

AquilaViewpoints

The U.S. intervention in Venezuela and its implications



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Executive Summary

The U.S. intervention in Venezuela marks a geopolitical turning point and the first concrete implementation of the updated U.S. doctrine in the Western Hemisphere. The overthrow of Maduro is less an isolated military action than a strategic demonstration of power vis-à-vis China, Russia, and Iran. Chinese investments in the oil sector were effectively devalued, and control over Venezuela's resources now lies with the United States.

Despite substantial reserves, high investment costs, institutional weaknesses, and fragile stability remain key risks. We are not deriving any immediate tactical adjustments, but we see our tactical positioning confirmed. Gold remains overweight as insurance against geopolitical escalation, inflation risks, and fiscal indiscipline, while we continue to underweight traditional bonds and consistently hedge them into CHF.

The event

What happened?

In the early hours of January 3, 2026, U.S. armed forces launched a large-scale military operation carrying out targeted strikes on the Venezuelan capital, Caracas. Numerous explosions shook the city, including attacks on military facilities such as the La Carlota air base and air defense systems. The declared primary objective was the arrest of President Nicolás Maduro.

Special forces, units that had previously been involved in the killing of Osama bin Laden, entered the presidential palace, arrested Maduro and his wife, Cilia Flores, and flew both to a U.S. warship in the Caribbean. From there, they were transferred to New York, where they are being held at the Metropolitan Detention Center.

According to official statements, the operation lasted less than three hours and encountered no significant resistance from the Venezuelan armed forces. It took place against the backdrop of months of political tensions between Washington and Caracas, which had recently intensified markedly. According to the U.S. government, the operation was also based on "specific security intelligence" that made immediate action necessary.

The Venezuelan government described the action as an "illegal invasion" and spoke of a serious violation of international law.

On January 4, the U.S. Department of Justice immediately filed charges against Maduro and five other individuals for their alleged roles in a drug trafficking network, as well as for cooperation with groups designated by the United States as foreign terrorist organizations. Maduro has previously, and again at the opening of the indictment, vehemently denied these allegations.

Statements from official sources

Following the military operation in Venezuela, representatives of the U.S. government and international actors made statements, some in stark terms. U.S. President Donald Trump repeatedly described the operation as an extraordinary success. At a press conference he said: "This was one of the most impressive, effective, and powerful military actions of the United States." Trump described the operation as "an attack the likes of which has not been seen since the Second World War" and announced: "We will remain in the country until a safe, orderly, and responsible transition is possible."

In addition, Trump announced economic ambitions in Venezuela: “Our very large U.S. oil companies, the biggest in the world, will invest there, spend billions, repair the broken infrastructure, and start making money for the country.”

Secretary of Defense Pete Hegseth stated that the operation was the result of months of planning. Speaking about Maduro, he said: “He had his chance, just like Iran had its chance. But then that chance was gone. He went too far and felt the consequences.”

General Dan Caine, Chairman of the Joint Chiefs of Staff, explained the operation under the codename “Operation Absolute Resolve”: “The operation was discreet, precise, and carried out in the darkest hours of January 2. It was the result of months of planning and preparation. An operation that only the U.S. military can carry out.”

The declared war on drug trafficking

A central motive cited by the U.S. government for its intervention is the accusation that Venezuela, alongside other South American states, has under Nicolás Maduro become an active component of the international drug trade.

Venezuelan opposition leader María Corina Machado painted a similarly bleak picture. At a press conference in Norway in 2025, she said: “Some speak of an invasion of Venezuela. My answer is: that has long since happened. Russian agents, Iranian agents, terrorist groups such as Hezbollah and Hamas operate freely under the directives of the regime. Colombian guerrillas and drug cartels control sixty percent of our population. This is not only about drugs, but also about human trafficking and prostitution. Venezuela has become the criminal hub of the Americas.”

