CHINA IN VENEZUELA: OIL LOANS

CHINA IN LATIN AMERICA NATIONAL STUDIES

ASOCIACIÓN AMBIENTE Y SOCIEDAD

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SUMMARY

The relationship that China and Venezuela have established under energy cooperation framework has allowed the creation of a Joint Fund which resources come mainly from loans granted by the China Development Bank, which must be settle through crude oil exportation. According to Venezuela government declarations, such loans do not impose a heavy debt to the country nor conditions such as the commitments acquired with other banks. Nevertheless, according to Mattlin and Nojonen (2011), there is not such a thing as an agreement without conditions. The objective of this article is to evaluate if the Venezuela-China agreements developed from 2008 to 2013, represent or not a loss of Venezuela sovereignty on its energy natural resources, taking as a reference the three types of conditionality mention by these authors.

Key words: China, Venezuela, Energy cooperation, oil loans and conditionalities.

ACRONYMS

English/Spanish

BANDES	Bank of Economic and Social Development of Venezuela/ Banco de Desarrollo Económico y Social de Venezuela
WB/BM	World Bank/ Banco Mundial
CDB	China Development Bank/ Banco de Desarrollo Chino
CNOOC	China National Offshore Oil Corporation
CNPC	China National Offshore Oil Corporation
CTPDC	China Petroleum Technology & Development Corporation
COD	Central Organization Department/ Departamento de Organización Central
FONDEN	National Development Fund/ Fondo Nacional para el Desarrollo Nacional
MIP	Ministerio de Industria Petrolera de China (No se encuentra este ministerio dentro de los legalmente constituidos y por tanto no hay traducción)
WTO/OMC	World Trade Organization/Organización Mundial del Comercio
PDVSA	Venezuela Petroleum S.A/ Petróleos de Venezuela S.A.
SASAC	State – owned Assets Supervision and Administration Commission of the sta Council / Comisión estatal para la supervisión y administración de activos
SINOPEC	China National Petrochemical Coorporation

INTRODUCTION

The availability of energy resources for industrial use is one of the key factors to maintain the growth rate on the Popular Republic of China, whose government found on the Bolivarian Republic of Venezuela, a strategic commercial partner to supply this necessity, supported by the sign of the "Memorandum of Understanding on Decennial Energy Cooperation 2001 – 2011".

The relation accorded by these countries on the scope of fossil fuels commerce, change after the creation of the China – Venezuela Joint Fund, on 2007, as it itself gives a new role to oil making it the main axis on development new projects on diverse areas such as agriculture, infrastructure, and technical cooperation, among others.

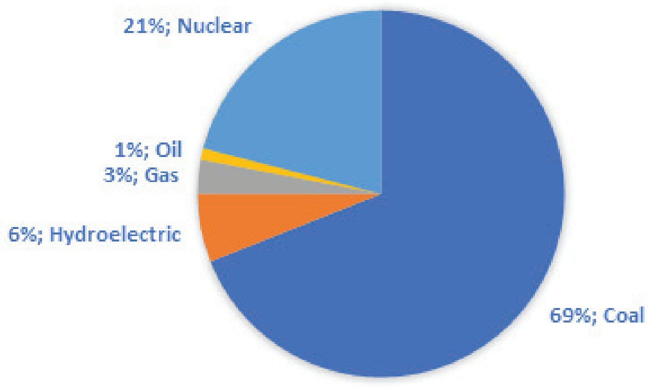
The role given to this energy resource, is according to Hongbo (2014, p.16) what gives the base to be consider as a unique model on energy cooperation where no state stakeholders, such as banks and oil companies, finance the development of plans, having as guarantor for the loans and the investments, this commodity.

The main target of this following article is to evaluate the conditions of the loans conceded by the Asian Estate between 2008 and 2013, to establish if these imply a lost in Venezuela control over its fossil resources. To do so, it is initially detail China needs on energy resources and the strategies developed on foreign politics in order to guarantee its energy security, which involve no state actors such as Chinese banks and its national oil companies; afterwards, it will explain the development of energy cooperation among both countries since the creation of the Joint Fund (2007) to 2013, year when the last extension of it was approved; finally, the loan agreements will be evaluated from the conditionality aspects established by Mattling y Nojonen in "Conditionality in Chinese bilateral lending".

THE ASIAN WORLD POWER ENERGY SECURITY

The sources of energy production in China are mainly coal (which provides 69,6% of the total) and oil (21,2%), while gas, hydropower, and nuclear energy compound only 9,3% from the remaining total of the country energy demand. (See Graphic 1)

GRAPHIC 1. PERCENTAGE OF CHINA ENERGY SOURCES



From this production, coal is the most use source by primary and secondary industries. The main reason derives from China been one of the main producers of the resource, occupying the third world position on coal reservoirs, right after USA and Russia, makes its exploitation and use much cheaper for this sectors.

On the other hand, oil has been mainly used by commercial, military, transport, agriculture sectors and homes, which due to their growth increased the demand on the resource surpassing the available domestic supply.

> The first time that oil demand in China surpassed the production was in 1993, which resulted on China becoming a net oil importer […] The increase on oil production has been slow in comparing with its demand; while from 1997 to 2008, the production increase in 59.5 million of tons, during the same period, the consumption rise on 281,1 million of tons (Leung, 2010, p. 9 33)

At this juncture, to guarantee energy security for the country, been this understood as "ensure a reliable and suitable energy supply under reasonable prices, in a way that does not harm the main national objectives" (Yergin in Leung, 2009, par. 11), became a challenge for the country.

For the communist party of China, it was essential to keep high levels of economic growth and population living standards, as these will allow capitalism with Chinese characteristics.

If enough resource, efficient and economic, is found in order to substitute oil, on a long term, the sectors that need it to keep their daily activities will be affected and so, living standards for the people will drop, as they could not access the resource, also undermining economic growth.

THE ASIAN WORLD POWER STRATEGY

To face this issue, the Asian country created two types of strategies: one on a domestic policy scope and other on foreign policy. The first one was oriented towards reduction on energy consumption and infrastructure investment. As an example of this, the creation of new oil strategic reservoirs and the increasing on its refineries capacity[1], which could refine heavy crude.

Regarding the action of the foreign policy, the big dragon started to diversify the sources of supply as well as the routes of transportation. According to Bustelo (2005, p.25), 75 % of China´s imports went through the strait of Malaca, reason why China began to cooperate with Russia and Kazajstan to build new oil pipelines as alternatives, strengthening so its connectivity with the rest of the world and reducing its geographical vulnerability.

> Connectivity […] first provides flexibility to supply the disruption of a source connected to the net by other alternative, even temporarily and to a less cost, reducing so the need of equally expensive facilities such as strategic and commercial reservoirs of fossil fuels. A higher electrical interconnectivity would provide more flexibility to the system" (Escribano, 2006, p. 7)

As far as energy sources diversification, the Asian country was forced to enhanced and strength the existent relations with countries outside its regional influence, mainly due to the instability represented by the region. On 1990 its main crude suppliers were Oman, Yemen, and Indonesia, but, after USA and its allies in Irak military intervention, Chinese government understood that depending on these countries increased its vulnerability, and so to guarantee the supply, began to speed up the acquiring policy in countries as Argelia, Gabon, Egypt, Brazil, Argentina, Venezuela and Canada. (Bustelo, 2055, p.8)

Whilst the relations among China and some of the previously mention countries had begun on the mid 90´s, it was just after 2003 that these were enhanced through investment and joint cooperation.
Thanks to those two mechanisms, the big world power that is China, created a new policy propose that allowed it to change its revisionist image and approach to western countries. Such a propose described how China, in order to achieve its economic growth, should create a suitable environment, and to do so, cooperate on the search of stablishing a harmonious world. This was also applicable to the energy sector.

