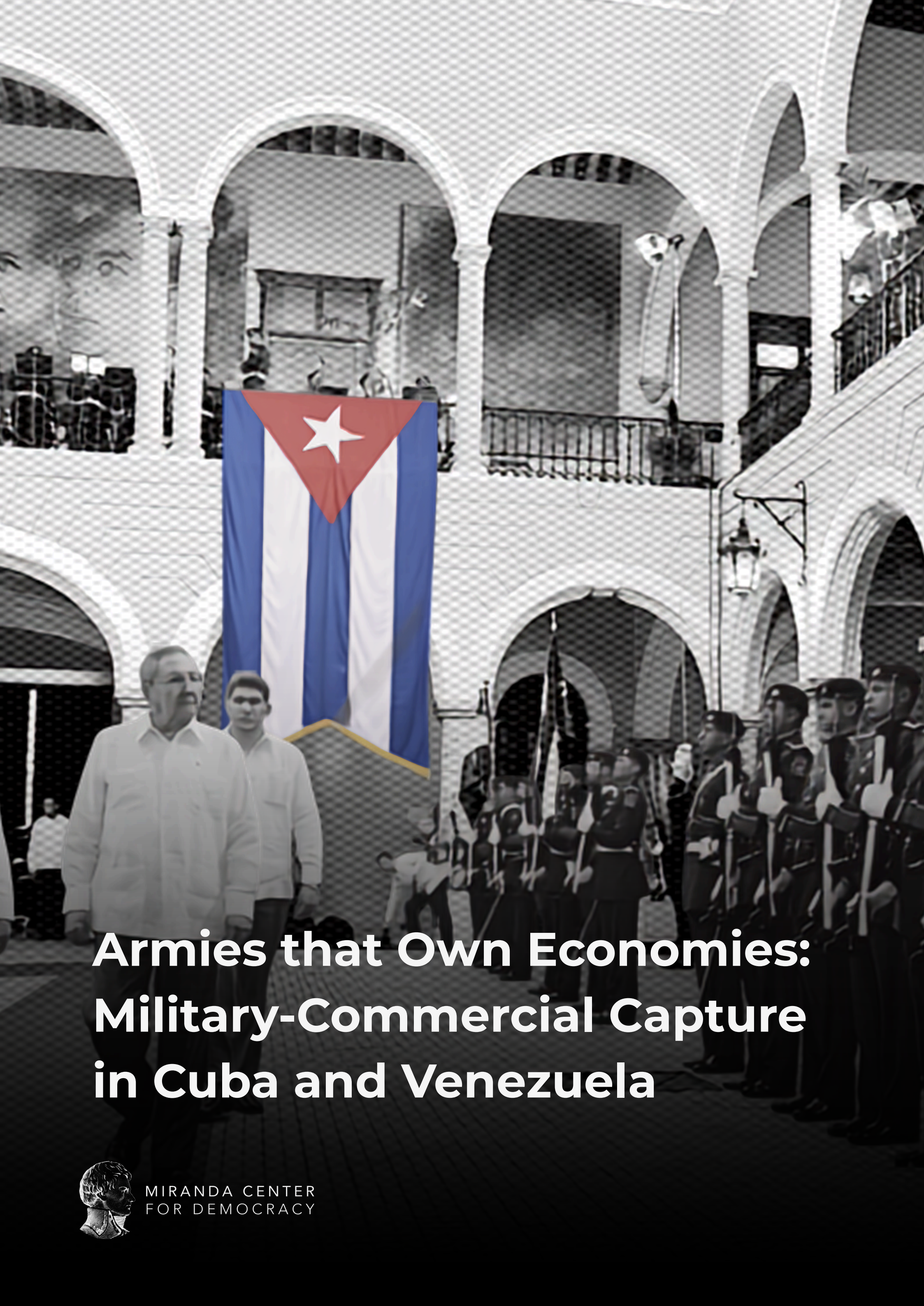




Armies that Own Economies: Military-Commercial Capture in Cuba and Venezuela



MIRANDA CENTER
FOR DEMOCRACY



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Executive Summary

In Cuba and Venezuela, the armed forces are not only instruments of coercion. They are economic actors that own, operate, and profit from substantial parts of the national economy. The scale differs. In Cuba, a single military conglomerate, GAESA, controls an estimated 40 to 50 percent of the economy and answers to no public institution. In Venezuela the capture is sectoral rather than total: 44 companies, foundations, and autonomous services attached to the Ministry of Defense operate across banking, insurance, mining, manufacturing, agriculture, logistics, and consumer retail.

The political function is identical in both cases. Economic control is a currency in which military loyalty is purchased, and the same apparatus that collects the rents finances and carries out the repression. The consequences reach well beyond inefficiency: closed markets, systemic corruption, national wealth diverted into opaque structures, and armed forces with the material capacity to shape political outcomes. Maduro's removal on January 3, 2026 opened a window in Venezuela that may close again unless this architecture is dismantled alongside the government it sustained.

Key Findings

1. GAESA is one of the largest unaudited financial actors in the hemisphere. The conglomerate held at least \$17.9 billion in assets in 2024, including more than \$14.4 billion in bank accounts, a sum greater than the international reserves of Ecuador, Paraguay, or the Dominican Republic. It publishes no financial statements, does not appear in the national budget, and cannot be audited. Investigative reporting indicates that fewer than 15 people direct it.