These statements underscore a narrative according to which Venezuela is no longer perceived merely as an authoritarian regime, but as a transnational criminal network, with direct implications for U.S. security.

Trump explicitly positioned the operation in Venezuela as part of a broader security strategy, also invoking historical U.S. doctrines: “The Monroe Doctrine was important, but we have gone much further. Some are now calling it the ‘Donroe Doctrine’...”

These statements indicate that the Trump administration is not focused solely on Venezuela. At a press conference, Trump went on to say: “(Colombia’s President) Petro produces cocaine that ends up in the United States, so he’d better watch himself.” When a reporter asked whether an

operation against Colombia was imminent, Trump replied: “Sounds good to me.” Mexico was also sharply criticized: “Something has to happen with Mexico too. It’s not governed by a president, but by cartels.”

Secretary of State Marco Rubio likewise emphasized the strategic significance of the action: “This is the Western Hemisphere. We will not allow our adversaries to establish an operational base here ... That is over.” Referring to Cuba, he added: “If I were part of the Cuban leadership, I would be very worried right now.”

The arrest of Maduro is thus understood in Washington as a signal: the fight against organized crime will be conducted militarily, and Latin America is under scrutiny. A return to the previous restraint does not appear to be planned.

The “Donroe Doctrine”: A revival of American dominance in the Western Hemisphere?

In the United States National Security Strategy of November 2025, the U.S. government announced a fundamental realignment of its foreign and security policy in the Western Hemisphere. Building on the historic Monroe Doctrine, the document formulates a modernized guiding principle operating under the term “Trump Corollary to the Monroe Doctrine,” which, as mentioned, is referred to by both critics and supporters as the “Donroe Doctrine.”

The stated objective is to restore and secure U.S. predominance in the Western Hemisphere. The document states verbatim: “After years of neglect, America will once again assert and enforce the Monroe Doctrine in order to restore American primacy in the Western Hemisphere.”

Among other things, the strategy envisages denying non-hemispheric competitors, above all China, Russia, and Iran, access to critical resources, military presence, or infrastructure within the American sphere of influence. According to the strategy, the United States claims the right to prevent foreign influence by all necessary means: “We want other states to view us as their preferred partner, and we will (through various means) discourage their cooperation with others.”

In addition, Latin American governments are called upon to cooperate more closely with the United States, particularly in the fight against drug cartels, transnational crime, and migration. The hemisphere, the document continues, should be free of “hostile foreign influence or ownership of strategic assets”; instead, it should support critical supply chains and secure U.S. access to key regions.

The “Donroe Doctrine” thus represents a geopolitical clarification: the United States claims the Western Hemisphere as its own security domain and is prepared to safeguard this position through military and economic means. The operation in Venezuela can therefore be interpreted as the first concrete implementation of this new strategic line.

However, this is not only about domestic stabilization or the fight against organized crime. At its core, it also involves a geopolitical contest with China. With the operation in Venezuela, not only was an authoritarian regime removed from power, but a key energy linkage for Beijing in the Western Hemisphere was simultaneously severed.

China’s investments in Venezuela

Over the past two decades, China has invested heavily in Venezuela, primarily through oil-backed loans. Between 2007 and 2015, Beijing provided the country with more than USD 60 billion in financing, funds that Caracas was expected to repay through long-term oil supply contracts to China. This amount corresponded to roughly 16% of Venezuela’s GDP and made China the country’s largest creditor.

Without Chinese loans, Venezuela would likely have run into payment difficulties years ago. To this day, tens of billions of dollars remain outstanding; estimates put the remaining oil-linked debt at around USD 19 billion.

In addition to the loans, Chinese companies, mostly state-owned oil firms, secured stakes in Venezuelan oil fields and negotiated long-term production agreements. As recently as 2024, a private Chinese company, China Concord Resources Corp. (CCRC), signed a 20-year production contract aimed at expanding oil output in Venezuela.

Following the forced change of power in Caracas, however, all these deals now risk becoming void. The previously “ironclad” contractual rights of Chinese actors could effectively become worthless.