[1]China went from refining 2.9 million barrels per day in 1990 to 7.7 million barrels per day in 2007, in addition to implement equipment capable to refine heavy oil (Leung, 2010, p. 934).

On the document "The White Paper"[2], published in 2008, Chinese government argue that its energy security can only be reached as it can be guarantee global energy security, that´s why to promote cooperation and mutual benefit, diversify development and encourage the coordination of policies is the best way to achieve this objective.

CHINA AND ITS OIL COMPANIES INTEREST ON COOPERATION

Cooperation on this scope has taken China to sign treaties with many African and Latin-American countries, with whom has undertaken actions leading to update their oil industry, and so contributing to enhance a world production able to fulfill its demand to reasonable prices.

Updating process have allowed its National Oil Corporations (NOCS) to be involved on these countries and get to: "1) Diversify sources of energy and to gain advantage on new business opportunities, 2) Associate with other NOCS and IOCs to diversify risk, and 3) Sign agreements on resource markets that allow China the access to those." (Jiang et Sinton, 2011, p.13)

The previous conditions are desirable for a State as it will afford access and manage over important resources to sustain its population; as a matter of fact, following authors such as Lorot (1997), with the pacification of exchange relationships generated by Cold War, the states choose to adopt economic strategies rather than military ones, as the last ones were too expensive.[3]
These economic strategies have as main goal to conquer and maintain an enviable position on the core of world economy by its companies, as so will the State achieve an effective control over resources.

For China, as it has been shortly explained, cooperation under the energy framework has focused on the promotion of its oil companies for this to enter new markets and so to diversify sources. Nevertheless, it is not so clear how the Asian state increases its control over resources through the promotion of those.
To understand how the country satisfies its interests through the promotion of its NOCs it is important to consider the way these two actors relate.

The fossil fuels sector in China is composed by three main NOCs: China National Petroleum Company (CNPC), China Petrochemical Corporation (Sinopec) and China National Offshore Oil Corporation (CNOOC).

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[2]The White Paper is an official document which presents the energy objectives that China has for the upcoming years and the way it expects to reach them.
[3]Military threats and alliances lost their value after the pacification of international exchanges, […] since then, economic priorities are no longer hidden and step to the fore. From now on, the fear to get adverse economic consequences is which will regulate commercial disagreements, and political interventions will be motivated by powerful strategic reasons, and if is still needed an external threat to secure unit and internal cohesion of nations and countries, such menace will be economic or more exactly geoeconomic. (Lorot, 1990, p.10)

These corporations were created on the 80´s decade with the objective to manage the process of exploration and production of fossil fuels, without the state losing property rights over the resources, actually through Ministerio de la Industria Petrolera, "the government exercised control on the prices, amounts of production, distribution of products and investment strategies, that these companies should develop". (Francisco, 2013, p.10).

Currently, the mechanisms use by the government to maintain control over NOCs are different due to the reforms that lead to the implementation of socialist market economy[4], tough those allow it to maintain the same foray on them.
Following Francisco (2013, p.19) the instances used by the Chinese communist party are two: the first one is the State – owned Assets Supervision and Administration Commission of the state Council (SASAC), and the second one is the Central Organization Department (COD).

The SASAC is an agency created by the State Council of the People´s Republic of China to monitor all the companies on which the government has share participation. According to Francisco (2013, p.20), this agency controls over 90% of the assets of the main oil companies in China, which makes it majority shareholder and therefore in control over

Corporative policies, staff designation, investment strategies, financing plans, corporative development and administration over shares and assets. This involves also the intervention over all the liabilities and assets not only of the oil companies but also of their subsidiaries. In addition, SASAC exercise regulatory powers over the designation on salaries, it could make use of the substantial assets and to intervene on the restructuration plans of all the companies, including those acquired by or fusion with others. Even more, the oil companies cannot raise capital, declare bankruptcy or issue bonds without the agency approval.

COD is an institution based on the Leninism system of classification in how the high officials of the party were named (Francisco 2013, p.21). currently COD`s responsibility, is not only to designate top executives of the Chinese communist party (which includes ministers, vice-ministers, and province leaders), but SASAC directors and the highest positions in oil companies: the president of the company, the general manager and the secretary of the party.

It should be made clear that these three positions, are filled by people who belong to the party, which increases the power the government has over its oil companies, this way, even when oil companies keep a certain level of autonomy and act as economic agents, truth is, the government can restrict many of their operation, satisfying its own interests through that.
So that, on the contrary to state companies in other countries, NOCs, by having the state council as major shareholder and belong to s Leninist naming, like the ODC, it highly depends of the state to guide its strategies towards the state objectives.

[4]The socialist market economy refers to socialism with Chinese characteristics, on which ideas from capitalism economy structure were adopted, such as private property, management of actives on the Company and accountability systems.

One of the countries China has stablished an energy cooperation relationship with is Venezuela. According to Hongbo (2010, p. 19), this is one of the most mature relationships the Asian country has accorded in Latin America, because it is the only one counting with a political architecture able to facilitate the decision-making process on the management of the money coming from a joint found and guaranteed on Venezuelan crude oil.

To understand how this type works, it is important explain which are the political institutions that compose it and the role played by oil as guarantor of the loans made by China though its banks.

CHINA IN VENEZUELA

POLITICAL INSTITUTIONS

The energy cooperation between China and Venezuela started in 2001 with the signing of the understanding memorandum for decennial energy cooperation (Memorandum de Entendimiento sobre la Cooperación Energética Decenal) 2001-2011, in which both governments agreed:

> To encourage the cooperation between their oil companies, conduct conversations in order to sign a drilling agreement for the "Zumano" oil deposit, promote cooperation for the development of Orimulsiòn, and exploring mechanisms to increase the cooperation between their companies in areas like, coal, electricity, and new energy sources. (Giacalone et al., 2013, pág. 84)

Through this legal frame, China-Venezuela high level joint commission was created, which aims at conforming the center of political decision for cooperation and is comprised by the Ministry of People's Power for Planning, on one side, and the national development and reform commission of the people`s republic of China, which annually meet with the purpose of revise and approve new agreements that lead to bringing forward projects to reach the aforementioned objectives.

