



# Tomorrow Never Knows: The China loans and the Venezuela poor governance

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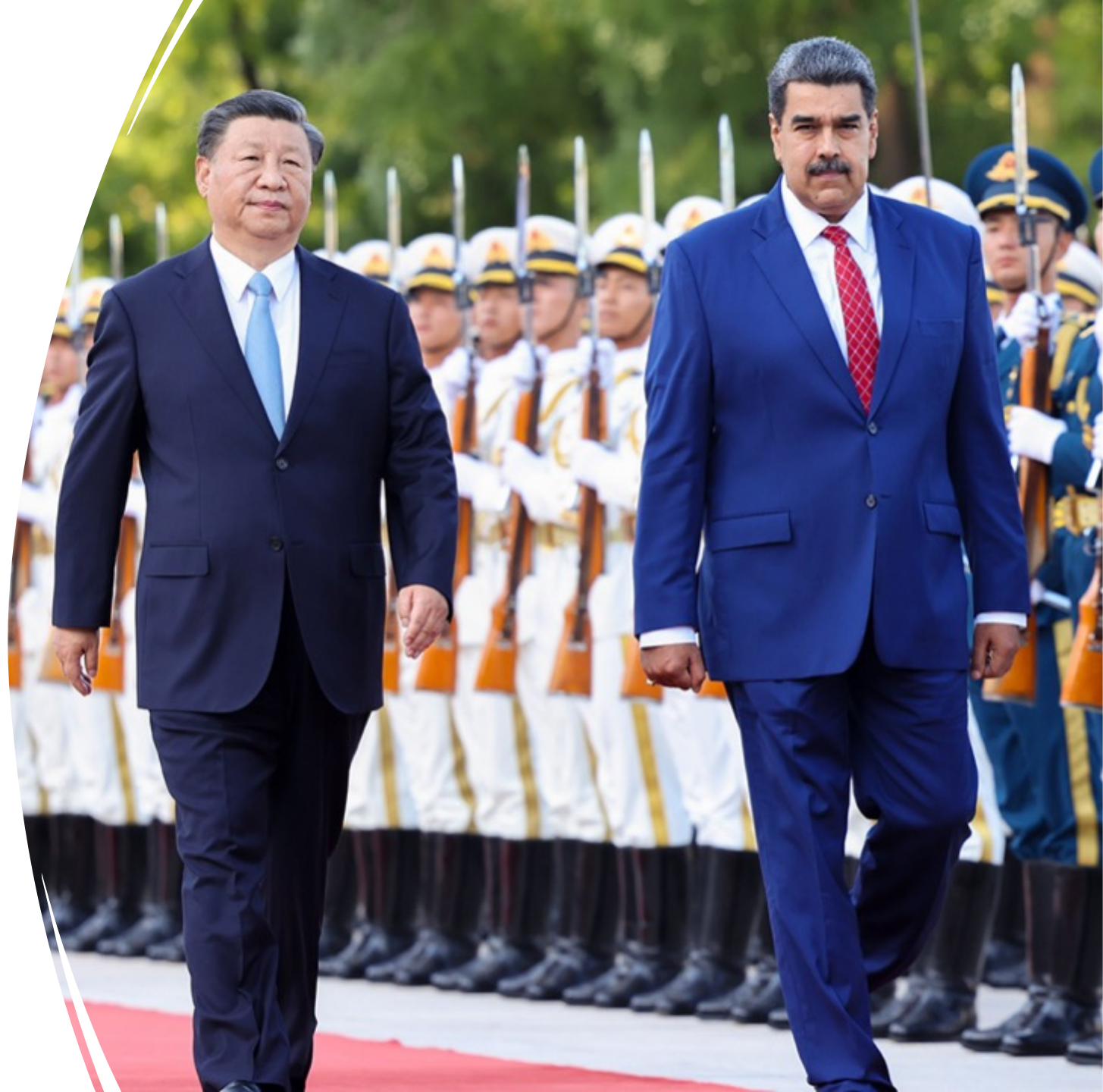


# The hypothesis

- Venezuela is China's preferred Latin American partner (2008-2015).
- Sino – Venezuela relations are ruled in secrecy
- China loans were mismanaged in corruption and incomplete works.
- Are China's loans examples of how autocratic development policies destroyed democratic governance?

