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## Global Pulse

### Implications of the US Intervention in Venezuela

In this report, we discuss the global implications of the US intervention in Venezuela with the removal of President Nicolas Maduro, who will face criminal charges in the US.

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- **Market Impact** - The country's sovereign bonds and those of the state-run oil company PDVSA are in default, and no Venezuelan companies are fully listed in the US equity market. The main market impact will likely be felt in the oil market. In the short term, oil prices may be more volatile, but over time, they may move lower once more Venezuelan oil becomes available.
- **What Is Next for Venezuela?** - The situation remains very fluid and next steps are key. President Trump has said that the US will "run Venezuela" and its oil infrastructure until a transitional government can safely be put in place. Secretary of State Marco Rubio has since indicated that this was a law enforcement operation, and that the US did not invade Venezuela, but would use policy to run or influence the direction that Venezuela would take to align it with US interests. It remains unclear if Venezuela's interim president will cooperate with US demands and how each country would react. The Maduro regime has been unrecognized since the 2018 elections. In the 2024 presidential election, around 69% of the vote was against Maduro.
- **Venezuela's Strategic Importance** - Oil, minerals and proximity to the US make Venezuela strategically and militarily important. Venezuela has the largest proven oil reserves in the world, at 300 billion barrels. It also has 222 trillion cubic feet of natural gas reserves, 8.6 billion metric tons of coal and an estimated 10 million to 15 million troy ounces of gold reserves. Much of these reserves are untapped due to lack of investment, expropriations and sanctions. Additionally, Venezuela's proximity to the US makes it militarily strategic, especially if foreign countries with interests contrary to those of the US were to use it as a military base. A ballistic missile would take between five and six minutes to go from Caracas to Miami.
- **America for the Americans: A Renewed Monroe Doctrine** - US actions in Venezuela highlight the new US National Security Strategy and revival of the Monroe Doctrine, focused on positioning the US as the dominant external power in the Americas and reducing non-hemispheric (China, Russia, Iran) influence in the region. US energy dominance is part of this strategy, and increased control of Venezuela's oil reserves benefits US interests.
- **Regional Implications of the Venezuela Intervention** - Expect increased US involvement in the region, with implications for economic policy, security (terrorist drug cartels) and investments. These actions could influence 2026 presidential elections in Costa Rica (February), Peru (April), Colombia (May) and Brazil (October).
- **Global Geopolitical Implications** - The US' actions have significant geopolitical implications given Venezuela's importance to the oil market and its close ties to countries such as China, Russia and Iran. Moral and legal arguments against the US intervention are being used by China and Russia to criticize the US and potentially justify their own actions. This comes amid ongoing tension around China, involving Taiwan and the South China Sea; peace efforts in the Russia-Ukraine war; and increased internal political pressure against the Iranian regime.

## Background

On Jan. 3, in a surgical strike, the US military extracted Nicolas Maduro and his wife, Cilia Flores, from Venezuela to face charges including those related to narco-terrorism and drug trafficking in the New York Southern District Court. Maduro has been president of Venezuela since 2013 following Hugo Chavez's death, but his legitimacy has been challenged since the fraudulent 2018 elections, with over 50 countries refusing recognition. In March 2020, a federal grand jury in the Southern District of New York returned a criminal indictment charging Maduro and several current and former Venezuelan officials with narco-terrorism, conspiracy to import cocaine and weapons offenses, among other crimes.

In a press conference, President Trump announced that the US will "run Venezuela" until a leadership transition is put in place. Secretary of State Marco Rubio has since indicated that this was a law enforcement operation, and that the US did not invade Venezuela, but would use policy to run or influence the direction that Venezuela would take to align it with US interests. The intervention has potentially enormous geopolitical implications for Latin America but also for global dynamics. Below, we discuss some implications:

### 1. Market Impact

The main market impact would likely be felt in the oil market should sanctions be removed from Venezuelan oil, allowing its return to international markets, and when local and foreign companies are allowed to invest in the sector, leading to higher production and export levels. So far, there is no indication when sanctions would be lifted.