2. Venezuelan resources flowed toward the sectors GAESA controls. Since 2000, Venezuela transferred at least \$63.8 billion to Cuba, \$57.4 billion of it in inflation-adjusted oil shipments. Although many of the projects formally ran through PDVSA and CUPET, the surrounding infrastructure — ports, storage, shipping logistics, foreign trade, and hard-currency transactions — progressively migrated into GAESA's orbit. Investigations estimate that GAESA-linked entities now influence or control more than 80 percent of Cuba's fuel infrastructure.
3. Liberalization disguised the system rather than dismantling it. A 2026 CubaNet investigation found that firms newly authorized to import fuel were linked to GAESA, to government ministries, or to Castro family proxies. Its conclusion was unambiguous: "GAESA has not relinquished its monopoly."



4. Venezuela reproduced the same political economy in a different institutional shape. The Ministry of Defense owns 99 percent of the armed forces' bank, controls the country's second-largest insurer, holds mining licenses in the Orinoco Mining Arc through CAMIMPEG, and manufactures everything from uniforms to household appliances.

5. No institution is exempt, including those created to protect soldiers. Mixed enterprises split 51 percent military and 49 percent private give politically connected partners preferential access to state resources and hard currency, and at least 103 military officers have held board seats at state companies. The clearest illustration is IPSFA, the armed forces' social welfare and pension institute, which now runs a construction arm, holds a stake in the military bank, and sells Chinese-made Chery and Iranian-made Venirauto vehicles to the general public.

Key Takeaways

Economic capture is part of the regime's survival mechanism, not a byproduct of corruption. The apparatus that extracts the rents is the apparatus that finances and executes repression. Dismantling the economic model and restoring democratic governance are one task, not two.

The apparatus is built to outlive governments. Cuba has already run the experiment: nominal liberalization reconstituted military control through proxies within a single cycle. Absent enforceable conditions, Venezuela's system could adapt the same way.