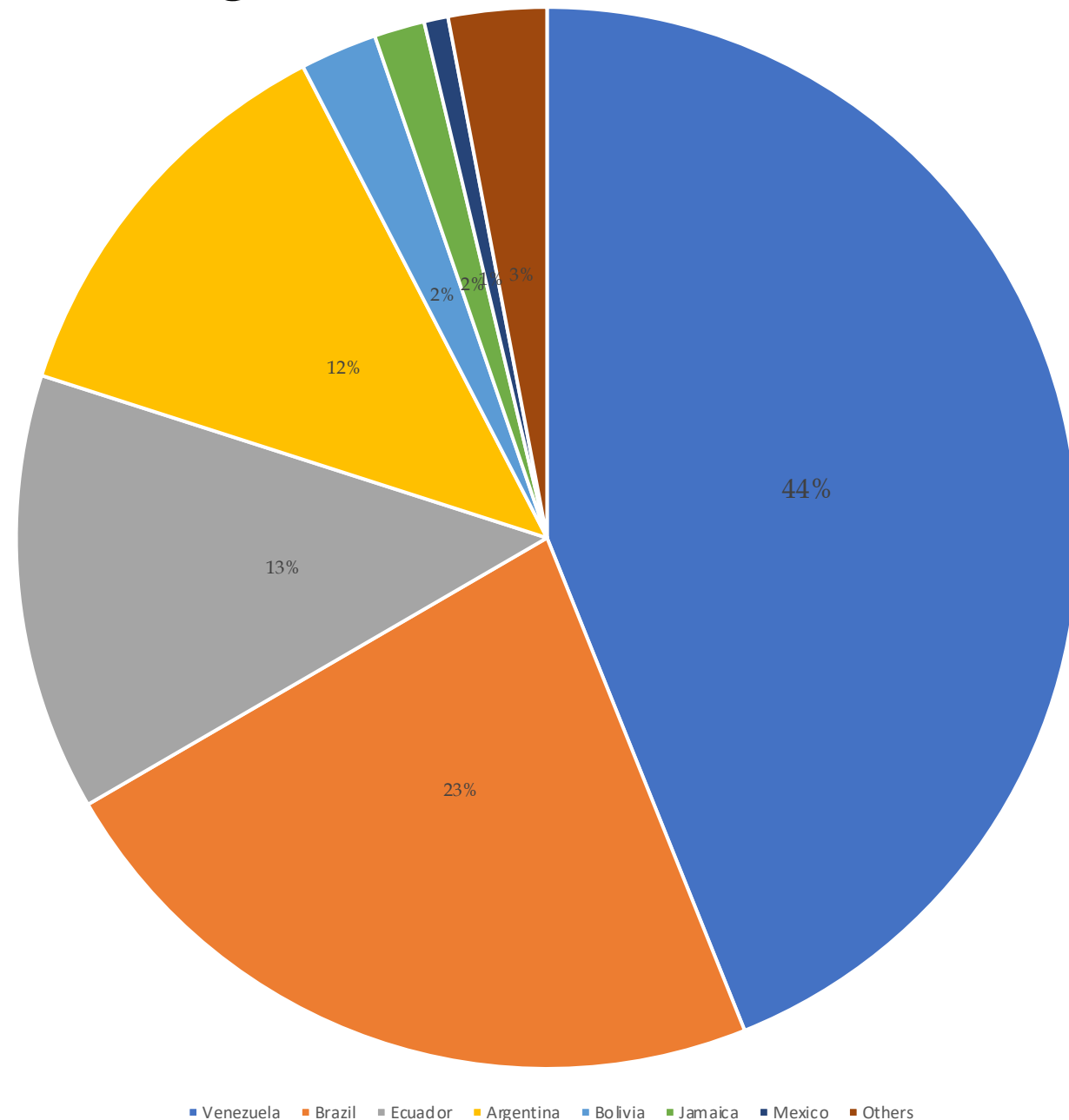
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## Sino-Venezuela loans: a multi-billion dollar partnership