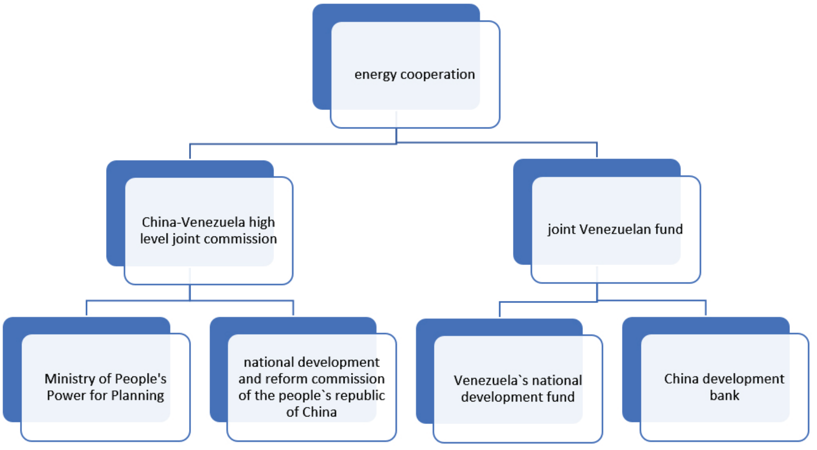
Later, in 2007, the Chinese-Venezuelan joint fund was created, to be in charge of attending the capital shortage to carry out joint projects, operating as a financial consortium with a wide credit provided by two financial institutions: the Venezuela`s national development fund (FONDEN in its Spanish acronym) and the China development bank (CDB).

(Hongbo, 2014, pg. 18) "Fonden is an entity created by the national executive power in September 8 2005, with the intention of providing support to the real productive social investment projects, education, health, special situations attention, and the public external debt profile and balance improvement.

PDVSA, sf website) according to the special contribution on extraordinary prices of the international fossil fuels market law, FONDEN money comes from special contributions paid by those who export or transport outside the country liquid fossil fuelss, both natural and improved and their byproducts, and applies when the average Brent crude oil barrel price exceeds US $70. (Gaceta Oficial de Venezuela, N° 38.910, 2008) however, the China development bank (CDB) is a financial institution for development, created under the management of the Chinese state council. It was stablished in 1994, with the country`s financial system reformation, which purpose was creating a bank that could serve as a tool for the promotion of economic policies.

As Gallagher et al (2012) explains, CDB is the engine of the macroeconomic policies of China, focusing mainly on eight development areas: electric power, road construction, railways, oil and petrochemicals, coal, telecommunications, agriculture, and public infrastructure. (CDB, p.4)

Graphic 2 politic institutions organization chart



The cooperation process works through 6 different aspects, all of them destined to develop a Venezuelan oil industry: (1) trading of crude oil, (2) technical service, (3) joint development, (4) participation in the construction of infrastructure, (5) loans for petroleum, and (6) biofuels technology joint research.

The crude oil trade is performed with the purpose that the sale and purchase of Venezuelan oil increase between the two countries, achieving thus that Venezuela diversify its customers and will not depend to a large degree of the United States, and that china gets access to a new supplier.

With the agreements on technical service, the joint research and construction of infrastructure, China commits with Venezuela to encourage the growing of its fossil fuels industry starting with the transference of technology and the necessary capital to reduce production costs and facilitate processes. An example of these actions is "the construction of drilling equipment and the import of crude oil transportation tanks on the part of Venezuela. (Giacolone et Briceño, 2013, p.88)

Regarding the Cooperation agreements for the joint development, within the frame of energy cooperation, both China and Venezuela have committed to look for poverty eradication strategies.

This way they have signed education and home building agreements, in which the Chinese companies are on charge of develop said projects with money coming from the joint fund.

The majority of these projects are carried out by Chinese companies and the Venezuelan state company Petróleos de Venezuela S.A (PDVSA). Between these two are made the agreements which are subsequently signed with the approval of the high commission and evaluated by the joint fund, which provides the money needed for its materialization.

The most representative Chinese national corporations in Venezuela are Petrochina ltd, Sinopec Corporation and China National Offshore Oil Corporation ltd. Each one of them subsidiary respectively of China National Petroleum Corporation (CNPC), Sinopec, and China National Offshore Oil Corporation (CNOOC).

There have been several treaties celebrated within the frame of energy cooperation, which have reached other fields such as agriculture, mining, home building, and education. Nevertheless, since the creation of the joint fund, at the end of 2007, the financial tools started to have a new effect, as they allowed China to increase its presence in the fossil fuels market of Venezuela, since the need to provide goods and services to develop the projects. Said needs were covered by new Chinese companies.

As explained before, one of the most important participants in the Chinese-Venezuelan energy [5]cooperation is the CDBT that together with FONDEN, finances the Chinese-Venezuelan joint fund, which in 2013 reached an amount of US $38 billion. (see table 1)

The money given by the CDB comes from loans which payments are performed in the following way:

[5]1. Banandes is a Venezuelan state bank stablished in 2001 to stimulate private investment in low income zones. Also, it takes part in the funding of projects related to the modernization of the social infrastructure, international cooperation programs and technological innovation, among other initiatives. It makes presence in the region in Uruguay, through its filial Bandes Uruguay and Bolivia, where it owns the micro-financial institution Fondo financiero privado prodem, based in Caracas. It also has developed economic activities in Nicaragua and Ecuador, and has a representation office in China (BnAmericas, 2016) 2. For further information, it is recommended to revise the contract of supply between pdVSA and CnpC of March 2007.

The CDB grants a billion-dollar loan to an oil exporter country like Ecuador. The Ecuador state oil company, petroecuador, promises to embark (transport) one thousand one hundred oil barrels to China per day, until the loan has been paid. The Chinese oil companies purchase the oil at a market price and deposit their payments in the CDB account of Petroecuador. CDB withdraws the money directly from the account to reimburse the loan. (Gallagher et al., 2012, p. 14)

Table 1. Loan agreements between CDB and the Venezuelan government (2007-2013)

Loan agreement	date	Gazette or approving law of the national assembly	Sections and costs
Agreement between the People's republic of China and the Bolivarian Republic of Venezuela on the joint funding fund	09/05/2008	Gazette N° 39.019 publishing date: September 18 2008	Section A: US$ 6 billion
Protocol of amendment between the Government of the Bolivarian republic of Venezuela and the government of the People's republic of China on the joint fund	18/02/2009	Gazette No 39.183 publishing date: May 21 2009	Section B: US$ 6 billion
Agreement on the cooperation for long time financing, it consists of a line of credit with a 10-year term	10/07/2010	Official gazette No 39.511 publishing date September 16 2010	Line of credit for US$ 20 billion
Second protocol of amendment between the Government of the Bolivarian republic of Venezuela and the government of the People's republic of China	27/02/2012	Official gazette No 39.927 publishing date: May 22 2012	
Third protocol of amendment between the Government of the Bolivarian republic of Venezuela and the government of the People's republic of China	22/11/2013	Official gazette No 40.299 publishing date: November 21st 2013	Section C: US$ 6 billion
Total			US$ 38 billion

Source: table based on the National assembly and the supreme court of justice of Venezuela information

Following the model described, the joint investment fund in Venezuela was opened with US $6 billion of which the CDB contributed US $4 billion as a loan granted to Banco de Desarrollo Económico y Social de Venezuela1 (BANDES), and FONDEN provided the 2 billion

Remaining. At that time, the loan granted by the CDB should have been covered in the following three years, being the oil company Petròleos de Venezuela (PDVSA) in charge of selling 100.000 oil barrels daily to China oil, subsidiary of CNPC2.