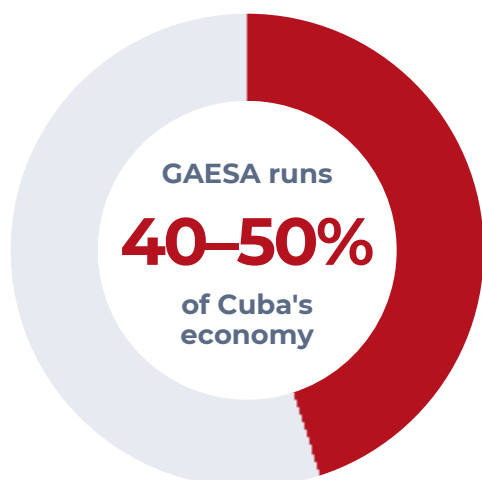
Dismantling GAESA and Venezuela's military-economic scheme is therefore a condition of a credible transition in Venezuela and -eventually- Cuba, not a project that follows one. A military that owns banks, mines, factories, and consumer markets does not need to stage a coup; it can purchase political survival. External leverage is greatest before normalization, and because both apparatuses operate through offshore structures in Panama, Spain, Luxembourg, Turkey, and Switzerland, neither can be unwound by domestic action alone.



Introduction

For more than two decades, Venezuelan oil did not simply sustain Cuba's economy. It helped finance and consolidate one of the most opaque military-commercial structures in the world: a system designed to preserve political control, concentrate wealth, and shield power from public scrutiny. While billions of dollars in subsidized crude oil flowed into Cuba through the rhetoric of socialist solidarity, much of that wealth became absorbed into a military-economic apparatus dominated by GAESA and the ruling elite surrounding Raúl Castro.

The Grupo de Administración Empresarial S.A. (GAESA) is not simply another state holding within the Cuban system, but rather a structure that concentrates, manages, and safeguards the regime's economic power. It was created in the 1990s under the leadership of Raúl Castro, amid the "Special Period" that followed the collapse of the Soviet Union.¹



One military holding, half the economy

Through companies in tourism, foreign trade, banking, remittances, and logistics, GAESA manages the island's main hard-currency inflows — while answering to no public institution. A corporate conglomerate runs half of a self-described socialist economy.

Today, various analyses estimate that GAESA controls between 40 and 50 percent of Cuba's economy. This is not merely a striking figure, but a structural and ironic anomaly for a so-called socialist country: a corporate conglomerate runs half of its economy. Through companies operating in tourism, foreign trade, banking, remittances, and logistics, GAESA manages the island's main hard-currency inflows. Yet its operations are surrounded by near-total opacity. It does not publish financial statements, does not report to the National Assembly, and operates outside public auditing mechanisms. In essence, it functions as a parallel economic system within the state itself.²

This combination of militarization of the economy, concentration of wealth, and opacity is what makes GAESA a model of power rather than a conventional corporation.³ GAESA itself operates with an extraordinary level of secrecy. It has no official website, no publicly known institutional email, and no formal



communication channels. It does not publish financial statements, does not appear in the national budget, and neither the National Assembly of People's Power nor the Office of the Comptroller General can audit its accounts.⁴

The holding, which belongs to the Revolutionary Armed Forces (FAR) but operates with significant autonomy, reportedly held assets of at least \$17.9 billion in 2024, including more than \$14.4 billion in bank accounts, according to leaked documents cited by the *Miami Herald*.⁵ Such wealth—greater than the international reserves of countries like Ecuador⁶, Paraguay⁷ ⁸, or the Dominican Republic⁹—illustrates the scale of GAESA's economic empire.

Identifying its true leadership remains extremely difficult. Its corporate structure is highly opaque, with no official organizational chart and limited public information about its decision-makers. However, journalistic investigations, document leaks, and academic research offer important clues about the elite behind this powerful network. According to accounts cited in investigative reporting, the core leadership group is small—fewer than 15 individuals—and operates in strict secrecy. Each company is reportedly overseen not only by administrative staff but also by counterintelligence officials who monitor financial operations.

GAESA at a glance

A MILITARY HOLDING RUNS HALF AN ECONOMY

40–50% of Cuba's economy controlled by a single conglomerate

\$17.9B in assets reported in 2024 (leaked documents)

<15 individuals in the core leadership

\$14.4B out of the 17.9B held in bank accounts

Analysts have argued that Raúl Castro deliberately designed GAESA to prevent the broader military from gaining direct access to large financial resources. Instead, control was concentrated within a small circle of trusted individuals closely linked to the Castro family. In this sense, GAESA's leadership reflects a fusion of political loyalty, military structure, and economic control.