- **Bonds** of the Bolivarian Republic of Venezuela and its major oil company PDVSA are currently in default.
- **Venezuelan equities** are not part of the MSCI EM Latin America Index. The country does not have any major company publicly listed in the US (NYSE- or Nasdaq-listed) or any fully listed ADRs.
- **Oil** may experience more price volatility in the short term, but prices may move lower over time once more Venezuelan oil becomes available. US sanctions on Venezuelan oil may be lifted, and production may benefit from future increased investments. Thus, the outlook for oil prices should be for declines, which could reduce inflation in the US and other countries. Additionally, Executive Order 14245, signed in March 2025, imposed a 25% tariff on goods imported into the US from any country that imports Venezuelan oil. If this order is lifted, it will encourage foreign investment in Venezuela, which should lead to increased production and export levels.

- If sanctions are lifted, foreign direct investment should flow into all sectors, given that Venezuelans outside the country may wish to invest back into Venezuela to rebuild businesses and that multinational companies should be attracted into the country. Potential key areas of interest for publicly listed companies could include oil, mining and tourism.

### 2. What Is Next for Venezuela?

The situation remains very fluid and next steps by both countries are key.

Venezuela's Supreme Court has ordered Vice President Delcy Rodriguez to assume the presidency on an interim basis. Rodriguez has been vice president since 2018, although the Maduro regime has not been recognized as legitimate since 2018. At this point, it is unclear whether she will cooperate with the US intention of forming a transitional government and how each country would react.

The constitutional transition would call for 2024 President-elect Edmundo Gonzalez Urrutia to assume office with Vice President Maria Corina Machado. Machado, who won the Nobel Peace Prize in 2025, was the leading contender until she was barred by the Maduro regime from participating and had to be Gonzalez's vice president. A transition cannot happen now because the regime has not yet fallen but could happen once it falls.

Unlike in Iraq, a civil war is unlikely, as the country is not divided. Gonzalez won the 2024 election with an estimated 69% of the vote, and most people in Venezuela favor removal of the Maduro regime.

The country's deterioration over the past few years has been significant. Venezuela's population of 28.5 million has declined by 7.2% since 2016 due in part to people moving out of the country because of deteriorating economic conditions and political oppression. For 2025, the International Monetary Fund estimates Venezuela's GDP at \$82.5 billion, its inflation rate at approximately 270% and its GDP per capita at around \$3,500 per year. GDP per capita was around \$16,000 in 2014.

Aside from Maduro, several Venezuelan officials have been indicted or charged in U.S. courts in connection with narcotics trafficking linked to the Cartel de los Soles. The Cartel de los Soles was designated a Foreign Terrorist Organization by the US administration in November 2025. If this is a law enforcement operation, would the US also take action against other Venezuelan officials?

### 3. Venezuela's Strategic Importance

Oil, minerals and proximity to the US make Venezuela strategically and militarily important. Venezuela has the largest proven oil reserves in the world, at 300 billion barrels. It also has 222 trillion cubic feet of natural gas reserves, 8.6 billion metric tons of coal and an estimated 10 million to 15 million troy ounces of gold reserves, among other minerals. Much of these reserves are untapped due to lack of investment, mismanagement, expropriations and sanctions. For instance, despite having the largest oil reserves in the world, Venezuela is the 11th-largest oil exporter. Although Venezuela exports around 80% of its oil to China, that only represents around 4% of total Chinese oil imports.

Additionally, Venezuela's proximity to the US makes it militarily strategic. The distance from Caracas to Miami is 1,360 miles.

This becomes especially relevant if Venezuela is aligned with countries opposed to US interests that may want to install military bases there. A commercial flight from Caracas to Miami, traveling at 500 miles per hour, would take slightly more than three hours, while a ballistic missile travelling at Mach 20 (around 15,000 mph) would take between five and six minutes.

