

EXPERT TAKE

VENEZUELA

# *Increasing Venezuela's Oil Output Will Take Several Years—and Billions of Dollars*

President Trump has set his sights on Venezuelan oil, but there are many economic and political obstacles to significantly ramping up the country's oil production.



View of the Peace Monument sculpture in front of the Petroleos de Venezuela (PDVSA) headquarters in Caracas, on December 2, 2022. Miguel Zambrano/Getty Images



PUBLISHED

**Brad W. Setser**

CFR EXPERT

Whitney Shepardson Senior Fellow

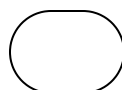
*Brad W. Setser is the Whitney Shepardson senior fellow at the Council on Foreign Relations.*

In the days since U.S. President Donald Trump's operation to capture Venezuelan President Nicolás Maduro, his administration has made clear it wants to control the South American country's oil production.

Venezuela's oil production has long been hampered by both Venezuela's mismanagement of its oil fields and U.S. sanctions. With Maduro in U.S. custody and his vice president, Delcy Rodríguez, acting as interim president, Trump's team has said that they aim to revitalize the country's oil sector. Following the Saturday raid on Caracas, Energy Secretary Chris Wright announced that the United States intends to oversee Venezuelan oil sales "indefinitely," and Trump said U.S. oil firms are "ready" to reenter the country. In the meantime, Venezuela's government has said it will transfer between 30 and 50 million barrels of sanctioned oil to the United States.

There are challenging roadblocks ahead, however. The full restoration of Venezuela's oil production—and revenues—will take years and many billions of dollars. It will require new agreements between the U.S. and Venezuelan governments, and buy-in from the world's top oil firms.

## WHAT ARE THE PROSPECTS FOR RAMPING UP VENEZUELA'S OIL PRODUCTION?



---

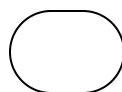
support significant production. Right now, Venezuela produces around 800,000 barrels a day, and its production in recent years has been around a million barrels per day, or about 1 percent of current global production. Venezuela does have large deposits of heavy, tar-like crude, but not all of that oil is economical to produce. For now, the Gulf countries have much more production capacity and lower-cost-to-produce reserves.

At the same time, there is no doubt that with sufficient investment Venezuela could produce substantially more oil than it does now. The country produced 3 million barrels a day twenty years ago, and it was close to 2.5 million barrels a day as recently as 2016. It probably won't ever produce or export as much as Saudi Arabia or Russia, but its production over time could rival that of, say, Canada or Iraq.

Getting there will not be easy, however. There are some existing oil fields and pipelines that can be rehabilitated with a relatively modest amount of investment (estimates range from \$10 billion to \$20 billion) and generate additional output within a couple of years. That would add around 500,000 barrels a day to Venezuela's output, bringing production to something like 1.5 million barrels a day (perhaps more, perhaps less; there isn't a definitive estimate). Raising production beyond that level will require the development of new fields and take substantially more investment, \$100 billion over ten years by some accounts.

## WOULD U.S. COMPANIES BE ABLE TO HELP THE COUNTRY'S OIL SECTOR?

There is no doubt that the major U.S. firms (Chevron, Exxon Mobil, and ConocoPhillips) have the technical expertise and capital to revitalize existing fields and to finance significant investments in new fields. U.S. firms have played a large role in Venezuelan production in the past, and they certainly could do so again.



---

been a source of national pride, and excluding it entirely from the revitalization of Venezuelan oil production could risk backlash in the future. There are a host of ways of structuring investment so that the interests of the international oil companies and Venezuela are aligned, including joint ventures where PDVSA takes a minority stake. Getting that alignment of interests requires more than just turning Venezuela's oil over to the major U.S. firms, however.

Chevron is in many ways the best-positioned of the big three U.S. oil companies. It never left Venezuela, and the company kept operating its joint venture even when production required securing a sanctions exemption. The joint venture currently produces around 200,000 barrels a day. Consequently, Chevron has employees on the ground who could expand Venezuela's operations quickly, because it understands its geology and operations. The other oil companies chose to leave when former Venezuelan President Hugo Chávez changed the terms of their production deals back in 2007 and litigated for damages instead. They would need more time to reestablish and scale up their Venezuelan operations.

There are two final points to consider. First, much of Venezuelan crude is very heavy. It often needs to be mixed with a diluent, such as a lighter grade of crude, to move easily through pipelines. It is also sour, meaning it has a high sulfur content. It will never be the cheapest oil to produce; it always will be technically difficult to refine and trade at a discount compared to other grades of crude. However, this currently works in the United States' favor, as the U.S. Gulf Coast refiners were originally built to handle heavy and sour crude from Venezuela and Mexico.

