



Rafael Ramírez

› The Hidden Costs of the US–Venezuela Oil Agreement

- › The US–Venezuela oil agreement was negotiated in secret and awarded vast oil reserves to a little-known shell company. Despite its enormous significance for Venezuela, few details of the agreement have been made public.
- › The agreement is expected to generate an average of just 8.4 billion dollars in annual tax revenue for Venezuela, compared with approximately 45 billion dollars a year during the Chávez administration.
- › Through the agreement, Venezuela’s current leadership hopes to secure Washington’s continued support and prolong its hold on power, delaying the country’s long-awaited democratic transition.

President Donald Trump called it “the biggest oil deal in world history”.¹ On 29 August, the White House announced a major oil agreement with Venezuela,² under which the US will control 65 billion barrels of Venezuela’s oil reserves for 100 years, with preferential US purchasing rights and a US government stake in the operating company. With this announcement, the US extends its grip on Venezuela and its resources, following the military intervention on 3 January and the installation of a tutelage government in the country.

Background

Ever since US military forces bombed Caracas and removed Nicolás Maduro, a US-controlled government has been in place in Venezuela, headed by Maduro’s then-vice-president and right-hand woman, Delcy Rodríguez.

At a press conference held at Mar-a-Lago on the day of the military intervention, Trump stated: “We’re going to stay [in Venezuela] until such time as the proper transition can take place”. When journalists asked him how they would go about it, he indicated that the Secretary of State Marco Rubio had had a long conversation with Delcy Rodríguez and she had said: “We’ll do whatever you

¹ Donald J. Trump, “Breaking news: The United States of America has just entered into an Agreement with the Country of Venezuela”, *Truth Social* post, 29 August 2026, <https://truthsocial.com/@realDonaldTrump/posts/117175567133618952>.

² White House, *Fact Sheet: President Donald J. Trump Announces Historic Oil Agreement to Secure American Energy Dominance and Drive Venezuela’s Economic Recovery*, 31 August 2026, <https://www.whitehouse.gov/fact-sheets/2026/08/fact-sheet-president-donald-j-trump-announces-historic-oil-agreement-to-secure-american-energy-dominance-and-drive-venezuelas-economic-recovery>.

>> The Venezuelan military did nothing to defend the country

need". "I think she was quite gracious", Trump commented.³ Subsequent reporting indicated that the CIA had relied on sources inside Venezuela to track Maduro's movements before the operation. Venezuelan authorities reported around 100 deaths, including 47 Venezuelan soldiers; Cuba reported the deaths of 32 military and intelligence personnel.⁴

The truth is that the Venezuelan military did nothing to defend the country, despite the modern Russian weaponry acquired by President Chávez's government from 2008 onwards, including more than 5,000 Russian Igla (MANPAD) missiles, which have proved lethal in other scenarios of asymmetric warfare.

The senior military command and the political leadership of the new government (which is the same as Maduro's) have stated that they "were not going to self-immolate" in the face of US military superiority⁵ – a stance diametrically opposed to their rhetoric prior to the intervention.

From that point on, Venezuela's fate has been decided in the US, which is more concerned with its own economic interests than with the country's political transition, as the Venezuelan opposition had hoped.

In a previous article, we pointed out that Venezuela's political transition would depend on the way Maduro's departure took place.⁶ With the US military intervention, the "Venezuela model" has taken hold,⁷ and the political transition has been postponed. Trump, unchecked, is acting as he pleases, stating that he will "govern the country" as well as insistently repeating – even at the UN General Assembly – that the US has seized Venezuelan oil because "the spoils belong to the victor".

The oil agreement

The agreement announced by the White House is secret. This is despite its importance for Venezuela and the fact that oil matters are defined by the Constitution as being in the public interest; therefore, it should have been debated and approved by the National Assembly and published for the nation's information.

³ Donald Trump, *Press Conference: Donald Trump Discusses the Capture of Nicolás Maduro in Venezuela*, Mar-a-Lago, 3 January 2026, <https://rollcall.com/factbase/trump/transcript/donald-trump-press-conference-venezuela-maduro-january-3-2026>.

⁴ Ali, Idrees et al., "Mock House, CIA Source and Special Forces: The US Operation to Capture Maduro", in *Reuters*, 3 January 2026, <https://www.reuters.com/business/aerospace-defense/mock-house-cia-source-special-forces-us-operation-capture-maduro-2026-01-03>; "Venezuela's Interior Minister Says 100 People Died in U.S. Attack", in *Reuters*, 8 January 2026, <https://www.reuters.com/world/americas/venezuelas-interior-minister-says-100-people-died-us-attack-2026-01-08>; "Forty-Seven Venezuelan Soldiers Killed in US Attack, Minister Says", in *Reuters*, 16 January 2026, <https://www.reuters.com/world/americas/forty-seven-venezuelan-soldiers-killed-us-attack-minister-says-2026-01-16>.