Further, in 2009, section B of the fund was open and the CDB granted again a loan for the same amount, for the same time period. Even though, this time "the number of oil barrels would fluctuate depending on the barrel price, the minimum would be 107.000 oil barrels when the price be over US$ 60 and the maximum would be 153.000 oil barrels when the price be below US$ 42. (Downs, 2011, p. 49).

In 2013 section c was created, this time, the CDB lent the fund 5 billion and FONDEN provided 1 billion; the loan would be paid with 100.000 oil barres daily". (El Universal, 2014)

It is important to clarify that only until the signing of the second amendment protocol the payment method is formalized and the participation of oil companies is mentioned.

> "The Bolivarian republic of Venezuela comprises through the seller (petròleos de Venezuela S.A) to sell fuel and/or crude oil in accordance with the oil contract(s) to the buyer (China National United Oil Corporation) in quantities non-minor amounts to 230.000 oil barrels daily, to the date in which the assumed obligations respecting the facilities have been completed 5 and unconditionally fulfilled by the borrower (BANDES); the buyer will deposit the money from the purchase of crude oil and fuel directly in the charge account opened and kept by the borrower(CDB) and the moneylender; the corresponding part of the money deposited in the charge account will be used as a (non-exclusive) funding source for the borrower with the intention of facilitate the reimbursing on the borrower side to the moneylender, the interests and other corresponding amounts which the borrower owns to the moneylender with reference to any loan granted by the moneylender to the borrower concerning section A and/or section B of cooperation. The legislative and executive authorities of the Bolivarian republic of Venezuela will guarantee through juridical regulation, that while the present agreement is in force, the structure of the aforementioned reimbursing and the transactions under the terms of the present agreement comply with the legislation of the Bolivarian republic of Venezuela and be implemented without problem. (Gaceta Oficial de Venezuela N° 39.927, 2012, Art 5 del Acuerdo)"

For countries like Venezuela, this loans represent great advantages due to in the first place, they give the option of paying big amounts of money at the expense of a commodity they produce, and in second place, do not impose political conditions like the ones that exist with big entities like the World bank (WB) or the inter-American development Bank (IDB).

According to Kevin Gallagher et al. (2012, p. 18), when comparing the terms of the WB loans with the terms of the Chinese banks several differences were found. While the World bank makes efforts in order to reform the projects, and even the way in which these should be received, Chinese banks do not require that the borrower change its institutional policies in order to fund them, it means they do not lead the borrower to accept political conditions.

However, Mattlin and Nojonen (2011, p. 11) claim that the foreign aid is never given without conditions, which makes clear that there are conditions in the Chinese loans, which in many cases help Chinese companies, different to the oil ones, to enter the Venezuelan market.

CHINESSE AGREEMENTS CONDITIONALITY

On its publication "Conditionality in Chinese bilateral lending", Mattin and Nojoen explain how the Chinese loans do involve a series of conditionalities that enables them to achieve their interests. For these two authors, conditionality on these loans could take three different forms: political conditionality, established conditionality, and emerging conditionality.

POLITICAL CONDITIONALITY

This refers to the case when the receptor country must commit to some basic conditions, of political and diplomatic nature, previous to receive any type of funding (Mattlin and Nojoen, 2011, p.16). For China, the most conspicuous political condition is the agreement of the principle of only one China.

As it was explained on their first book, and reinforced on the second volume, China is only open to establish relations with Latin America and Caribbean countries only if those accept the principle of one China, getting so a majoritarian support to its reunification of provinces cause and therefor preventing them from establishing official relationships with Taiwan, while:

> China Government appreciates the adhesion, by the absolute majority of countries in the region, to the policy of on China and their abstention on developing relations and official contacts with Taiwan, in support to the great cause of China reunification. China is willing to establish and develop interstate relation with Latin American and Caribbean countries on the base of the one China principle. (State Council, 2011, p. 2)

This kind of conditionality is present in all the relationships established by China, and given its principle of no interference on intern issues of each country, it might be the only act of political conditionality proposed.

The other two kinds of conditionality are even more complex as are evident on the framework of the agreements as well as on the implications derived from those.

ESTABLISHED CONDITIONALITY

This conditionality, for instance, "constitutes on the demands related to a project, for example Chinese contactors, subcontractors, technology, equipment suppliers, managing and training, as well as labor force". (Mattlin and Nojonen, 2011, p.18)

Following the agreements that enable the creation of Sections A, B and C from the Joint Fund[6], it is establish that the capital will be oriented to the development of "socio – economic projects, including China – Venezuela cooperation projects on infrastructure, industry, agriculture, mining energy, technical and technological assistance" (Article6, 2008 Agreement). Though this does not specify how the projects must be developed or the participation that Chinese companies will have on them, it is important to remember that these projects must be approved by the China Venezuela Mixed Commission[7], in which the Chinese government has influence, using it to approve projects on which their firms participate.

As an example of this during the fund meetings, the NOCs have created mixed companies[8] with PVDDA to explore and exploit oil on the Orinoco belt, such as: 1) Mixed Company between PVDSA and CNOOC to exploit Boyaca 3 block, created during the VIII Commission meeting; 2) Petrourica SA Mixed Company created in 2010 during the meeting of high commissioners from BDC and BANDES, which originated the Long Term Financing line; 3) the approval for Sinopec to participate on the Junin 1 block, within the framework on the IX Joint Commission meeting; 4) the signature of the agreement on the joint study between PVDSA, CVP and CNPC for Junin 10 block, which contemplates the possibility of CNPC to get shares on Petrocedeño, agreement formalized on the XII Commission meetings. (See table 2)

	Constitution date	Company	Share participation	
Mixed Companies Created	11/28/2006	Intercampo Oil Company	75% PDVSA	25% CNPC
	11/06/2007	Petrozumano	60% PVDSA	40% CNPC
	12/19/2007	Paria Oil Company	60% PVDSA	32% SINOPEC
				8% INE Oil & gas In

[6]In comparison with the Joint Fund agreements, the "Agreement on Cooperation for Long Term Financing", which was also established by CDB, is much more comprehensive regarding how the funds must be use; its 5th article specifies that at least US$4000 million and RMB 70 thousand million will be used for cooperation projects initiated by both countries according to the determinations by CDB and BANDES.

[7]Like this it is ratify by the third protocol of amendment of the agreement on the China Venezuela Joint Financing Fund, on its 6th article: "The parties shall attempt for designated entities by the Parties, to present annually a report on the performance of the China Venezuela Joint Fund (even on the implementation and efficiency of the projects financed by it) to the Mixed High Level Commission, and for the designated entities by the Parties to receive orientation by the Mixed High Level Commission on the implementation of the transactions contemplated on this agreement.