### Exhibit 1: Global Oil Reserves

Rank	Country	Proven Oil Reserves	Crude Production	Crude Exports	Top Export Market	% of Exports to Top Market	Sources / Footnotes
		(bn barrels)	(bpd, ~2025)	(bpd, ~2024–25)			
1	<b>Venezuela</b>	303	960,000	900,000	China	≈80%	Reserves: OPEC; Production/Exports: Reuters tanker data (2024–25)
2	Saudi Arabia	267	11,100,000	7,000,000	Asia (China largest)	≈70%	OPEC, Saudi Aramco, Worldstopexports
3	Iran	209	3,990,000	1,300,000	China	>80%	OPEC, Reuters, sanctions-adjusted trade estimates
4	Canada	168	5,700,000	4,000,000	United States	>90%	EIA, Natural Resources Canada
5	Iraq	145	4,440,000	3,500,000	Asia (China & India)	≈65%	OPEC, Iraq SOMO, Worldstopexports
6	Russia	108	10,700,000	4,600,000	China & India	≈60%	OPEC, IEA, post-EU sanctions trade flows
7	UAE	98	4,150,000	2,700,000	Asia (China, India, Japan)	≈70%	OPEC, ADNOC, Worldstopexports
8	Kuwait	102	2,910,000	1,600,000	Asia	≈65%	OPEC, Kuwait Petroleum Corp.
9	<b>United States</b>	69	20,900,000	4,100,000	Europe & Asia	≈35%	EIA, Worldstopexports
10	Libya	48	1,250,000	1,000,000	Europe (Italy)	≈50%	OPEC, ENI, Worldstopexports

Source: Morgan Stanley Wealth Management Global Investment Office (GIO), Organization of Petroleum Exporting Countries (OPEC), Saudi Aramco, Reuters, Natural Resources Canada, Iraq SOMO, International Energy Agency, ADNOC, Kuwait Petroleum Corporation and ENI

### Exhibit 2: Venezuelan Natural Resource Reserves

Resource	Proven Reserve Size	Unit	Price Used (USD)	Estimated Proven Reserve Value (USD)	Notes / Footnotes	Key Sources
Crude Oil	303,000,000,000	barrels	50	15,150,000,000,000	Largest proven oil reserves globally; mostly extra-heavy Orinoco crude	OPEC; EIA; BP Statistical Review
Natural Gas	222,000,000,000	MMBtu-equivalent (222 TCF)	3	666,000,000,000	Converted using ≈1 TCF ≈1 billion MMBtu	EIA International Venezuela Report; OPEC
Coal (Guasare Basin)	8,600,000,000	metric tons	100	860,000,000,000	Primary coal reserve located in Zulia state	Venezuelan Geological Survey; Reuters
Gold	10–15 million	troy ounces	4300	43–64.5 billion	Reserve figures vary; informal mining not captured in official data	USGS; CEIC; Mining in Venezuela
Iron Ore	1–10 billion	metric tons	90	90–900 billion	Wide reserve range due to lack of CIRISCO-standard reporting	USGS; Mining in Venezuela
Bauxite	1–5 billion	metric tons	60	60–300 billion	Historically significant; negligible current production	USGS; Venezuelan mining reports
Diamonds	50–200 million	carats	120	6–24 billion	Mix of gem and industrial diamonds; informal production	USGS; Mining in Venezuela
Nickel	0.5–2 billion (ore)	metric tons (ore)	16500	Not reliably estimable	Ore-grade data insufficient to value contained nickel	USGS; Orinoco Mining Arc studies
Coltan (Nb-Ta)	50–150 thousand	metric tons Ta2O5 eq.	45	Not reliably estimable	Grades and economic recoverability not publicly reported	USGS; Orinoco Mining Arc studies

Source: Morgan Stanley Wealth Management GIO, OPEC, EIA, BP, Venezuelan Geological Survey, Reuters, United States Geological Survey and CEIC Data

#### 4. America for the Americans: A Renewed Monroe Doctrine

The Venezuela operation has come a few weeks after the Trump administration released its National Security Strategy (November 2025). In the document, the "Trump Corollary to the Monroe Doctrine" is mentioned, clearly stating that the US will *"reassert and enforce the Monroe Doctrine to restore American preeminence in the Western Hemisphere,"* and deny non-hemispheric powers the ability to control strategic assets, infrastructure or military positions in the region. The revival of the Monroe Doctrine reflects a desire to reduce non-hemispheric (China, Russia, Iran, etc.) influence in the region while positioning the US as the dominant external power in the Americas.