The direct oil supply relationship between Venezuela and China is also on the verge of collapse. As a result of U.S. sanctions imposed since 2019, China replaced Western markets as the main buyer of Venezuelan oil. Most recently, estimates suggest that up to 80% of Venezuela’s oil exports were shipped to China. This amounted to roughly 750’000 barrels of crude oil per day purchased by Chinese importers, which enabled the Maduro regime to maintain at least minimal foreign-currency revenues. By

comparison, this volume accounted for around 4% of China’s total crude oil imports.

For China, Venezuelan oil thus represented only a small share of its import portfolio in volume terms, but it was nevertheless strategically significant. First, it consisted of heavy crude from the Orinoco Belt, the processing of which many Chinese refineries are specifically configured for. Second, because of sanctions, Venezuelan crude was traded at steep discounts, with estimates suggesting 30% or more below market prices. Access to this heavily discounted heavy crude was crucial for Chinese refineries to sustain their already thin margins.

Independent Chinese refineries, so-called “teapots”, in particular were eager buyers despite the sanctions risks. According to Reuters, around two-thirds of China’s Venezuelan oil imports ended up at these smaller refineries, which were able to process the crude more profitably thanks to the discounts. The remaining third of deliveries went directly to Chinese creditors as repayment for Caracas’s substantial loans. If U.S. sanctions were lifted or the oil were redirected elsewhere, China would therefore suffer a double loss: refiners would be forced to switch to more expensive heavy crudes from other sources, and loan repayments through oil deliveries would be put in doubt.

In fact, the consequences of the U.S. intervention are already becoming tangible. Immediately after the strike on Caracas, several oil tankers changed course. According to the Wall Street Journal, the Chinese supertanker Thousand Sunny, which had been en route to Venezuela, turned back and set course for Nigeria. Other tankers went to anchor.

Beijing responded with correspondingly sharp rhetoric. It said it was “deeply shocked” and condemned the United States’ “reckless use of force,” the Chinese Foreign Ministry declared just hours after the nighttime explosions in Caracas. Washington’s actions constituted a “serious violation of international law” and of Venezuela’s sovereignty, according to Beijing.

A precedent for Taiwan?

Most current analyses contain no indication that China interprets the U.S. military action in Venezuela as a green light for its own violent “solution” to the Taiwan issue.

Beijing is using the incident to portray the United States as a hegemonic violator of international law. In China’s online discourse, however, the idea of a “precedent case”

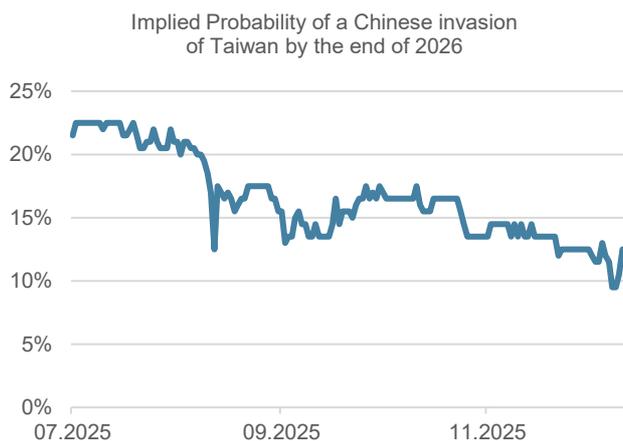
is being discussed vigorously, sometimes triumphantly, as a “model example” for an attack on Taiwan.

However, official voices in Beijing clearly separate the Taiwan issue from the events in Venezuela, and prominent Chinese experts emphasize that any attack on Taiwan would be determined by China’s own capabilities and interests, not by U.S. interventions elsewhere.

Western security experts support this view: despite some concerns about a new logic of escalation, the prevailing assessment is that Xi Jinping’s calculus remains unchanged and that he neither needs nor seeks an additional pretext to move against Taiwan one day, should circumstances from China’s perspective require it.