In the context of Venezuela, this structure becomes even more relevant. Resources coming from Venezuela since 2000 —whether through oil shipments, bilateral agreements, or payments for security and intelligence services— ultimately



Raul Castro, former President of Cuba

become integrated into the Cuban economy. It is precisely at this point that GAESA intervenes, managing the sectors where that money is converted, circulated, and consolidated. This form of influence does not require offices in Caracas or formally registered subsidiaries since it is embedded within the economic system itself.

During the regimes of Hugo Chávez and Nicolás Maduro, the relationship between Caracas and Havana went far beyond political or ideological cooperation, as pointed out in our [Oil for Repression report](#). It evolved into a sustained flow of resources, investments, and joint projects that ultimately helped shape the structure of Cuba's contemporary economy. In that context, although GAESA rarely appears as a formal actor in bilateral agreements, its role as the administrator of the most profitable sectors of the Cuban economy suggests that a significant portion of those resources ended up under its control.

One of the main forms of Venezuelan “investment” in Cuba was the massive supply of subsidized oil.¹⁰ For years, Venezuela shipped crude oil under preferential conditions that sustained Cuba's energy system and freed up internal resources. This flow not only enabled the basic functioning of the economy, but also generated indirect financial surpluses: by reducing energy costs, the Cuban state



was able to redirect revenues toward sectors controlled by GAESA, particularly those focused on capturing hard currency.



Since 2000, Venezuela has transferred the equivalent of at least \$63.8 billion in oil subsidies, infrastructure investments, debt relief, and preferential energy agreements to Cuba; effectively financing the foreign security architecture that helped sustain the Chávez and Maduro regimes. What was publicly framed as socialist solidarity evolved into an “Oil-for-Repression” system in which Venezuelan crude became the currency used to purchase intelligence services, political control, and regime survival.

Over time, the oil shipments increased dramatically. By 2008, Venezuela was exporting approximately 115,000 barrels per day to Cuba, and between 2005 and 2013, shipments consistently averaged 90,000 to 105,000 barrels per day. These deliveries continued even while Venezuela’s own refineries deteriorated and fuel shortages emerged domestically.

The most important infrastructure symbol of this alliance was the reactivation of the Camilo Cienfuegos refinery.¹¹ In 2006, PDVSA and Cuba’s National Oil Company (CUPET per its acronym in Spanish) created the joint venture PDV-CUPET S.A. to modernize and operate the refinery, which became a strategic hub for processing Venezuelan crude oil. Beyond refining operations, the refinery provided Cuba with storage capacity, fuel redistribution capabilities, and potential access to international fuel markets.

Although these projects formally operated under state entities such as PDVSA and CUPET, evidence suggests that the surrounding logistics, financial management, transportation systems, foreign trade structures, and hard-currency operations progressively migrated into GAESA's orbit.



Investigations and former officials have also pointed to parallel financial circuits associated with GAESA, including offshore companies, banking structures, and intermediary firms that manage international transactions outside ordinary state oversight. Emilio Morales (a well-known Cuban economist¹²) in an interview with Cubanet stated that entities such as Banco Financiero Internacional (BFI), Fincimex, and offshore structures linked to CIMEX allowed GAESA to centralize hard-currency flows while remaining outside the reach of public auditing institutions.¹³

A journalist from independent media outlet Cubanet, who has investigated GAESA's¹⁴ operations in Spain, Miami, and other jurisdictions explains that the conglomerate expanded aggressively after Raúl Castro consolidated power in the early 2000s. Under the leadership of General Alberto López-Calleja — Raúl Castro's son-in-law and one of the most powerful men in Cuba before his death in 2022 — GAESA absorbed strategic sectors of the economy: tourism, ports, logistics, retail imports, foreign trade, and, increasingly, “everything related to fuel in Cuba.”



