian Outpost in the Americas?

Moscow exploits the oil-rich nation's economic collapse with a **military presence** in the Caribbean.

BY FRED FLEITZ

RUSSIAN PRESIDENT Vladimir Putin began this year with a move that further complicates the chaos in Venezuela and could pose a significant regional security threat when he decided to permanently station nuclear-capable supersonic bombers at a Venezuelan air base.

Most experts believe this new Russian military presence in Venezuela — probably two bombers and possibly a naval presence — does not pose a significant security threat to the United States, nor will it lead to a situation like the Cuban Missile Crisis.

Of greater concern are Russian efforts to exploit the collapse of Venezuela's economy and political system to seize control of its oil industry and turn the country into a Russian client state.

China could be engaged in a similar effort.

Two Russian Tu-160 "Blackjack" strategic bombers landed at Caracas' Simón Bolívar international airport on December 10 as part of a joint training exercise.

Russian officials announced in late December that Putin has decided to deploy the bombers on a permanent basis on the Venezuelan island of La Orchila, about 90 miles north of Caracas (See map).

It is unclear whether Putin will try to establish air and naval bases on the island like it has done in Syria, which would be hugely expensive for Russia, which is cash-strapped due to the global drop in oil prices.

Venezuelan law also bars foreign military bases on the country's territory, although temporary deployments reportedly are possible.

Russia probably is putting its new military presence on a Venezuelan island to protect it from the runaway crime and violence plaguing the mainland.

The announcement of the deployment of Russian bombers in Venezuela reflects closer relations between the two countries over the last few years due to the collapse of the Venezuelan economy.

Venezuela today is a humanitarian disaster due to gross mismanagement and corruption by the socialist governments of President Nicolás Maduro and the late Hugo Chávez. The economy is in free fall with 1 million percent inflation in 2018.

A breakdown in law and order, and shortages in medicine, food, and power have led millions to flee the country.

Venezuela, with the largest known oil reserves on earth, should have huge oil revenues. Instead, oil production is the lowest in 50 years and



oil revenues are being used to pay off loans to Russia and China.

China has lent the Venezuelan government more than \$50 billion since 2007, much of which must be paid back in oil exports. After a \$19 billion oil-for-cash grace period expired in April 2018, China agreed to loan Venezuela an additional \$5 billion in September 2018.

Such a large loan to a nation so deeply in debt is consistent with China's "debt trap" loans to other developing nations, which Beijing has used to extract huge concessions such as control of foreign ports, minerals, and energy sources.

China's latest loan led some Venezuelans to accuse Maduro of selling out the country — and its oil sector — to China.

China has not yet leveraged its huge loans to Venezuela to seize control of the country's assets. However, Russia, which has loaned Venezuela far less — approximately \$17 billion since 2006 — has used this debt to gain control of significant parts of Venezuela's oil industry, other assets, and to forge a defense alliance that is turning the country into a Russian client state.

Russia has exploited its loans to Venezuela to acquire a significant share in at least five oil fields and 30 years' output from two natural gas fields.

Venezuela also has given Russia 49.9 percent control of Citgo, its wholly owned oil company, which operates gas stations, three Gulf Coast refineries, and oil pipelines in the United States.

In addition, Russian advisers are working to steer Venezuela out of bankruptcy. These efforts include the creation of a new digital currency, the

petro, to help the country evade U.S. trade sanctions.

Russia also invested over \$1 billion for mining in Venezuela, mostly gold, which Venezuela plans to use as hard currency to avoid trading oil in U.S. dollars. The Trump administration recently responded to this effort with sanctions targeting Venezuelan gold exports.

The new Russian military presence in Venezuela reflects Moscow's bid to leverage the country's catastrophic economy to expand the two nations' alliance against a common foe: the United States.

Although Russia's air and naval presence on La Orchila is likely to be small, a long-term Russian military presence there would help establish Russia's global reach and send a message to the United States and the world about Russian military capabilities.

While Russia's likely small military presence on La Orchila probably will not pose a significant security threat to the United States, Russian support of the Maduro regime will sustain its ability to destabilize the region.

The Trump administration therefore will insist this arrangement be halted before American sanctions are lifted.

Of more concern are the implica-

tions for the Venezuelan people and global energy markets of Russia and China exploiting Venezuela's collapsed economy to seize control of the country's huge oil and gas reserves. Over the short-to-medium term, Russian and Chinese exploitation of Venezuela's economic crisis and support for the Maduro regime means the humanitarian crisis, repression, and extreme corruption in the country will continue. □

Fred Fleitz served in national security positions for 25 years with the CIA, DIA, State Department, and the House Intelligence Committee. In 2018 he was chief of staff and executive secretary of the National Security Council. He is now president and CEO of the Center for Security Policy.



MILITARY BASE Russian fighter bombers are being deployed on a permanent basis on the Venezuelan island of La Orchila, 90 miles north of Caracas.

A Country in Chaos

Recent Presidents: Hugo Chávez (1999 - 2013) and his hand-picked successor Nicolás Maduro (2013 - present)
Population: 31.6 million (2018 est.)

More than 3 million Venezuelans are estimated to have fled the country in recent years because of its collapsing economy and political repression.

Under Chávez and Maduro's rule, democratic institutions continue to deteriorate, freedoms of expression and the press have been curtailed, and political polarization has grown. The state has expanded its role in the economy through expropriations of major enterprises, strict currency exchange, and price controls that discourage private sector investment and production, and overdependence and mismanagement of its oil industry. Human rights abuses, rampant violent crime, high inflation, and widespread shortages of basic consumer goods, medicine, and medical supplies afflict the country. □



CHÁVEZ

MADURO