Nevertheless, the U.S. operation has crossed a symbolic threshold that is being felt globally. It provides China with “cheap ammunition” in the diplomatic confrontation and could, over the longer term, serve as an argumentative aid to justify its own robust actions. For Taiwan, the episode means heightened vigilance: the island republic is likely to further strengthen its defenses and seek even closer alignment with the United States.

But how high is the actual risk of a Chinese invasion of Taiwan? Follow the money: a look at markets that allow betting on political events, such as polymarket.com, suggests that the perceived risk of a short-term escalation remains relatively low. The implied probability of an invasion by the end of March 2026 stands at just 4%, rises moderately to 7% by the end of June 2026, and reaches around 13% by the end of 2026.



Source: polymarket

The attack on Venezuela has therefore not triggered an immediate risk of war in East Asia so far, but the erosion of long-standing taboos in international politics is unmistakable, and it is prompting tense strategic calculations about the future on all sides.

Motivation

Is it the oil?

Let’s revert to the “black gold”: are the United States after Venezuela’s reserves? At first glance, this assumption seems surprising. Since the so-called shale oil revolution, the U.S. now produces more crude oil than ever before, clearly exceeding the output of many traditional producing countries. Venezuela, by contrast, has, under decades of socialist rule and the associated U.S. sanctions of recent years, declined into one of the smaller producers. Why, then, should Washington be interested in Venezuelan oil of all things?

According to Sky analyst Ed Conway, the answer lies not in the quantity, but in the type of oil. Crude oil is by no means all the same. Depending on geological conditions, it is classified as light, medium, or heavy crude. Light oil is fluid and relatively easy to process, while heavy oil is viscous, tar-like, and technically more demanding. It often must be diluted first before it can even be transported through pipelines.

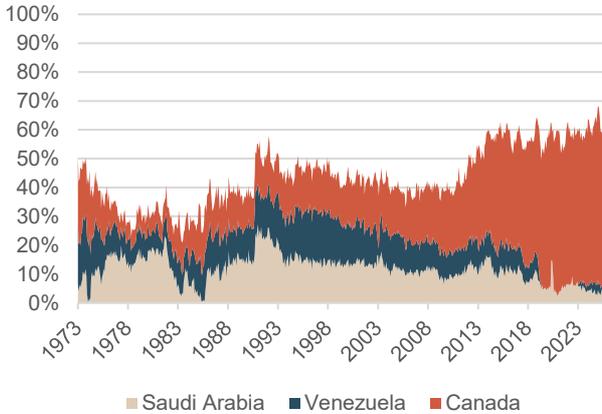
This is precisely where the decisive point lies: U.S. shale oil obtained through fracking is predominantly light crude.

Before the breakthrough of fracking technology, American oil production focused on conventional fields, such as those in Texas, California, or Alaska, whose crude qualities tended to be heavier or medium. The largest U.S. refineries, particularly along the Gulf Coast in Texas and Louisiana, were therefore designed over decades to process heavy crude oil. These facilities cannot be converted without enormous financial effort, if at all. To produce gasoline, diesel, and other products in sufficient quantities, they continue to require heavy crude grades to fully utilize their capacity.

Although the United States now produces more oil than ever before, it remains heavily dependent on imports—above all of heavy crude oil. Whereas in the past only a small share of imports consisted of this particularly dense type of oil, heavy grades now account for the majority of U.S. crude oil imports.

The most important suppliers of this heavy crude are Russia, Canada, Mexico, and potentially Venezuela. In practice, the vast majority of U.S. imports now come from Canada, while Venezuela plays almost no role due to political tensions and sanctions.