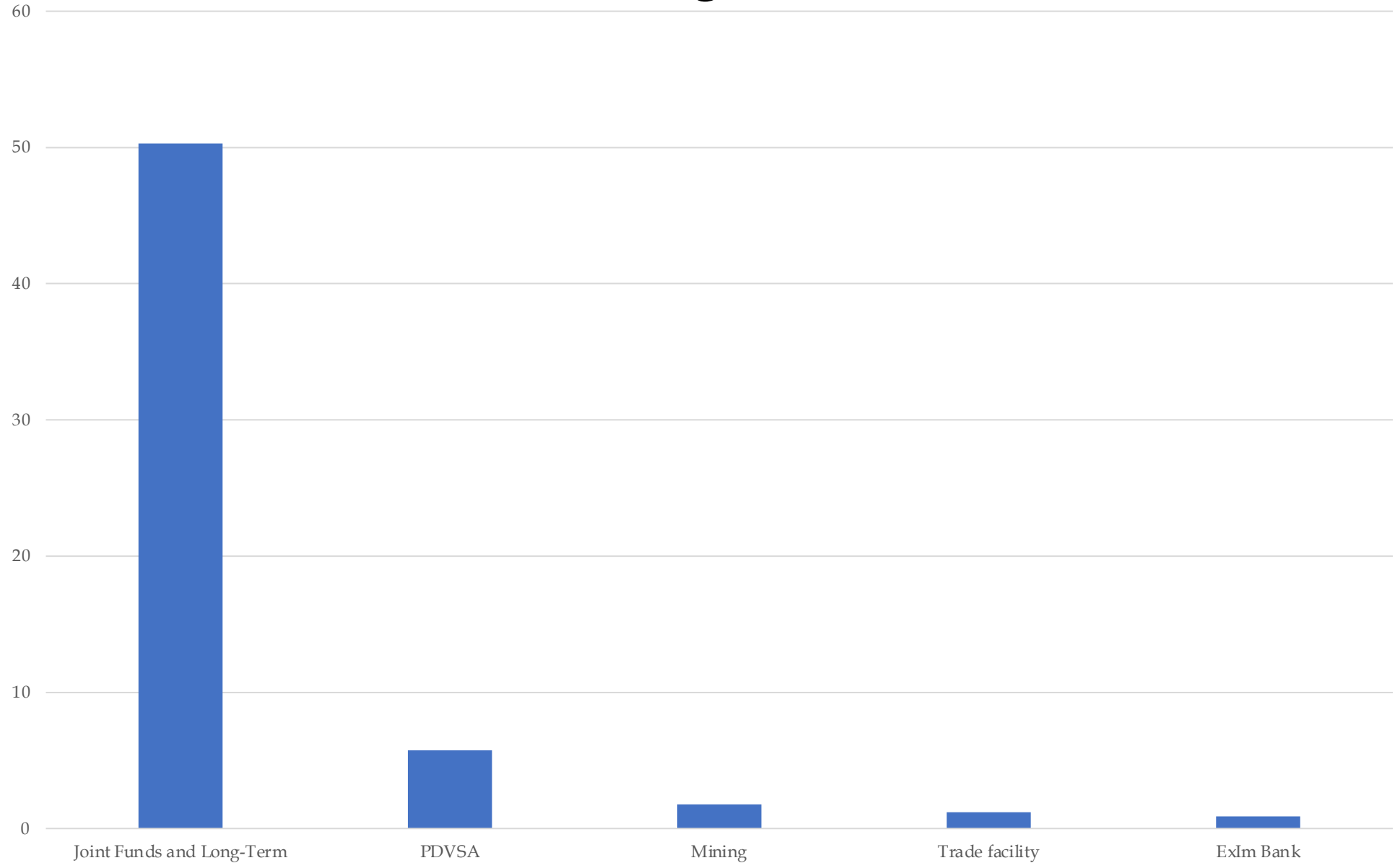


# China Investments in Venezuela: a general overview

As for 2022, China has invested \$ 138 billion in development loans in Latin America and the Caribbean. Venezuela received \$ 60 billion.