⁵ See comments by Education Minister Héctor Rodríguez and Defence Minister Padrino López days after the US military intervention: Monitoreamos, "Héctor Rodríguez admite que dieron un paso atrás por la superioridad de EE.UU.", *Instagram* post, 22 May 2026, <https://www.instagram.com/reel/DYpLBgSx3xW>; Impactove, "¿Se dividió la FANB tras el 3ENE?", *Instagram* post, 4 February 2026, https://www.instagram.com/reel/DUV2_4xDR-H.

⁶ Ramírez, Rafael, "Venezuela: What Transition Ahead?", in *IAI Commentaries*, No. 25 | 63 (December 2025), <https://www.iai.it/en/node/21225>.

⁷ Ramírez, Rafael, "'The Venezuela Model' and the New US Doctrine", in *IAI Briefs*, No. 26 | 30 (June 2026), <https://www.iai.it/en/node/22509>.



>> The Venezuelan government hand-picked 17 giant oil fields and awarded them to an unknown company with no track record in the oil industry

However, all matters relating to oil under this government – the new Hydrocarbons Law of 29 January⁸ and the allocation of oil blocks, including this agreement – have been decided in secret between the government itself and the US government (including American lobbyists). There was no public debate or competitive and transparent processes. The deals have been presented to the public only after the fact, without anyone knowing exactly what they entail.

The announcement of the agreement was made in Caracas on 2 September⁹ and was attended by the US Secretary of Energy, Chris Wright; within the framework of this event, other oil agreements were signed, but not the agreement with the US. Thus, what is known about it is based on statements made by US authorities, which were subsequently confirmed – albeit ambiguously – by Delcy Rodríguez.

Based on this information, the Venezuelan government hand-picked 17 giant oil fields – both in the Orinoco Oil Belt and on Lake Maracaibo – and awarded them to an unknown company with no track record in the oil industry: North American Blue Energy Partners (NABEP). These fields contain 65 billion barrels of oil reserves, 21 per cent of the country's total, and include both fields under development and greenfield fields. The agreement makes no provision for any involvement by the state-owned company Petróleos de Venezuela (PDVSA).

To get a better idea of the scale of the reserves covered by the agreement, let us consider that, according to the IOGP and the EIA, Italy has only between 400 and 600 million barrels of oil reserves, the European Union less than 10 billion barrels, while the United States has 46 billion barrels and Russia 58 billion barrels of oil.¹⁰ Venezuela's reserves exceed all of these by far.

Furthermore, NABEP undertook to secure financing of 100 billion dollars to develop the allocated fields, which appears to be an uphill struggle, particularly given the associated technical and political risks, and the fact that it is a company with no assets or oil production to underpin financial operations of this magnitude.

The company NABEP was established in Barbados in 2024 to take over operational fields from PDVSA that the Maduro government handed over (with Rodríguez serving as Minister of Petroleum) under the guise of "Productive Participation Contracts" (CPPs), in contravention of the Hydrocarbons Organic Law then in force, with the aim of privatising PDVSA. We are not talking about an oil "major" – a company such as Saudi Aramco, ExxonMobil, PetroChina or Chevron – nor what PDVSA was just 11 years ago, but rather a shell company.

Its owner, Alejandro Betancourt – who has no experience in the sector and facing significant reputational challenges – has been favoured by Nicolás

⁸ Venezuela, "Reform of the Organic Law on Hydrocarbons" (in Spanish), in *Gaceta Oficial de la República Bolivariana de Venezuela*, 29 January 2026, <https://web.archive.org/web/20260202224752/http://www.gacetaoficial.gob.ve/storage/2026/6978-2026-01-29-EXTRAORDINARIA.pdf>.

⁹ US Department of Energy, *Fact Sheet: Delivering on President Trump's Promise to Unleash Prosperity and Security for the United States and Venezuela*, 2 September 2026, <https://www.energy.gov/node/4860105>.

¹⁰ International Association of Oil & Gas Producers (IOGP) website: *European Oil and Natural Gas Reserves and Resources*, <https://iogpeurope.org/european-oil-and-gas-reserves>; US Energy Information Administration (EIA), *U.S. Crude Oil and Natural Gas Proved Reserves, Year-end 2024*, 7 April 2026, <https://www.eia.gov/naturalgas/crudeoilreserves>; and EIA, *Country Analysis Brief: Russia*, 24 July 2025, <https://www.eia.gov/international/analysis/country/RUS>.



»» *The concept behind the agreement is that all this Venezuelan oil is at the disposal of the US*

Maduro's government through the direct allocation of oil blocks since 2015 and is the prime example of the oligarchs who have emerged in the shadow of his government.

