



(UBS)

Venezuela: So it seems, the hard way it is

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Conflicting influences within the White House have kept investors alert, with the market trying to interpret whether the US foreign policy toward Venezuela will be more hawkish than in recent years.

After President Trump's inauguration, Envoy Richard Grenell visited Caracas and secured the release of six detained Americans. Soon after, Venezuela sent two planes to the US to repatriate 200 deportees, suggesting possible agreements. Thus, some thought that dialogue between the Maduro regime and the Trump administration was on the table.

Shift in Policy: Yet, on 26 February, Trump criticized Maduro's government for failing democratic standards and delaying deportations. Furthermore, he reversed certain licenses on oil transactions granted by the previous administration, restricting the ability of foreign firms to operate in Venezuela.

Secretary Rubio's Statements: On 27 February, Secretary of State Marco Rubio expressed strong opposition to Chavista-leader Maduro. During a Fox News interview, when asked if Maduro should step down, Secretary Rubio stated, "Well, we're going to work on that policy...We're not going to discuss publicly what our work is going to be in that regard, but he remains the same threat today that he was two years ago, three years ago, four years ago. That's going to have to be dealt with."

Rubio, known for his anti-Chavismo stance, seems to be gaining ground regarding the US's approach toward Venezuela. Thus, we believe increased sanctions undercutting Venezuelan petroleum and gas exports are a possibility in the near to medium term.

This strategy, which has been implemented by Washington before, would be yet another attempt at undercutting the sustainability of Maduro's ruling clique. Notably, sanctions on Venezuela have not resulted in regime change so far.

Overall, we think investors should shy away from Venezuela-related risk; for more details please see our recent note: [So it seems, the hard way it is.](#)

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