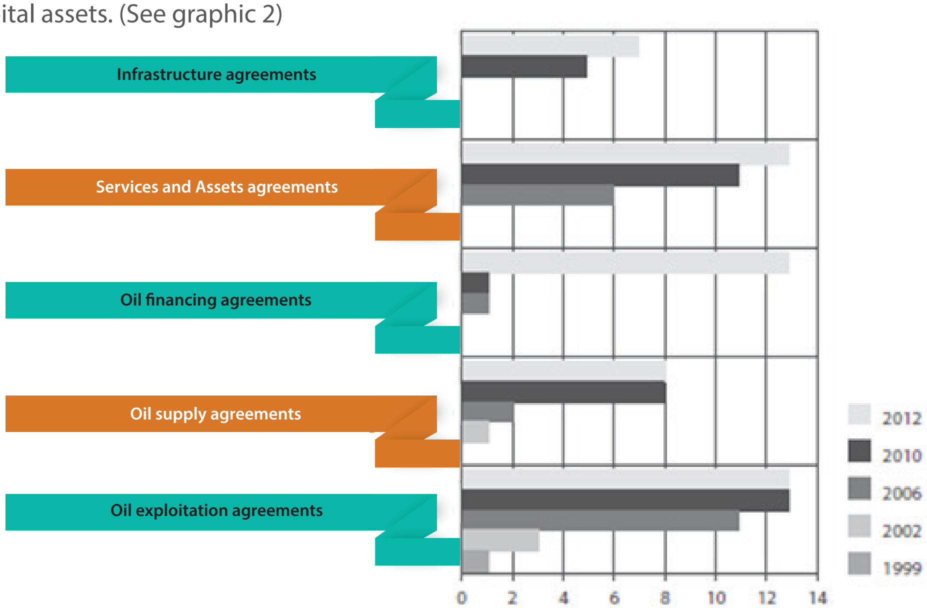
[8]Within the framework of the Full Oil Sovereignty policy and with the purpose of ending the privatization of Venezuela´s oil industry that began during the 90´s, in February 26th of 2007 the Government of Venezuela issue the Decree No. 5200, the "Migration to Mixed companies from Association Agreements on the Orinoco oil belt, as well as on the on risk exploring and share profits Agreements", according to which the associations must transform into Mixed Companies, with CVP branch of PDVSA has no less than 60% of Shares. (official web PVDSA, sf)

	Constitution date	Company	Share participation	
Participation	02/01/2008	Sinovensa Oil Company	64,25% PVDSA	35,75% CNPC
	04/17/2010	Petrourica	60% PVDSA	40% CNPCt
	11/06/2007	Junin 8 participation	PVDSA	SINOPEC
	12/03/2010	Junin 1 participation	60% PVDSA	30% Sinopec
	12/22/2009	Boyaca 3 participation	PVDSA	CNOOC
		Junin 10 development		

Source: Table obtained from information on (PDVSA, 2010) (PVDSA, 2013)

Following press releases, documents from the Ministry of People´s Power for Planning and the list of signed agreements between both countries, published by the Embassy of Venezuela in Beijing, after the creation to the Joint Fund (by the end of 2007) and until 2013 have been signed about 94 agreements on the framework of this Commission meetings. (See Annex 1).

According to Giacolone (2013, p.82) these agreements have evolved going from those referring only to exploration, exploitation and oil supply, to those that establish the procurement of technical services and goods to develop projects; as new needs were created those were satisfied with the arrival on new Chinese firms to the Venezuelan market. This is reflected on last years agreements on fossil oil that have been focused on the acquirement of capital assets. (See graphic 2)



Source: taken from Giacolene and Briceño, 2013, p. 82

Graphic 2. Oil Agreements

Currently, China has not only lead exploration and exploitation projects; as the ones delivered by their NOCs on the mixed companies, but also has developed plans as the Cabruna refinery – where Sinopec has 30 % shares-, the building of Industrial Condominium at Junin and Carabobo developed by Citic and Sihohydro – which received US$8.000 million (PVDSA Informa, 2012) -, the building of oil tankers such as the 320 thousand Tons tanker made between CV Shipint PTE and China Shipbuilding & Offshore International and Bohai Shipbuilding Heavy Industry -, or the credit line of the Development Bank of China to PDVSA by additional 500 million dollars to acquired machinery and equipment for oil activity made on 2012 (See Annex 1).

In this manner, through loans and interference of the Joint Commission over those, the Asian economic world power has achieved, not only the goal to insert its NOC´s in a market previously used only by American and European companies such as Exxon – Mobil or Chevron, but also has managed to be part in production process thanks to conditionalities on the joint making of projects that include its companies, hiring Chinese force labor, technology, equipment suppliers, direction, and education.

Regarding emerging conditionality, "is the one established for the future due to the structural effect of current loans". According to Mattlin et al (2013, p. 22), an example of this is the dependence of receptor country on the Chinese technology importing, which allows the giver to renew or create new loans, as well as the power to demand something from the loaner country.

For Venezuela, this conditionality is shown on the consecutive renovation of loans. Section A, for instance, has been renewed twice, and Section B was renewed once[9]; besides in 2013 Section C was open, and in 2011 it was created another Large Amount and Long Term Fund.

The fact that these loans are paid by sending oil barrels, taking into account variability on the market price for crude, supposes other conditionality to the debt, as it is amplified when the commodity price drops, forcing Venezuela to export a higher number of barrels to China, requiring a higher investment on oil projects and, therefore increasing the need for China investment.

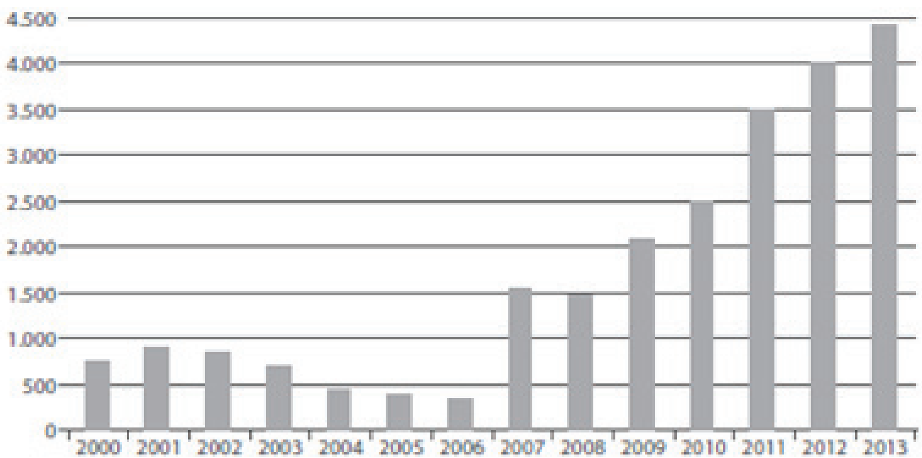
For Venezuela to increase oil production it is necessary to have certain percentage of foreign companies investing in the region, as those transfer know how and new machinery to make more efficient the production processes; as a matter of fact, Venezuela established in the Planting Petroleum Plan that, for the purpose of increasing production on 2015 up to 4,15 million barrels per day, it was necessary:

[9] Section A was renewed in 2011 and 2014, while Section B was renewed in 2009 and 2012.

An investment of 252.000 million dollars approximately on the 2010 – 2015 period. From this amount, about 78% will come from PDVSA, 15% from third part investors and 7% from investments associated with Orinoco Socialist Project. (Scrofina 2012, p.23)

The need to increase production relates with the increasing public debt from this company due to the diplomatic policy of the country, many social subsides and Chinese loans (since the Joint Fund was agreed, PVDSA has considerably increased). (See Graphic 3)

Graphic 2 PDVSA debt in USD thousand million per year



Source: taken from Venezuela Oil & Gas Report, 2015, p.25.