The allocated fields operated by NABEP – through outsourcing to other service companies – currently produce 170,000 barrels of oil per day. The agreement states that NABEP will produce 1.5 million barrels of oil per day – an increase of 882 per cent on its current output – over a 25-year period, renewable for up to 100 years.

For the purposes of the agreement, NABEP had to register as a US company, and the US government has control over it, including its management and decision-making. The Pentagon, through its Office of Strategic Capital, will hold a 35 per cent stake in the company, at no cost. The Department of War will have the right to 20 per cent of oil production – an off-take – at cost price (not at the international price). For the remaining 80 per cent of production, the State Department has a preferential right of purchase, should it require it for reasons of national security, to drive down the oil price or to replenish the US Strategic Petroleum Reserve (SPR).

The concept behind the agreement is that all this Venezuelan oil is at the disposal of the US, in accordance with its own interests and needs, including military ones. Trump's repeated references to Venezuela as the "51st state" of the US¹¹ leave little doubt about the extent of Washington's ambitions.

The tax regime applicable to the agreement is not known, although it is stated that it complies with the new Hydrocarbons Act, which provides for a considerable reduction in royalties and taxes. Delcy Rodríguez, in her only statement on the matter, indicated that the agreement is expected to generate 209,335 million dollars in tax revenue over 25 years,¹² an average of 8,360 million dollars per year. This figure puts the royalty rate at an average of 4.7 per cent, well below the 33 per cent royalty rate in force under the 2002 Hydrocarbons Act, and even below the 7.5-10 per cent rate established in 1922 under dictator Juan Vicente Gómez.

During President Chávez's administration – from 2002 to 2014, when I served as Minister of Petroleum – tax revenues totalled 550 billion dollars,¹³ an average of 45 billion dollars per year. In other words, in just twelve years, this amounted to more than double the tax revenue that the new agreement promises to generate over 25 years.

Furthermore, it is unclear how these funds will enter the country, as Executive Order 14,373 of 9 January 2026¹⁴ remains in force. Under this order, all revenue from sales, royalties and oil taxes goes into a US Treasury Fund administered by the Department of State. Between January and September 2026, the export

¹¹ Donald J. Trump, "51st State", *Truth Social* post, 1 August 2026, <https://truthsocial.com/@realDonaldTrump/posts/116564063096952080>.

¹² "State revenue to reach \$209.335 billion following bilateral agreement" (in Spanish), in *Venezolana de Televisión*, 29 August 2026, <https://vtv.com.ve/?p=166915>.

¹³ Petróleos de Venezuela (PDVSA), *Annual Management Report* (in Spanish), https://web.archive.org/web/20251211211523/http://www.pdvs.com/index.php?option=com_content&view=article&id=6538&Itemid=1186&lang=es.

¹⁴ White House, *Safeguarding Venezuelan Oil Revenue for the Benefit of the American People*, 9 January 2026, <https://www.whitehouse.gov/presidential-actions/2026/01/safeguarding-venezuelan-oil-revenue-for-the-good-of-the-american-and-venezuelan-people>.



>> State ownership of oil and other mineral resources has been enshrined in Constitutions since the very birth of Venezuela as an independent Republic

of 293 million barrels of Venezuelan oil generated revenue of 22.5 billion dollars, which is held in that Fund.

Sovereignty

A matter of vital importance for Venezuela as an oil-producing country is that, under this agreement and the Hydrocarbons Act passed on 29 January 2026, the country cedes its sovereignty over the management of oil to the US and to oil companies and multinationals, without even being able to dispose of the revenue.

This is no small matter for a country like Venezuela, where oil has been the main economic activity for over 100 years and where oil revenue constitutes the only significant source of resources. State ownership of oil and other mineral resources has been enshrined in Constitutions since the very birth of Venezuela as an independent Republic, with the Decree of Quito of 1829 issued by the Liberator Simón Bolívar. From the 20th century onwards, ownership and sovereignty over the management of oil became the greatest national aspiration.

The evolution of Venezuelan society and its political and economic achievements, from the early 1900s onwards, have always gone hand in hand with the achievement of sovereign control over oil: from the 1943 reform of the Hydrocarbons Act (the “fifty-fifty” arrangement), through to the creation of the Organisation of the Petroleum Exporting Countries (OPEC) and the oil nationalisation of 1976, right up to the Organic Law on Hydrocarbons of 2002, Full Oil Sovereignty and the nationalisation of the Orinoco Oil Belt in 2007.

Today, all these historic advances and achievements have been surrendered. The country is returning to the neo-colonial situation of the early 20th century.