CUPET Oil refinery

This concentration of power became especially visible in the energy sector. Although fuel imports and distribution formally remained under state entities such as CUPET, investigative reporting and former officials describe a system in which the infrastructure surrounding oil — ports, storage facilities, shipping logistics, transportation networks, dollar-based transactions, and import mechanisms — progressively migrated into GAESA's orbit. In practice, control over fuel became inseparable from the military conglomerate's broader financial empire.



Some investigations¹⁵ estimate that entities linked to GAESA influence or control more than 80 percent of the fuel infrastructure and logistics entering Cuba, including import channels, storage systems, port operations, transportation networks, and access to foreign currency associated with fuel transactions. While the exact figures remain impossible to independently verify due to the opacity of the Cuban state, multiple journalists and former officials describe the sector as effectively subordinated to the military conglomerate.^{16 17 18}

Venezuela played a crucial role in the expansion of GAESA. During the Chávez era, billions of dollars in oil cooperation agreements, refinery projects, and joint ventures flowed from Caracas to Havana, strengthening strategic sectors closely linked to the Cuban military conglomerate.¹⁹ In 2008, both countries signed more than 170 projects worth over \$2 billion, covering areas such as oil, telecommunications, and infrastructure. Some of these agreements included the expansion of refineries in Cuba and the development of energy capacity on the island.²⁰ While these projects were formally presented as state-led initiatives, in practice, the sectors that benefited (energy, trade, and logistics) are closely linked to areas where GAESA operates.²¹

Another key element was the creation of joint energy ventures, such as Petrolera VENCUPET^{22 23}, established between PDVSA and the Cuban state company CUPET, with Cuba holding a 40 percent stake. Although these operations were based in Venezuelan territory, they reflect a broader pattern: Cuba's integration into Venezuela's energy value chain. This integration generated revenue, technical expertise, and access to resources that could then be channeled into the Cuban economy and, by extension, into structures controlled by GAESA.



Oil tanker



While Venezuela entered a period of severe economic collapse (especially between 2014 and 2019), fuel shortages, and humanitarian crisis, billions of dollars in subsidized oil and investments continued flowing into Cuba. According to several reports and former officials, parts of the Cuban economy linked to GAESA benefited directly from these arrangements, strengthening the financial autonomy of the military elite at a time when ordinary Cubans continued to face blackouts, scarcity, and rationing.²⁴



State-owned gas station in Venezuela

Moreover, U.S. officials, analysts, and investigative reports have alleged that part of the oil sent by Venezuela to Cuba was later re-exported or resold on international markets, generating hard currency for the Cuban state.²⁵ Some estimates suggested that Cuba consumed only a portion of the Venezuelan crude oil it received and commercially redistributed the remainder. Although direct documentary evidence remains difficult to obtain due to the opacity of both governments, shipping patterns and fuel-tracking investigations have repeatedly raised questions about the destination of Venezuelan oil cargoes arriving in Cuban ports.²⁶

Several researchers and journalists have also pointed to the possibility that offshore companies, front businesses, shipping intermediaries, and international corporate structures linked to Cuba's ruling elite may have been used to facilitate fuel trading operations.²⁷ Networks associated with GAESA have been linked in past investigations to companies registered in Panama, Spain, Luxembourg, and other jurisdictions commonly used for opaque financial transactions.

If even a fraction of the estimated \$57.4 billion in inflation-adjusted Venezuelan oil alone (of the \$63.8 billion total, which also includes infrastructure investment and



debt relief) passed through sectors controlled or influenced by GAESA, the conglomerate may have become one of the principal beneficiaries of the Chávez-era alliance. This would mean that Venezuelan oil wealth — transferred under the rhetoric of socialist solidarity — may have ultimately financed the consolidation of Cuba's military-commercial elite and its transnational financial apparatus. If these allegations were ultimately confirmed, Venezuela's oil would have financed not only the establishment of its own repressive apparatus but also the rent-seeking mechanisms that finance Cuba's kleptocracy.