According to the report from Business Monitor International, published in 2015, for 2013 the incomes of the company were US$21.400 million. Thus, when taxes and social contributions were applied these diminish to US$2.500 million. In addition, Petrocaribe program represents it losses for about US$2.900 million. (p.22)

On this account, as more oil loans exist there will be a higher need from PVDSA to establish agreements with foreign investment.

CONCLUSIONS

The article described the importance of the energetic resources for the development and maintenance of the Chinese model of growing, as well as the main strategies of its foreign policy to guarantee its safety in this context, being one of them the international cooperation. In the same way, it stablished which were its interests when creating an energy cooperation with Venezuela, being the most important mechanism the awarding of loans for projects in different areas. The aforementioned, were subsequently evaluated with the intention of stablishing if they implied conditions which could lead Venezuela to lose control over the sovereignty of its energy resources.

On the letter, it was found that Chinese loans for oil do not imply any kind of condition legally speaking (except that part of the money should be used for joint projects), but it does not mean that there are no inherent conditions which may prevent the Venezuelan state to have an adequate control over its fossil fuels in the future.

The evaluation of said loans was performed in reference in the types of conditionality described by Mattlin and Nojonen. In the first one, which corresponds to the political conditionality, it was observed that the acceptance of the requirements proposed by China within the political frame (like the no interference of the internal affairs of the Asian country) do not influence the control Venezuela has over its resources.

In the evaluation of the stablished conditionalities it was found that, due to it was specified in the loan agreements that part of the money should be destined to the development of joint projects, these opened the way for the creation of different mixed Chinese-Venezuelan oil companies and the involvement of other kind of companies in the Venezuelan market which performed projects in the areas of agriculture, infrastructure and telecommunications, and as suppliers of great importance goods for the crude oil production processes.

In terms of mixed companies, even though, due to the agreements China could promote the entry of its NOCs to the Venezuelan fossil fuels market, it is important to clarify that the policy of full oil sovereignty represents a big obstacle for the wider control over the resources by the Asian state, because it prevents that the foreign companies have the main stock option (see table 2). Nevertheless, the agreements and the interference that the national development and reform commission of the People's republic of China has had in the joint commission proves that from these mechanisms the Chinese government has achieved the insertion of its companies in the market, conditioning the development of many projects to the participation of these.

Consequently, it can be claimed that the stablished conditions, even when they are not enough to put on tenterhooks the sovereignty of the Venezuelan state over its energy resources, they could be in the future because they lead increase the participation of Chinese companies in the process of fossil fuels production.

By last, the emerging conditionality, which evaluates the need to turn to these loans in a repetitive manner, has resulted in the inclusion of conditions for the renewal of these loans.

In the last years, the oil price has fallen in a considerably, which implies for Venezuela, that the debts acquired with the Asian country be more difficult to pay since these are not settled according to a number of barrels but to the price of the crude oil in the market.
The forgoing, added to the fact that the production costs, taxes, and the royalties that PDVSA must settle are high, evinces that the payment of the debt is untenable in long term and in the future Venezuela will not be able to count with its own oil to sell to other customers.
For all that it can be said that, even though the credits granted by the China development bank do not have legal implications, the structure stablished for managing them, as well as the characteristics of the loans for oil, constitute conditionalities that can undermine the sovereignty the state has over its energy resources.

ANNEX 1

Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation
VII (09/24/2008)	Complementing agreement on technical and economic cooperation for iron industry.	Iron		
VII (09/24/2008)	Cooperation for infrastructure agreement	Infrastructure		
VII (09/24/2008)	Complementing agreement of cooperation for telecommunications, informatics, and post services	telecommunications		
VII (09/24/2008)	Agreement for a joint study with the Chinese company Sinopec for building a refinery in Cabruta to process heavy crude on the Orinoco oil belt.	Fossil fuels	Refinery	Cabruta refinery
VII (09/24/2008)	Oil and fuel oil supply contract between PDVSA and Petrochina. Up to 500 thousand barrels.	Fossil fuels	Supply	
VII (09/24/2008)	Educational exchange Program 2008 – 2010 between both countries.	Education		
VII (09/24/2008)	Memorandum of Understanding on health and food security for animals and plants.	Agriculture		
VII (09/24/2008)	Agreement on the building of 4 bunking vessels VCCC for mixed company CV Shipping.	Transportation.		
VII (09/24/2008)	Letter of Intention between Corpivensa and Haier China company on a feasibility study for installing an appliances plant.	Appliances		
VII (09/24/2008)	Mercal and Haier Contract to supply home appliances	Appliances		
VII (09/24/2008)	Timetable between Ministry People´s Power for Agriculture and Lands of Venezuela and Shandong Academy of Agricultural Science	Agriculture		
VII (09/24/2008)	Minutes of constitution of Mixed Company Orinoquia	Telecommunications.		
VII (09/24/2008)	Letter of Intention between Telecomunicaciones Caribe S.A. and Alcatel Shangai Bell Co. LTD.	Telecommunications.		
VII (09/24/2008)	Timetable between Ministry of People´s Power for Social Participation in Venezuela and State Council Leading Group of Poverty Alleviation and Development in China.	Social development.		
VII (09/24/2008)	Letter of intention between Agricultural Coorporation of Venezuela and Ministry of Agriculture of China	Agriculture		
Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation

VII (09/24/2008)	Letter of Intentions for the creation of the mixed company for the agricultural development in lands around Orinoco oil belt.	Agriculture		
VII (09/24/2008)	Memorandum of Understanding between Petroquimica de Venezuela and China Petrochemical Corporation, Sinopec.	Fossil fuels		
VII (09/24/2008)	Letter of Intention between Ministry of People´s Power for Foreign Affairs and Huawei Technologies, LTD.	Telecommunications		
VII (09/24/2008)	Operations and commissioning contract for two lines on the pelletising plant between CVG and Ferrominera Orinoco C.A, and China Metallurgical Group Corporation.	Iron		
VII (09/24/2008)	Memorandum of Understanding to constitute a Mixed Company for Junin 4 block, between Petrochina and PDVSA	Fossil fuels	Mixed Company	Junin 4
VII (09/24/2008)	Letter of Intention between CVA and the Chinese company CAMCE to develop economic, financial and technical feasibility studies to establish guidelines of technological cooperation for the establishment of aloe finished products processing plants.	Agriculture		
VII (09/24/2008)	Contract for fuel oil supply between Petroleos de Venezuela S.A. and China Zhen Hua Oil Co. LTD.	Fossil fuels	Supply	
VII (09/24/2008)	Memorandum of Understanding between Nueva Televisión del Sur C.A., Telesur y CCTV of the People´s Republic of China	Telecommunications		
VIII (12/22/2009)	Agreement to execute a quantification and certification of reservoirs study on the existing deposits in the Boyaca 3 block on the Orinoco oil belt between PDVSA and CNOCC	Fossil fuels	Mixed Company	Boyaca 3
VIII (12/22/2009)	Memorandum of Understanding for cooperation in infrastructure projects development on the Orinoco oil belt and open seas between PDVSA and Sinohydro	Fossil fuels	Infrastructure	
VIII (12/22/2009)	Memorandum of Understanding for CNOOC participation as well as land as open seas between PDVSA and CNOOC	Fossil fuels		
VIII (12/22/2009)	Master Agreement on crude and fuel oil supply between China Zhen Hua Oil and PDVSA	Fossil fuels	Supply	
Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation
VIII (12/22/2009)	Contract for building an oil tanker of 320 thousand dwt crude between CV Shipping PTE and China Shipbuilding & Offshore International and Bohai Shipbuilding Heavy Industry	Fossil Fuels	Transportation	
VIII (12/22/2009)	Master Contract to supply crude and fuel oil between UNIPEC Asia Company and PDVSA	Fossil Fuels	Supply	

