

China Undermines Washington's "Economic War" against Venezuela

In countering US economic aggression against Venezuela, China steps in with a 10 billion dollar loan. China is making a habit of bailing out countries targeted by US sanctions

By [Global Research News](#)

Global Research, April 10, 2015

[Russia Insider](#)

Region: [Asia](#), [Latin America & Caribbean](#)

Theme: [Global Economy](#)

The article [originally appeared](#) at German Economic News. Translated for RI by Anita Zalaldinova

In the coming months China will lend Venezuela, which faces bankruptcy, ten billion dollars. These funds are part of a bilateral agreement. For China it's a way to quench its energy needs, while the US continue the confrontation line with Venezuela.

Venezuela is under the threat of sovereign default. In providing two five-billion dollar loans, China has become an important partner for the struggling country. The first part of the loan is the joint Chinese-Venezuelan Fund, and will be directed into major projects, [CNBC](#) reported. The agreement will be signed later this month. China extended the terms of the loan to five years, giving Venezuela more breathing room, as the terms are typically limited to three years.

The second part of the loan will be used in the oil industry. China will support investments in oil fields, intended to help Venezuelan oil company PDVSA increase production, the official said. 96 percent of Venezuela's foreign exchange revenue comes from the export of raw materials.

The recent fall in oil prices is one contributor to Venezuela financial pressure. Interest rates on bonds have risen again. Venezuelan President Nicolás Maduro [claimed the US is responsible for the fall in oil prices late last year](#). "Are you aware that an oil war rages?" said Maduro on Monday in a broadcast speech to businessmen. "This war has one goal - to destroy Russia." In addition, it is also directed against Venezuela "to destroy our revolution and bring about a collapse of the economy."

In March [Obama called Venezuela a threat](#) to the US national security. Domestically Venezuela is well under pressure. There were regularly scheduled demonstrations against the government of the country last year. In February 2015, a 14-year-old died in protests. Last week there were protests in Caracas again.

Venezuela is extremely lucrative for China's investment interests. This is the country with the highest oil reserves in general, and China's energy demand will increase with the increasing rural-urban migration in the coming years. China has already given Venezuela \$45 billion in exchange for oil and fuel. With the new loans for Venezuela, China finds itself

in opposition to the United States. It was only in February that [China promised loans to Russia](#) to support Moscow in a similar fashion.

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