In 2025, there were other examples of the "Trump Corollary" to the Monroe Doctrine, such as designating drug cartels as terrorist organizations and stopping illegal immigration. Additionally, Mexico imposed a 50% tariff on Chinese imported goods to align itself with US trade interests. Argentina was given a \$20 billion currency swap line of credit, with US officials asking Argentina to end the \$5 billion currency swap it has with China. Under US pressure, Panama terminated its participation in China's Belt and Road Initiative and reduced Chinese influence over the Panama Canal and associated ports.

#### 5. Energy Dominance

Restoring US energy dominance (in oil, gas, coal and nuclear) is a clear goal of the new National Security Strategy. Venezuela, which has the largest oil reserves in the world, historically had a strong relationship with the US. Since Hugo Chavez, Venezuela has preferred to have better relationships with China, Russia, Iran and North Korea.

The US will likely have more access to Venezuelan oil, and global oil prices will likely fall when production increases and more Venezuelan oil is available to international markets.

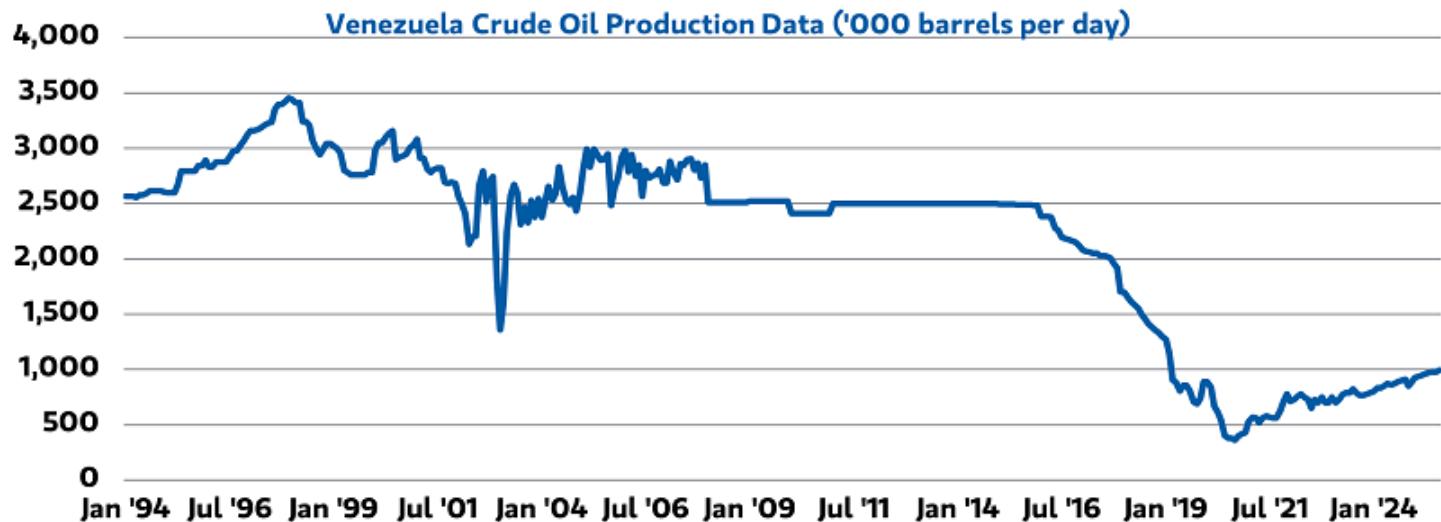
The US' intention to revive Venezuelan oil extraction under US corporate auspices could eventually shift global supply dynamics, potentially reducing the leverage of Middle Eastern oil producers over the long term.

#### 6. Regional Implications of the Venezuela Intervention

Expect increased US involvement in the region, with implications for economic policy, security (terrorist drug cartels), investments and political direction. These actions could influence regional elections.