VIII (12/22/2009)	Master Contract of supplies between Petrochina and PDVSA	Fossil Fuels	Supply	
VIII (12/22/2009)	Master Agreement between PDVSA and Sinopec to constitute a Mixed company of refining (Cabruta Refinery)	Fossil Fuels	Refinery	Cabruta Refinery
VIII (12/22/2009)	Pledge of Commitment to Develop aluminum sector between Chinese company CAMC ENGINEERING CO., LTDA from the People´s Republic of China and CVG of Bolivarian Republic of Venezuela	Aluminum		
VIII (12/22/2009)	Financing Contract between CVG and BDC			
VIII (12/22/2009)	Pledge of Commitment between Compañia Anónima Nacional de Telefonos de Venezuela C.A and ALCATEL – LUCENT SHANGAI BELL CO. LTD	Telecommunications		
Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation
VIII (12/22/2009)	Pledge of Commitment between Venezolana de Turismo S.A from the Bolivarian Republic of Venezuela and ZHENGZHOU YOUTONG GROPU, COPR from People´s Republic of China	Tourism		
VIII (12/22/2009)	Pledge of Commitment between Suministros Venezonlanos Industriales C.A. (SUVINCA) and HAIER to Supplementary Exchange of Electronic Goods.	Technology		
VIII (12/22/2009)	Contract to equip Technological Infrastructure to Centro Bolivariano Croptográfico del Servicio Exterior between Ministry of People´s Power for Foreign Affairs and Huawei Technologies Co. Ltd.	Technology		
VIII (12/22/2009)	Memorandum of Understanding between PVDSA and BDC regarding Financial Cooperation and Joint Reasearch.	Fossil Fuels		
VIII (12/22/2009)	Contract between PDVSA Agrícola S.A. and Heilongjiang Xinliag Grano and Aceite Grupo Sociedad Limitada	Agriculture.		
VIII (12/22/2009)	Memorandum of Understanding between Diques y Astilleros Nacionals C.A. (DIAN – CA) and Chinese Company CAMC Engineering Co., Ltd.	Infrastructure		
VIII (12/22/2009)	Pledge of Commitment to acquire and supply of machinery and equipment for comprehensive management of waste and litter and environment protection, between Ministry of People´s Power for Environment of the Bolivarian Republic of Venezuela and Chinese company CAMC Engineering Co. Ltd.	Technology		
VIII (12/22/2009)	Pledge of Commitment for Engineering, Endeavour, Building and Launching of Waste Water System from North area of Maracaibo city, between Ministry of People´s Power for Environment of the Bolivarian Republic of Venezuela and Company from People´s Republic of China Sinohydro Corporation Limited,	Infrastructure		
VIII (12/22/2009)	N.3 Complementary Document Third Phase of the project for Comprehensive Rehabilitation of "River Guarico System" Agrarian socialist project Rio Guarico	Agriculture		

Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation
VIII (12/22/2009)	Pledge of Commitment for Cooperation in Aquaculture on Aquaculture Projects between Ministry of People's Power for Agricultural and Lands of Bolivarian Republic of Venezuela and the Ministry of Aquaculture of People´s Republic of China.	Agriculture		
VIII (12/22/2009)	Master Contract to supply crude and fuel oil between UNIPEC Asia Company Limited and Petroleos de Venezuela S.A.	Fossil Fuels	Supply	
VIII (12/22/2009)	Master Contract for supply between Petrochina International Company Limited and PDVSA.	Fossil Fuels	Supply	
VIII (12/22/2009)	Memorandum of Understanding between PVDSA and Patrocina International Company Limited (PETROCHINA), to developed a crude oil storage and shipping terminal from Orinoco oil belt.	Fossil Fuels	Infrastructure	
2010 Long term Financing line Consolidation	Complementary Agreement on Electrical Energy Matters from Economic and Technical Cooperation Agreement between Government of Bolivarian Republic of Venezuela and the Government of People´s Republic of China	Energy		
2010 Long term Financing line Consolidation	Agreement between Government of Bolivarian Republic of Venezuela and the Government of People´s Republic of China regarding Cooperation on Joint Exploitation of Junin 4 block on the Orinoco oil belt	Fossil fuels	Mixed Company	Junin 4
2010 Long term Financing line Consolidation	Memorandum of Understanding between Petroleos de Venezuelan and Chinese company to import and export machinery and equipment to construct Electric generating plants from coke.	Energy		
2010 Long term Financing line Consolidation	Pledge of commitment between Corporación Eléctrina Nacional and Chinese company CAMC Engineering Co., Ltda. For El Vigia Thermoelectric Plant Project	Energy		
IX (12/03/2010)	Agreement of participation of SINOPEC company in Junin 1 block for 200 thousand daily barrels	Fossil fuels	Mixed Company	Junin 1
IX (12/03/2010)	Agreement with CNOOC for its participation on Mariscal Sucre Project	Energy	Gas	
Joint Commission Meeting	Agreements signed	Sector	Fossil fuels to	Area of participation
X (11/21/2011)	Memorandum of Understanding between PVDSA – CVP and CMEC, to build electric power plants on direct combustion of coke	Energy		
X (11/21/2011)	Loans facility to Finance Sinovensa Production Expansion Plan, for 4,015 million dollars.	Fossil fuels		

X (11/21/2011)	Letter of Intention between CORPOLEC and Chinese companies Electric Power, Gezhouba Group International Engineering (CGGC) and Camc Engineering Co., for Transmission System Tocoma Uribante Project.	Energy		
X (11/21/2011)	Pledge of commitment to Enhance Technological, Production and Infrastructural Capacity on the Industria Electronica Orinoquia, to fullfil communication needs of Venezuelan people.	Telecommunications		
X (11/21/2011)	Pledge of commitment between Telecom Venezuela from Bolivarian Republic of Venezuela and ZTE Corporation to build plants.	Infrastructure		
X (11/21/2011)	Master Contract of civil engineering on the First Stage of Appliances Industrial Complex, between Ministry of People's Power for Higher Education, Science and Technology, CORPIVENSA and Haier Global Business Corporation Limited.	Appliances		
X (11/21/2011)	Pledge of commitment between CVA, Empresa Comercializadora de Insumos y Servicios Agrícolas, from Bolivarian Republic of Venezuela and Sinochem Shangai Company, from People´s Republic of China, to establish Technnical Cooperation Mechanisms.	Technology		
XI (11/30/2012)	Agreement for developing Industrial Condominium on the Orinoco belt at Junin, with Citic and PVDSA.	Fossil Fuels	Infrastructure	Junin
XI (11/30/2012)	Participation agreement of Citec on the Mixed Company Petro Piar, which will be signed on Monday			
XI (11/30/2012)	Agreement to build rigs for open sea activity with Citic Constructions.	Fossil Fuels	Infrastructure	