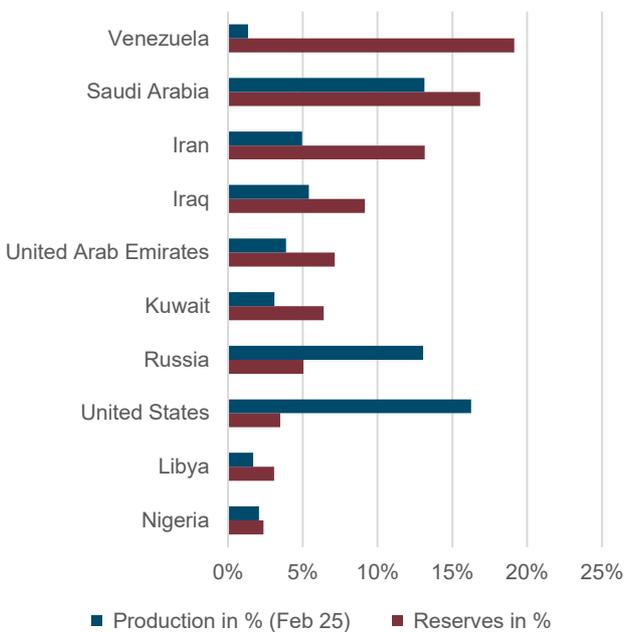
U.S. Total Crude Oil and Products Imports in %



Source: U.S. Energy Information Administration

It is precisely here that the strategic dimension becomes apparent. A look at global oil reserves shows why Venezuela could be of long-term importance to the United States. The country possesses the largest proven oil reserves in the world—surpassing even countries such as Saudi Arabia, Iran, and Iraq. These reserves consist largely of exactly the kind of heavy crude oil that U.S. refineries require.

Reserves in % of the global aggregate



Source: OPEC

The issue with the numbers

The underlying figures on oil reserves are based on self-declarations by OPEC member states and are not subject to independent verification.

In Venezuela’s case, a substantial portion of Orinoco heavy oil was elevated into this category only through repeated political and economically generous interpretations of what constitutes a “reserve,” both under Chávez and under Maduro. Since then, oil has been considered recoverable even if it would only make economic sense under idealized price assumptions, with massive and fully intact infrastructure, stable institutions, and significant capital investment.

The formal size of Venezuela’s reserves is therefore less an expression of actual energy availability than the result of a theoretical accounting model built on optimistic premises. Anyone who derives immediate strategic or economic relevance from this figure is confusing bookkeeping potential with real control over resources.

Potential meets reality

Forecasts by the International Energy Agency (IEA) suggest that global supply will exceed demand for years to come, putting corresponding pressure on prices.

In the long term, this raises a more fundamental question: how valuable is Venezuela’s oil really? While reserves are substantial, even if they fall short of the official figures, the vast majority consists of Orinoco heavy crude, whose extraction is particularly costly and technically demanding. In a global energy market increasingly shaped by over-supply, cost pressure, and a structural shift in demand, Venezuelan oil fields would therefore be barely profitable under such conditions, according to Bloomberg strategist Julian Lee.

What is undisputed is that Venezuela’s oil industry has been in a dire state since the Chávez era. Mismanagement, political interference, and underinvestment have reduced production from more than three million barrels per day to around one million. Even with a smooth political transition and a complete lifting of U.S. sanctions, a rapid recovery would be unrealistic, according to Lee.

Added to this is the enormous capital requirement. According to experts, investments of several hundred billion dollars in infrastructure would be needed just to restore production to early-2010s levels. If Venezuela were, in the longer term, to reach an export capacity comparable to that of Canadian heavy oil, around three million barrels

per day, the total costs would amount to nearly one trillion U.S. dollars, according to expert estimates.

Even today, basic infrastructure is lacking: refineries would have to be technically upgraded, export terminals expanded, new pipelines built, and power generation capacity massively increased. Venezuela has no ongoing SAGD (heavy oil) projects like those in Canada. Every new project would be a so-called greenfield development, with correspondingly high upfront costs. These amount to roughly USD 30 to 45 per barrel per day of new capacity, that is, close to USD 1 billion for an increase of just 30,000 barrels per day, achieved over a period of around three years.