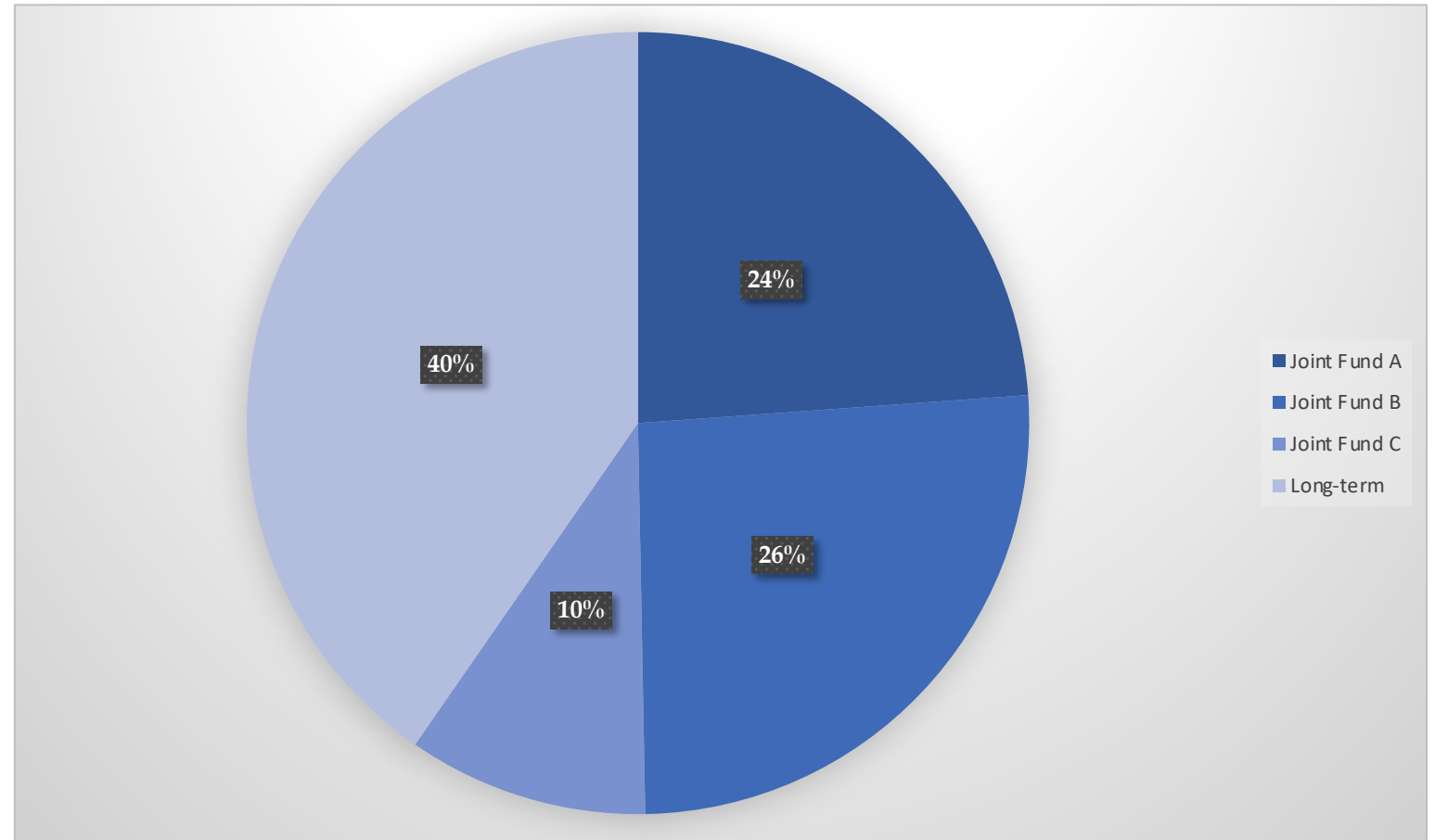
# China Investments in Venezuela: a general overview



Ray, Rebecca and Margaret Myers (2023)  
"Chinese Loans to Latin America and the  
Caribbean Database," Washington: Inter-  
American Dialogue.