Joint commission meeting	Agreements signed	Sector	Fossil fuels destined to	Area of participation
XI (11/30/2012)	Agreement for the development of the condominium in the Carabobo area, in the Orinoco oil belt (FPO), which is going to be subscribed with the company Sinohydro.	Fossil fuels	Infrastructure	Carabobo
XI (11/30/2012)	Constitution of a mixed Company to exploit reserves in Junin block (PDVSA with Sinopec)	Fossil fuels		
XI (11/30/2012)	Contract between the CNTC filial CGP and Petrourica	Fossil fuels	Exploration	Junin
XI (11/30/2012)	Contract between CVP and Sinopec for the conformation of a mixed Company for the exploitation of mature fields in Venezuela.	Mining		
XI (11/30/2012)	Agreement with citic for the geological certification, exploration and protection of mineral reserves in Venezuela, for the elaboration of the mining map of the country	Mining		
XI (11/30/2012)	Agreement with Citic for the joint development of the mining Project Las Cristinas	Mining		
XI (11/30/2012)	Loan-credit contract of Industrial and commercial bank of China (ICVC) for US$ 1.5 billion, which will serve to give priority to the construction of homes in Fuerte Tiuna and will be signed next Monday.			
XI (11/30/2012)	Agreement with Citic for the placement of stocks of mixed and Venezuelan companies in Hong Kong stock markets.			
XI (11/30/2012)	Credit line of the China development bank to PDVSA for additional US$ 500 million for the acquisition of machinery and equipment oil activities.	Fossil fuels	Goods acquisition	
XI (11/30/2012)	Memorandum of understanding for camps of the great mission saber y trabajo, which will be signed by Citic constructions and PDVSA			
XI (11/30/2012)	Memorándum for the cooperation on the railway sector	Transport		
XI (11/30/2012)	Agreement between the Bolivarian Republic of Venezuela and the People's republic of China for the exchange of data and applications of remote perception satellites.	Telecommunications		
XII (09/24/ 2013)	Specific agreement for the installation and operation of two superficial assembly lines for the production of telecommunication equipment, between Telecom Venezuela and the company Huawei technologies Co.Ltd	Telecommunications		

XII (09/24/ 2013)	Cooperation agreement between the Ministry of Science and Technology of the People's Republic of China, the Bolivarian republic of Venezuela, and the China Academy of Building Research (CABR) for information and experiences exchange, service delivery and the scientific-technical training in the evaluation of materials and constructive technologies within the frame of great mission home.	Technology		
XII (09/24/ 2013)	Work program 2014-2015 between the Ministry of People's Power for Communes and Social Movements of the Bolivarian Republic of Venezuela and the state council office for the eradication of poverty and the development of the People's republic of China.	Social development		
XII (09/24/ 2013)	Memorandum of understanding on the activity plan for the installation of a bus assembly plant in Venezuela between Ministry of People's Power for industry of the Bolivarian republic of Venezuela and the company Yutong Hongkong Limited of the people's Republic of China.	Transport		
XII (09/24/ 2013)	Letter of intention for the elaboration of the project proposal and construction of buildings destined to the aviation and the navy general commands, between the Órgano Superior Del Sistema Nacional De Vivienda y Hábitat de La República Bolivariana De Venezuela and Citic international Contracting Co. Ltd.	Military		
XII (09/24/ 2013)	Compromise act between the Ministry of People's Power for defense of Venezuela and the Chinese China company North industries corporation (NORINCO) for the acquisition of material and equipment for the national Bolivarian army force. Period 2014-2016			
XII (09/24/ 2013)	Intention letter between the Ministry of People's Power for Agricultural and Lands of the Bolivarian republic of Venezuela and the companies Heilongjiang Nongken Beidahuang Business Trade Liability Group Co, Ltd.; and, China Camc Engineering, Co Ltd.from the People's republic of China	Agriculture		
XII (09/24/ 2013)	Agreement between PDVSA and CNPC for the development of Junìn 10	Fossil fuels	Mixed company	Junìn 10
XII (09/24/ 2013)	Letter of intention between the Chinese company Gezhouba Group and the Instituto Nacional De Desarrollo Rural (INDER), for the integral project of the socialist agricultural development of the El cenizo irrigation system.	Agriculture		
XII (09/24/ 2013)	Compromise act between Ministry of People's Power for Agricultural and Lands of the Bolivarian republic of Venezuela and the Chinese company Camc engineering Co.Ltd of the People's republic of China	Agriculture		

XII (09/24/ 2013)	Letter of intention between the company Citic construction Co. Ltd, and the Ministry of People's Power for Agricultural and Lands of the Bolivarian republic of Venezuela, for the agricultural development of the Caucagua zone miranda state.	Agriculture		
XII (09/24/ 2013)	Letter pf intention between the Ministry of People's Power for Agricultural and Lands of the Bolivarian republic of Venezuela (MPPAT) and the Chinese company Camc engineering Co. Ltd, (China CAMCE) for the acquisition of five (5) sugar agricultural industry complexes, repowering and enlargement of 2 sugar centrals property of the Venezuelan state, production improvement and optimization of the sugar centrals Sucre, Trujillo, Venezuela, Caaez and Cazta.	Agriculture		
XII (09/24/ 2013)	Letter of intention between the company Sinohydro Corporation Limited and the Instituto Nacional De Desarrollo Rural (INDER), to incorporate the integral project of socialist agricultural development Las majaguas irrigation system.	Agriculture		
XII (09/24/ 2013)	Letter of intention between Haier Electrical Appliances Corp., Ltd, of the People's republic of China and the company SUVINCA of the Bolivarian republic of Venezuela, for the purchase-sale household appliances.	Household appliances		
XII (09/24/ 2013)	Specific agreement to stablish a telecommunications formative center in Venezuela between the *National Center* for the *Telecommunications Development* (CENDIT) and the company ZTE Corporation.	telecommunications		
XII (09/24/ 2013)	Specific agreement for the installation and operation of two superficial assembly lines for the production of telecommunication equipment, between telecom Venezuela and the company ZTE Corporation.	Telecommunications		
XII (09/24/ 2013)	Specific agreement for the installation of the Venezuelan center of the management of knowledge and high technology (GECAT) between Instituto de Ingeniería Para Investigación y Desarrollo Tecnológico (FIIIDT) and the company ZTE Corporation.	technology		

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China is an emergent actor which becomes more and more important in the Latin-American context. In this November 2016, the president Xi Xi Jinping visited Latin America concerning the APEC assembly, and it was the third time in less than four years, as a demonstration of interest in the region.

This visit, was accompanied by the signing of several commercial agreements with Ecuador, Peru and Chile.

In this text, we discuss the cooperation agreements between china and Venezuela where the payment with oil is one of their essential characteristics.

If it constitutes a new way to reach development objectives and bilateral relationships, it is a matter that only time and the conditions of raw materials exchange will tell.

In the meantime, Ambiente y Sociedad presents this document in order to contribute to the discussion.