Current production is largely based on the comparatively simple but inefficient “cold production” method, in which oil reaches the surface as reservoir pressure declines. While this approach is cheaper in the short term, it has significantly lower production rates. In addition, it relies on large volumes of diluents and polymers, so-called enhanced oil recovery (EOR) technologies, which in turn require their own infrastructure, chemical supply chains, and entail high operating costs.

Power supply is another central problem: large parts of Venezuela suffer from chronic blackouts, while building a reliable energy supply for thermal methods such as SAGD would require additional investments running into the billions. At current oil prices, the scale of capital required for substantial production growth is difficult to justify. Whether U.S. oil companies would actually be willing to take on this risk is therefore far from as self-evident as Trump has suggested.

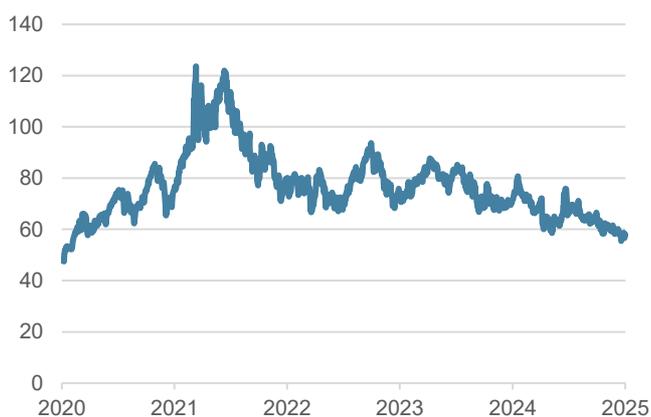
Institutionally, the starting position is also problematic. The state oil company PDVSA, like the country as a whole, suffers from massive brain drain and is now largely controlled by the military. Without far-reaching reforms, it would not be a reliable partner for Western companies for years to come. Even if capital and technology were available, the human and organizational prerequisites needed to implement such a gigantic infrastructure project efficiently in a run-down country are lacking.

Other commodities

Crude oil clearly dominates Venezuela’s resource portfolio. Other resources are also abundant but are hardly exported. Closely linked to oil production is natural gas, a large share of which is produced as an associated by-product of oil extraction. However, production and commercial utilization are low relative to reserves.

Venezuela’s gold deposits are substantial and are likely among the ten largest in the world. Official estimates, however, fluctuate widely and are not reliably verified. There are also further “significant” deposits of iron ore and bauxite, which is used in the production of aluminum.

Oil price in USD/barrel



Source: Bloomberg Financial LP

Conclusions

Market reaction

Venezuelan government bonds surged sharply on Monday following the arrest of Nicolás Maduro, by more than 20% in some cases. The change in government and the prospect of a more stable and internationally accepted leadership has been clearly welcomed by the market. U.S. Treasuries are trading virtually unchanged.

U.S. energy and oil stocks rose noticeably after the intervention and the prospect of investments by American oil companies in Venezuela's dilapidated production and refining infrastructure. Expected access to Venezuela's substantial oil reserves allows for a sustainably positive assessment.

The U.S. intervention in Venezuela risks escalating the geopolitical situation, as other governments may feel encouraged to carry out similar actions. As a consequence, precious metals are likely to continue the trajectory seen in 2025, albeit with more subdued momentum.

Strengthening U.S. hegemony

The military apprehension of Nicolás Maduro is a demonstration of power. It sends a clear signal to adversaries and partners alike that the United States is willing and able to enforce its interests beyond diplomatic means. The message from Caracas is unmistakable: in our assessment, the United States will implement its updated security doctrine in its geopolitical "backyard" consistently and without conditions.