\$63.8B

Total transfers since 2000 — oil subsidies, infrastructure, debt relief, and preferential energy agreements (nominal).

Scope: all transfer types, nominal dollars.

\$57.4B

Venezuelan oil subsidies alone, inflation-adjusted — the portion that may have passed through GAESA-influenced sectors.

Scope: oil subsidies only, inflation-adjusted. Not additive with \$63.8B.

One of the key figures behind these offshore structures is Faustino López-Calleja, the brother of Alberto López-Calleja,²⁸ Raúl Castro's former son-in-law, who led GAESA from approximately 2000 until his death in 2022. He allegedly controls or participates in numerous companies abroad, particularly in maritime transportation and shipping businesses. These structures may be especially relevant in understanding how Venezuelan oil shipments could have been transported, redistributed, or commercially re-exported.

Cuban officials and trusted economic operatives are frequently relocated abroad, where they establish companies that outwardly appear independent. In practice, these firms allegedly function as extensions of the Cuban state or military apparatus. In some cases, several companies are reportedly registered under the same address, forming layered corporate structures that obscure ownership and financial flows.

The concentration of resources within GAESA has coincided with the progressive deterioration of Cuba's public infrastructure. While billions of dollars circulated through military-controlled financial structures, investment in critical sectors such as energy, healthcare, and public services remained severely limited. The country's prolonged blackouts, fuel shortages, and collapsing infrastructure reflected not only the economic crisis but also the diversion of national resources into opaque networks controlled by the military elite.



At the same time, Venezuela itself entered a profound industrial collapse. PDVSA's production imploded, fuel shortages spread across the country, the electrical grid deteriorated, and public infrastructure crumbled. The contrast is politically devastating: while Venezuelans experienced blackouts, scarcity, and economic collapse, billions of dollars in subsidized oil continued flowing into an opaque Cuban military structure capable of operating through offshore companies, front businesses, and international financial triangulation.



Empty shelves in Venezuela, during the height of the humanitarian crisis

A 2026 investigation into fuel imports by the independent outlet CubaNet²⁹ shows how continues to operate even after the Cuban government announced limited openings for private-sector participation. The report notes that until recently, “the Cuban State had absolute control over the importation and sale of oil and fuel,” yet many of the newly authorized medium and small enterprises allowed to import hydrocarbons were directly linked to GAESA, government ministries, or proxies connected to the Castro family. Among the approved entities were companies associated with military-controlled logistics networks, firms operating under ministries tied to the regime, and businesses linked to relatives of senior officials. The investigation concluded bluntly: “GAESA has not relinquished its monopoly.”



This continuity suggests that the apparent liberalization of fuel imports did not dismantle the military-controlled system, but rather adapted it to new economic conditions through proxy companies and quasi-private structures.

Venezuela adaptation of the GAESA model

According to several reports from Control Ciudadano,³⁰ — a leading Venezuelan NGO on defense topics — the Venezuelan military bureaucracy has expanded since 2000 to include 44 entities officially attached to the Ministry of People's Power for Defense. This extensive network extends beyond traditional mercantile corporations, establishing a diversified architecture of foundations, autonomous services, and institutes that manage sectors such as healthcare, education, technology, and social welfare. This ministry has over 24 companies, 20 foundations, and autonomous services. This section is based on findings by several journalist outlets such as [Armando.Info](#)³¹, as well as Control Ciudadano, Transparency International's local chapter and other organizations.³²

This corporate matrix operates under a deliberate policy of strategic opacity, characterized by the Ministry of Defense's failure to publish its "Memory and Account" reports (legal annual accountability reports) since 2015, which restricts public access to financial records and organizational timelines. Analysts from Control Ciudadano describe these entities as institutional "archipelagos" designed for highly discretionary management of public resources, operating within the private and commercial sectors.