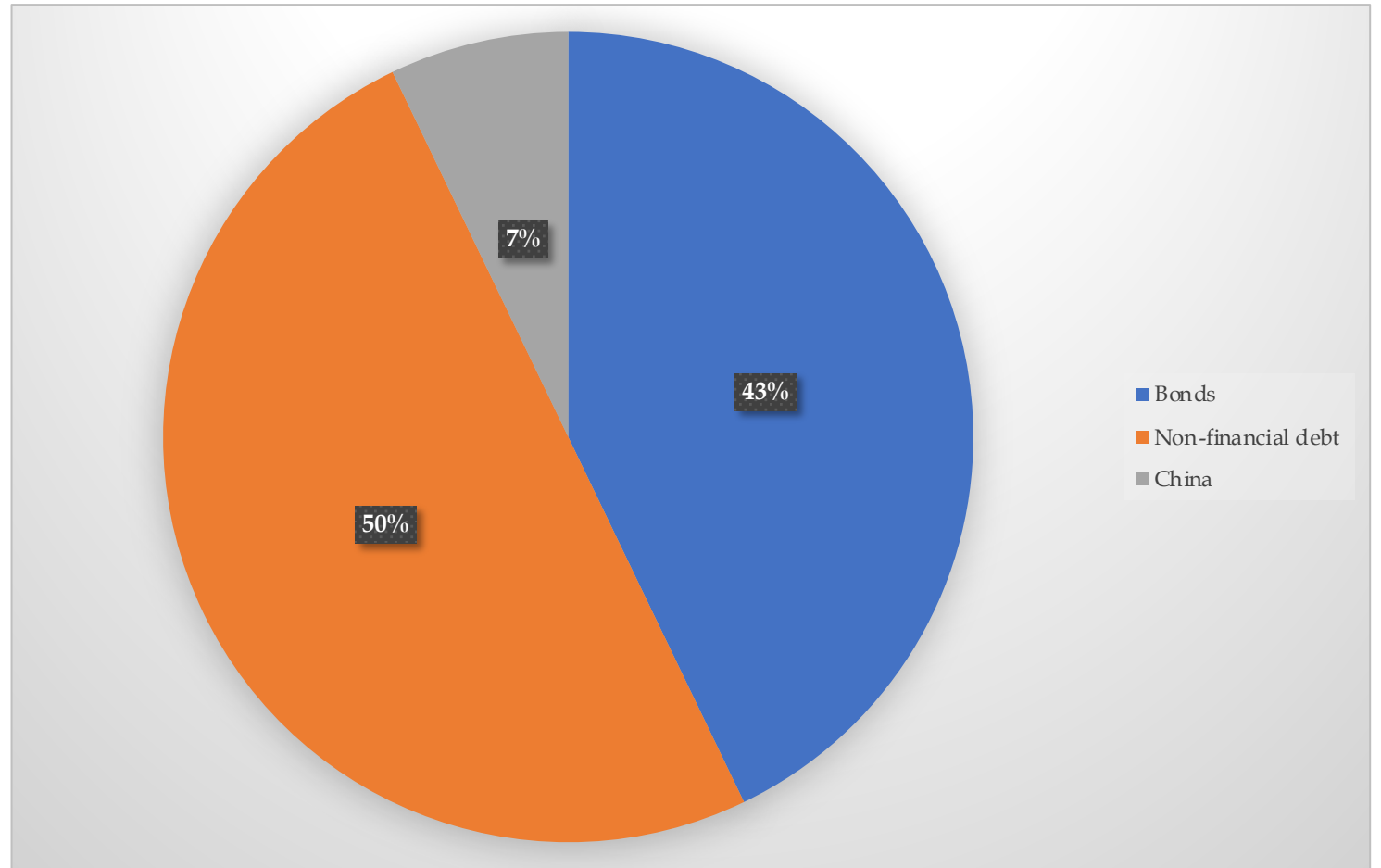
# China Investments in Venezuela: a general overview

\$ 50.3 billion was lent in investment loans based on co-government mechanisms between China and Venezuela, backed with oil supply agreements.



As for 2023, Venezuela owes \$ 10 billion to China, just 7% of the total external debt. So far, China is the biggest single creditor.