- The presidents of Mexico, Brazil, Cuba and Colombia have criticized and condemned US actions in Venezuela as interventionist and as a violation of national sovereignty. The presidents of Argentina, Ecuador and Paraguay, meanwhile, have said the US action advances democracy and freedom while reducing criminal narco-states.
- The increased US involvement in the region could influence presidential elections in 2026. Throughout the region, there are four presidential elections this year: Costa Rica (February), Peru (April), Colombia (May) and Brazil (October).
- Expect future actions by the US government in the region targeting terrorist drug cartels, financial institutions that launder money for them—such as the three Mexican financial institutions that were targeted in 2025—and political leaders who are associated with drug cartels; this could impact politicians in countries such as Mexico and Colombia.

#### Exhibit 3: Venezuelan Crude Oil Production



Source: Morgan Stanley Wealth Management GIO, Department of Energy

## 7. Global Geopolitical Implications

The US actions in Venezuela have significant geopolitical implications given not only Venezuela's importance in the oil market but its close ties with countries such as China, Russia and Iran. This comes at a time of tensions around China, involving Taiwan and the South China Sea; peace efforts in the Russia-Ukraine war; and increased internal political pressure against the Iranian regime.

Moral and legal arguments against the US intervention in Venezuela are being used by China and Russia to criticize the US and potentially justify their own actions in places such as the South China Sea and Ukraine.

### China

- China is a major oil importer, importing 11.1 million barrels per day (mb/d) in 2024. Russia, Saudi Arabia and Iraq represented 45% of China's imports, and the US exported 1.9 mb/d to China—more than double the amount from Venezuela (0.7mb/d). China is the destination for around 80% of Venezuela's oil exports. Even if Venezuela is China's seventh-largest oil supplier after Russia, Saudi Arabia, Malaysia, Iraq, Brazil and the US, lower oil prices would benefit China. However, having more control over Venezuela's oil exports could lead the US to have more influence over OPEC and China's oil imports.
- China-Taiwan: Whether China will be emboldened or discouraged by US conduct to take some action against the democratically governed Taiwan, which China claims is part of its territory, remains an open question. China has criticized the US actions in Venezuela as a violation of international law and demanded the release of Maduro and his wife. Any Chinese action on Taiwan would be extremely dangerous, as it could lead to a much larger war that would draw other countries, including the US and Japan, into the conflict.
- China's ambitions in Latin America will face increasing pressure from the US administration, as expressed in the 2025 National Security Strategy document.

### Russia

- Russia is a major oil exporter, with oil and oil products representing nearly 65% of its exports in 2024. If oil prices drop significantly due to more Venezuelan oil entering the market, it could further complicate the financing of Russia's war machine.
- Russia-Ukraine: It is still unclear if a regime change in Venezuela would accelerate a peace agreement. On one hand, the expectation of increased oil production going into international markets, which would likely result in lower oil prices for Russia's main export, may pressure Russia to accelerate a peace agreement. On the other hand, Russia may feel emboldened by the fact that the US now has a distraction in its own backyard to try to gain more territory before getting to a peace agreement.
- A peace agreement would lead to sanctions on Russia being lifted over time, which could put further pressure on oil prices but may attract investment into Russian assets, helping develop other areas of the resources-rich country.

### Iran and the Middle East

- The most immediate implications of the US actions in Venezuela may pertain to Iran. An important Venezuelan ally, Iran is facing growing internal problems with large anti-government protests. A regime change in Iran could be accelerated, especially if the population is emboldened by the possibility of US intervention. The internal dynamics in Iran have already led the Israelis to suggest that Venezuela could be a blueprint for regime change in Iran, with the capture of Maduro as a warning to Iranian Supreme Leader Ali Khamenei. Israel is also asking the US for "round-2 strikes" to further prevent Iran from developing nuclear weapons.
- Additionally, Iran and Venezuela had several joint economic interests, such as shared oil-export-evasion schemes, which may now collapse. Iran also used Venezuela as a gateway to Latin America and had investments in Venezuela. These investments may be frozen or put under US control.

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