The operation can also be understood as part of a broader strategic competition with China, particularly in the form of a de facto "counter-blockade" in the Western Hemisphere. By removing Maduro from power, Chinese investments in Venezuela's oil sector were abruptly devalued; at the same time, Russia, like Iran, lost an important political and operational bridgehead in Latin America. In this sense, the intervention should be interpreted less as an isolated action than as a structural shift in regional power relations.

For the United States, an additional factor is that its current substantial dependence on Canadian heavy crude creates strategic vulnerabilities that Washington is seeking to diversify over the medium term. From a purely geological perspective, Venezuela represents a logical complement. Whether it will be possible to rapidly rebuild the destroyed infrastructure, establish a reliable supply chain to the United States, and actually monetize the extensive oil reserves profitably remains uncertain. What is decisive is less the short-term production outlook than the changed

control structure: operational and strategic authority now lies with the United States, not with China.

Strategic momentum has thus clearly shifted to Washington, pushing Beijing and Moscow into a defensive position for the time being. Both have reacted with sharp rhetoric but have so far avoided concrete countermeasures. The silence of many other governments is interpreted partly as tacit acceptance, partly as an expression of diplomatic powerlessness.

Risk of long-term instability

Nevertheless, potential strategic follow-up costs are looming. The situation in Venezuela remains fragile, and it is unclear whether the United States can establish a sustainable political order. Historical comparisons (Iraq, Libya) show that regime change may be militarily feasible, but the subsequent phase is usually complex, costly, and domestically risky. Some strategists are already speaking of a possible "security trap," in which the United States could now be forced to stabilize the country for years, politically, economically, and potentially militarily as well.

Shift in international norms

The U.S. intervention could have a signaling effect for other countries. If power politics is placed above international law in pursuit of strategic interests, such as the restoration of historical borders or access to raw materials, then attacks on Ukraine or Taiwan can likewise be justified. The threshold for what is considered "legitimate use of force" in a geopolitical context is lowered. The threat potential also includes the formation of anti-Western blocs, such as BRICS+, or the weakening of international institutions like the United Nations or human rights conventions. The global order as we have known it since the Second World War is under threat.

Positioning

Confirmation rather than reaction

By now it should be clear that Trump 2.0 is not merely engaging in symbolic rhetoric, but is consistently translating the goals articulated during the election campaign into concrete actions, military- as well as economic-wise.

Our focus therefore remains deliberately on those policy areas that will dominate markets over the medium to long term, above all Trump's monetary and fiscal agenda. As outlined in previous publications, we assume that it is not political opponents but only the bond market that can impose limits on Trump, by driving up yields and thus pushing government refinancing costs to potentially painful levels.

Trump is well aware of this, and accordingly he is intensifying pressure on the Federal Reserve to cut interest rates. But it is not only about the policy rate: long-term yields must also be kept under control. Central to this calculus is Trump's ambition to bring the independent Fed under political control, for example by appointing a loyal chair who would function as a de facto guarantor for the U.S. Treasury market. Should this plan become reality, it would constitute a massive intervention in the market mechanics of U.S. yields, with profound consequences for bond markets, the currency, and inflation. Because if there is no release valve via interest rates, the pressure shifts to the currency.

As the example of Japan shows, heavily suppressed real interest rates combined with an expansionary debt policy can lead to a structurally weak currency.

Applied to the United States, this means: if Trump pursues his plans with determination, the U.S. dollar is likely to come under structural pressure. Combined with a persistently expansionary fiscal policy, this increases the likelihood of sustained elevated inflation in the coming years, even if short-term geopolitical stability appears to be maintained.

The spectacular U.S. intervention in Venezuela undoubtedly marks a geopolitical turning point. However, we are not deriving any immediate adjustments to our tactical positioning from it. Rather, we see our existing assessment confirmed: gold remains overweight as protection against political uncertainty, inflation risks, and rising government debt. Alternative assets such as real estate, CAT bonds, or CTAs offer, in our view, more compelling diversification profiles than traditional bonds, which we continue to strongly underweight and consistently hedge into Swiss francs.

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