Geopolitical implications

The primary impact of the agreement is closely linked to the advance of the new Monroe Doctrine, rebranded “DonRoe”: the US aims to secure control over all the natural and strategic resources of Latin America – which it does not hesitate to call “its backyard” in its new National Security Strategy.¹⁵

The US has reserves of 46 billion barrels of oil and a production rate of 14 million barrels of oil per day, which gives it self-sufficiency for just a few years. Adding the 65 billion barrels of oil from the agreement means it will have a total of over 100,000 million barrels at its disposal – a 140 per cent increase in the amount of oil available for consumption.

In the international oil market, the impact of the new agreement and the other oil allocations will be felt over the course of 5-10 years. If Venezuela manages to substantially increase its oil production – which is currently in collapse¹⁶ –

¹⁵ White House, *National Security Strategy of the United States of America*, November 2025, <https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf>.

¹⁶ Ramírez, Rafael, “The Venezuelan Oil Industry Collapse: Economic, Social and Political Implications”, in *IAI Commentaries*, No. 21 | 52 (November 2021), <https://www.iai.it/en/node/14308>.



>> Within the country, the Rodríguez government has become even more isolated

it will once again occupy a prominent position in the market, but it will almost certainly do so outside OPEC, further weakening the Organisation.

The transnational oil companies and the US, now in control of Venezuelan oil, will impose a production-volume policy to maximise their profits or further their own interests, and will be unwilling to reach any agreement within the Organisation that would force them to cut production.

Political implications and the transition

Within the country, the Rodríguez government has become even more isolated. No political sector – neither within Chavismo or in the opposition – has come out in support of this agreement; only government spokespeople have done so. The agreement has sparked widespread rejection across the country, due to the extreme subservience to the US which was also on display in the speech delivered by Rodríguez to the UN General Assembly.¹⁷

The government continues to erode what little popular support it has, even more so as the handover of oil not only has a tremendous impact on the Venezuelan political consciousness but has also done nothing to alleviate the terrible economic crisis the people is suffering.

However, as part of its survival strategy, the government has clung to US support through the agreement – the only firm support it has. The authorities of the transitional government are prepared to concede and hand over all of Venezuela's resources to stay in power and maintain Trump's support. Their immediate goal is to delay the holding of presidential elections and the long-awaited political transition for as long as possible.

The US, through Trump and Marco Rubio, has stated that "Venezuela is not ready for elections", when, according to the country's current Constitution, they should have taken place last June. The US insists on a "gradual" transition: the same government – whose repressive structure remains intact, according to the latest report by the UN Human Rights Council's Fact-Finding Commission¹⁸ – will remain in power, while setting up joint commissions with the opposition to reform certain institutions, such as the Supreme Court of Justice.

This US-supervised transition is progressing at a very slow pace. The level of tutelage is such that it even discourages opposition forces from pressing for compliance with the Constitution and the holding of elections. All political sectors are subject to conditions set by the White House.

This is the immediate political consequence of the oil agreement with the US: Delcy Rodríguez's government remains in power in exchange for surrendering the country's sovereignty, oil and wealth, while the US – or at least this administration, for the time being – is content with this situation.

¹⁷ UN General Assembly, *Speech by Delcy Eloína Rodríguez Gómez, Acting President*, 23 September 2026, <https://gadebate.un.org/en/81/venezuela-bolivarian-republic>.

¹⁸ UN Human Rights Council, *Venezuela: Amidst Limited Political Changes, Country's Repressive Apparatus Remains Intact, UN Fact-Finding Mission Says*, 16 September 2026, <https://www.ohchr.org/en/node/115371>.



Outlook

Finally, it should be added that the oil agreement with the US and its development strategy have many weaknesses and uncertainties.

The agreement has been signed by a transitional government lacking legitimacy, whose sole constitutional mandate is to organise elections in the absence of a president. As the deal is secret and violates fundamental constitutional principles, it is null and void from the outset and liable of review should political conditions in the US and/or Venezuela change.

Furthermore, the allocation of 17 giant oil fields to the favoured company has not been the result of any transparent selection process based on merit or capability, making it a scandalous transfer of wealth to a private entity. Even in the US, there are voices in Congress questioning it and expressing doubts about the Pentagon's involvement in the matter.¹⁹ It seems highly unlikely that a company lacking technical and financial capabilities, as well as any track record in the oil sector, will be able to meet the stated objectives.

The agreement amounts to nothing less than plunder, particularly for a country that needs all its resources – especially oil – to emerge from the deep political and economic crisis in which it is mired.

¹⁹ US Senate Foreign Relations Committee, *Shaheen, Reed, Warren, Heinrich Press Secretaries Rubio, Hegseth, Wright for Answers on Administration's Oil Deal*, 1 October 2026, <https://www.foreign.senate.gov/press/dem/release/shaheen-reed-warren-heinrich-press-secretaries-rubio-hegseth-wright-for-answers-on-administrations-oil-deal>.

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Via dei Montecatini, 17
I-00186 Rome, Italy
T +39 06 6976831
www.iai.it



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