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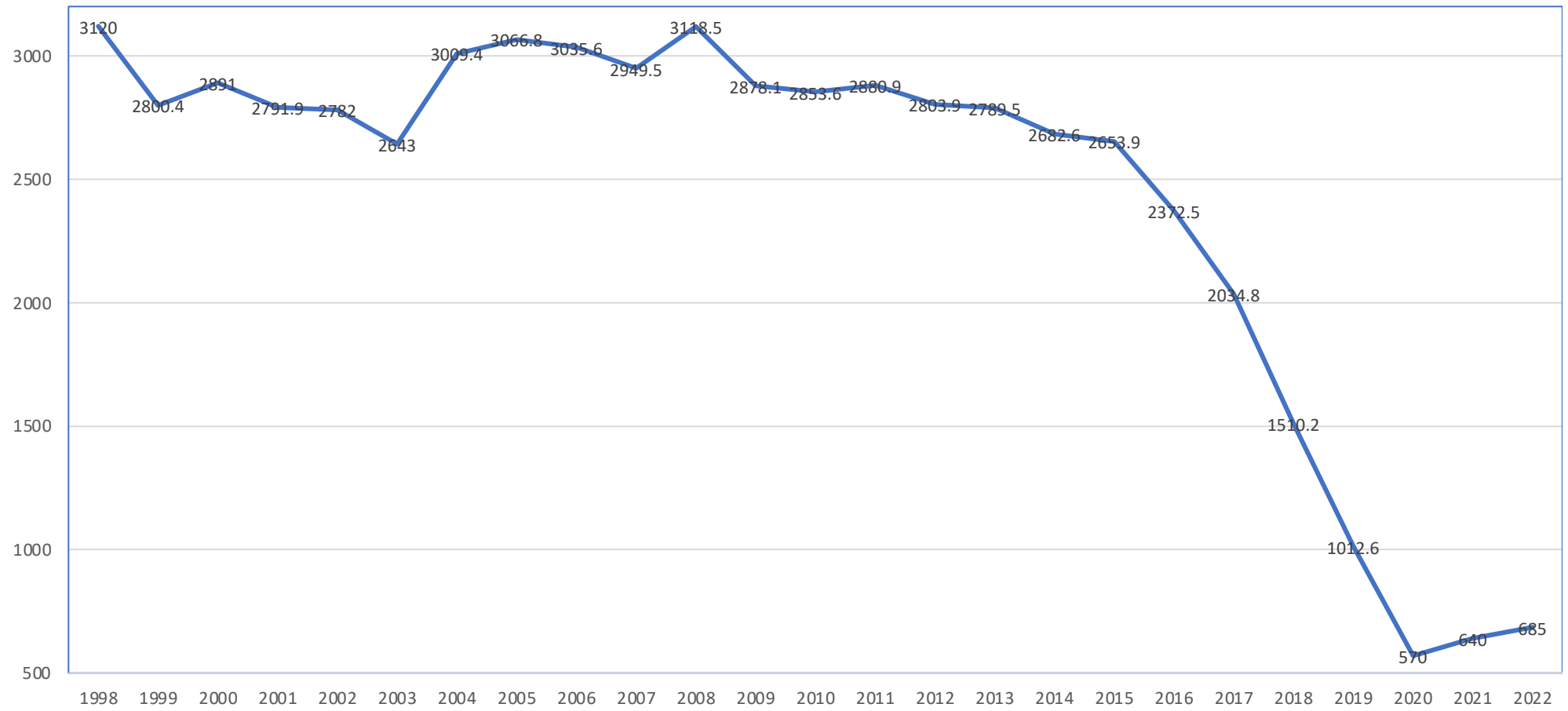