The second point is that Venezuelan oil is a “conventional” play, meaning once a well is producing, it will produce for a long time. The economics of this investment are very different from those of the tight or shale oil plays now dominant inside the United States, which generate higher upfront costs. The big oil firms will need clarity on Venezuela's long-term political

---

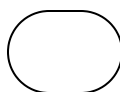
their own capital without a U.S. guarantee. The bulk of the return on any current investment will come long after Trump and Rodríguez Venezuela's interim leader, are slated to leave office.

## HOW LONG WILL IT TAKE FOR VENEZUELA TO BENEFIT FROM HIGHER OIL PRODUCTION?

Venezuela should be able to rapidly return to producing around one million barrels a day as soon as the United States lifts the current export blockade. Industry experts tend to think it would be relatively easy and quick to then add another 500,000 barrels a day to Venezuela's production. But getting output back to 3 million barrels a day or more will take substantial time and investment. It is doable over a ten-year horizon, but not four years.

At current oil prices, this will generate a real influx of cash, but it won't be an immense income. One million barrels of production doesn't necessarily mean a million barrels of net exports; the thirty million Venezuelans living in the country also use some oil. But one million barrels should generate roughly 750,000 barrels of exports, and at current prices, that implies an export revenue stream of just under \$15 billion a year (the exact number will depend on the discount on Venezuelan crude).

Each additional 500,000 barrels in exports at current prices generates just under \$10 billion a year in gross proceeds. The net proceeds are much smaller; moving Venezuelan oil to market takes imports of lighter grades of crude, and ramping up production takes high levels of imported kit. Venezuela isn't going to be generating a ton of free cash flow from its oil for some time.

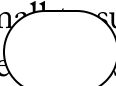


## WHAT ABOUT VENEZUELA'S DEBT AND TRUMP'S CALL FOR VENEZUELA TO REPAY U.S. FIRMS FOR NATIONALIZED ASSETS?

Payments for losses from the past nationalization of oil assets are likely to be the bigger impediment to the quick revitalization of the oil fields. Trump hasn't been clear about what he means—does he want to return to the 1950s and 1960s, when the U.S. oil majors were the dominant producers and Venezuela didn't have its own national oil company? That would attempt to reverse a lot of history. Does he simply want quick payment regarding the judgments that Exxon (around \$2 billion) and Conoco (around \$10 billion) have secured for the 2007 nationalization? Even payment of these judgments wouldn't be straightforward. Or perhaps he cares less about the past and more about controlling Venezuela's future oil output.

Sending out big checks for actions that took place more than ten years ago is bound to be controversial when Venezuela has limited current revenues and its oil company has a pressing need for new investment. A deal can presumably be reached, but sorting out a complex deal with a new government under pressure across a range of fronts won't necessarily be easy.

The legacy debts don't have to be resolved immediately. Venezuela isn't currently paying on its bonds, and it probably isn't going to be selling much oil to China to settle its remaining Chinese loans either. But the size of the legacy debt is staggering.

The total amount owed to the bondholders, counting many years of unpaid interest, is now estimated at \$100 billion, and the total external debt is now estimated to be around \$170 billion. That includes an estimated \$10 billion and \$20 billion still owed to China, and perhaps \$5 billion in outstanding debt to Russia. The country's gross domestic product is about \$80 billion, and the current export base is too small to support anything near the level of external debt. The  will be

---

Venezuela could be using much of its future oil proceeds to pay back its current creditors, lowering living standards and hampering its future growth.


The first step normally would be for the International Monetary Fund (IMF) to intervene and determine how much Venezuela owes to different creditors and start to negotiate a program of economic reform. Even getting that process started will take time, as the IMF hasn't visited Venezuela for about twenty years (the last Article IV report is from 2004).

Put simply, Venezuela is going to be cash-strapped for some time. It is sitting on a decrepit oil well that needs a lot of maintenance, not a recently drilled gusher.

*This work represents the views and opinions solely of the author. The Council on Foreign Relations is an independent, nonpartisan membership organization, think tank, and publisher, and takes no institutional positions on matters of policy.*

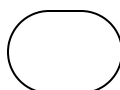
---

From Greenberg Center for Geoeconomics and RealEcon

 Creative Commons: Some rights reserved.  
This work is licensed under Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0) License.

VENEZUELA

UNITED STATES





### What to Expect From Kevin Warsh's Fed in the First 100 Days

May 26, 2026



### Remembering a Fallen Hero on Memorial Day

By James M. Lindsay  
May 22, 2026



### Everything, Everywhere, All at Once: The Future of U.S. Strategy

By Michael Froman  
May 22, 2026

# COUNCIL *on* FOREIGN RELATIONS

- About CFR
- Support CFR
- Careers
- CFR Education ↗
- Contact Us
- Privacy Policy

- Membership
- Fellowships
- Newsletters ↗
- CFR Store ↗
- Communications and Media Resources
- Terms of Use

GET CFR'S THE WORLD THIS WEEK

email@example.com Subscribe

©2026 Council on Foreign Relations