Sino-Venezuela loans:  
bad governance  
matter

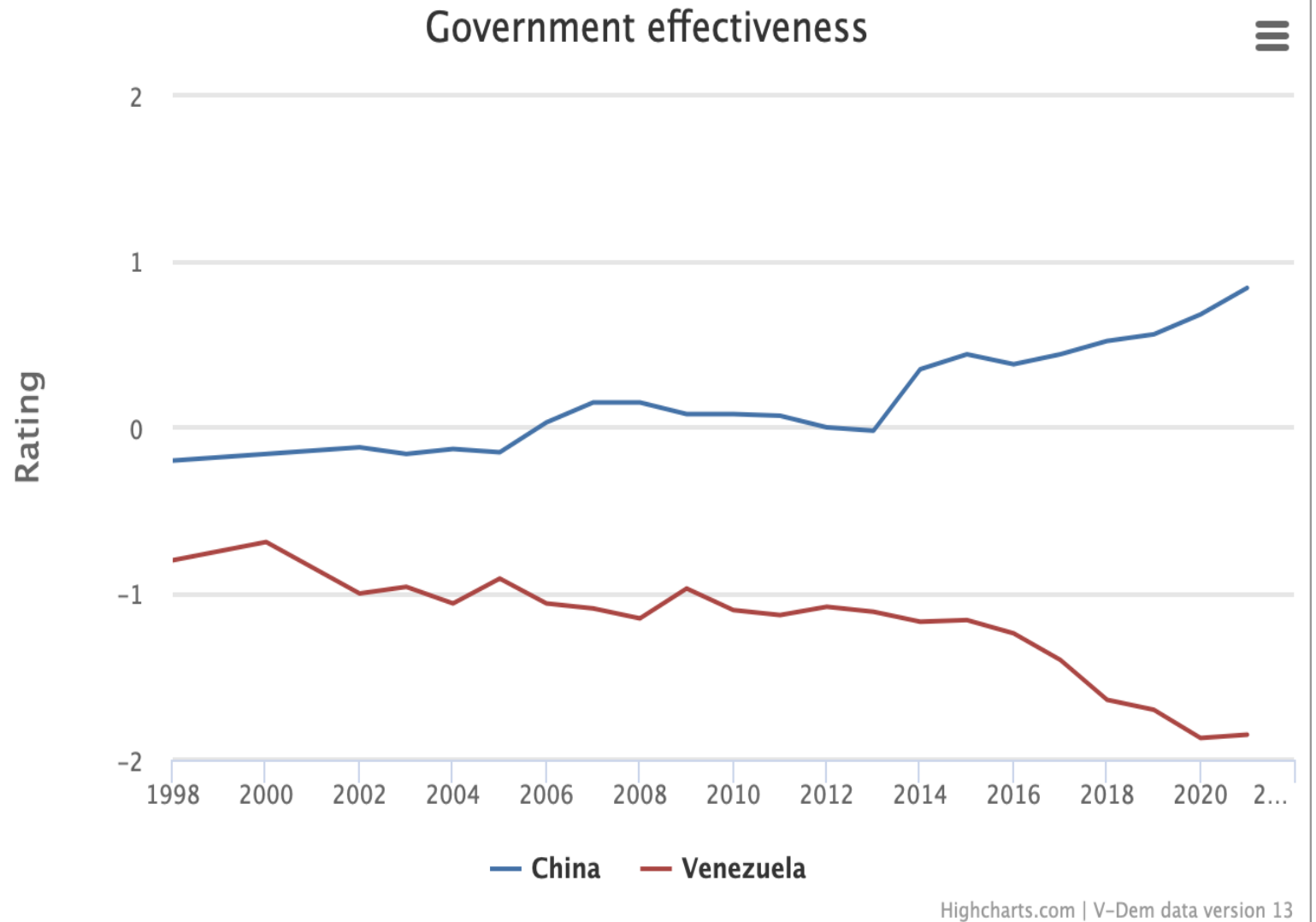




# Bad governance, oil collapse and default



# Investment without governance



# DISMANTLING DEMOCRACY IN VENEZUELA

The Chávez Authoritarian Experiment

Allan R. Brewer-Carías



# China loans and Venezuelan Autocracy Rising

## ➤ Abusive Constitutionalism:

- ✓ A state-owned enterprise (BANDES) was used to sign loan agreements with China.
  - ✓ The autonomy of the national oil company (PDVSA) was violated (the alter-ego thesis before the Delaware District Court)
- ## ➤ Bad governance.
- Loan disbursements were deviated in mismanagement and corruption.
- ## ➤ Secrecy.
- China's loans and financed projects are not ruled by transparency and accountability.

# China's soft power (too soft?)

Cambridge  
Elements

Politics of Development

## A Chinese Bureaucracy for Innovation-Driven Development?

Alexandre De Podestá Gomes  
and Tobias ten Brink

ISSN 2515-1584 (online)  
ISSN 2515-1576 (print)

- **Unsecured loans.** Unlike Russia, China did not ask for a collateral over PDVSA's external assets.
- **Lack of supervision.** China failed to implement the joint governance mechanisms established in the contracts.
- **Oil production decayed.** China's Sinovensa could not prevent the collapse of oil production.
- **Bureaucratic capabilities?** China loans did not promote democratic governance. But they didn't build bureaucratic capabilities either.
- **Venezuela as a cautionary tale.** It is not the best example of the Belt and Road Initiative.

# Odious debt?



- Debt disbursements were mismanaged by systematic corruption, despite China's supervisory powers
- China did not promote transparency and accountability: exporting secrecy.
- Despite a complex humanitarian crisis, Venezuela is struggling to pay \$10 billion.
- China could coerce Venezuela to pay with oil and natural resources, preventing the expansion of U.S. oil firms.
- But this time, China will rely on its bureaucracy: autocratic global extractivism.