Venezuelan military parade in the Army Military Academy in Caracas



This expansion into the civil market allows the military to commercialize consumer goods and services, transforming the Armed Forces into a self-managing corporate entity. This mechanism provides economic benefits and management roles to military officers in exchange for political loyalty, thereby shifting the institution away from its traditional constitutional mandates.

To sustain operations outside the Ministry's natural area of expertise, this model heavily relies on strategic alliances with the private sector, one that is willing to operate under the regime's opacity and rules. Key corporate partnerships include Southern Procurement Services (SPS) managing oil wells for the Military Industry, Oil and Gas Company (In spanish Compañía Anónima Militar de Industrias, Minera, Petrolífera y de Gas, known as CAMIMPEG per its acronym), Grupo Atahualpa holding a 49 percent stake in Complejo Industrial Tiuna I, or the National Center for "Repowering" (Centro Nacional de Repotenciación known as CENARECA per its acronym in Spanish) with Grupo Yammine controlling 49 percent of the vehicle assembler "Socialist Mixed Company of Venezuelan Vehicles" (EMSOVEN per its acronym in Spanish). Additionally, private consumer networks such as Fórum Súper Mayorista³³ and the Purolomo consortium serve as strategic "satellite" companies, utilizing military infrastructure and Instituto de Previsión de la Fuerza Armada (the social welfare institute of the armed forces, IPSFA per its acronym in Spanish) commercial spaces despite not being formally listed among the 44 official state entities.

Ministry of Defense or Ministry of Industry?

The Venezuelan Ministry of Defense does not function as a conventional defense institution. Over the past two decades, it has evolved into a horizontally integrated economic conglomerate with direct control over financial services, strategic resource extraction, and consumer markets. This transformation mirrors the logic of Cuba's GAESA, though it operates through a more diffuse institutional architecture: whereas GAESA concentrates control under a single opaque holding, Venezuela disperses it across dozens of publicly known but financially unaccountable entities.

The military's economic penetration begins with finance. The Ministry owns 99 percent of Armed Forces Bank (BANFANB per its acronym in Spanish), a universal bank that processes military payrolls and manages the state pension trust. It controls Seguros Horizonte, the country's second-largest insurer, which monopolizes health and life policies for all military components and has absorbed insurance accounts from civilian ministries. Specialized entities like Financiadora de Primas Horizonte channel investment capital within this closed financial circuit. The result is an autonomous monetary ecosystem that allows the military to capture, circulate, and redistribute resources without relying on civilian financial institutions,



much as GAESA uses Banco Financiero Internacional and Fincimex to centralize hard-currency flows in Cuba.

The second layer of control covers the country's most valuable commodities: oil and gold. Through CAMIMPEG, the military operates as a commercial contractor rehabilitating oil wells for PDVSA while holding state licenses to explore and exploit gold and coltan in the Orinoco Mining Arc. The Corporación Venezolana de Minería relies on military coordination to secure territorial and commercial dominance over national gold production. This direct military authority over extractive industries, a mandate typically reserved for civilian energy and mining ministries, ensures that the armed forces sit at the point where Venezuela's natural wealth is converted into revenue.



Headquarters of BANFANB

The third and most politically visible layer is the military's penetration of everyday consumer markets. Through the Complejo Industrial Tiuna, military entities manufacture goods ranging from textiles and uniforms to bottled water and household appliances. The Bolivarian Armed Forces Agropecuary Company (AGROFANB) oversees large-scale agricultural production on state lands. The Military Transportation Enterprise (EMILTRA) runs heavy cargo logistics. EMSOVEN assembles vehicles. The commercial footprint extends to tire distribution, naval manufacturing, printing services, a travel agency, and even a digital television network that sells advertising space. In each of these sectors, military-run firms enjoy preferred access to state-controlled strategic resources such as cement and preferential foreign exchange, displacing independent civilian contractors and distorting the market conditions under which private industry must compete.



The Ministry of Defense uses its institutional position to create companies with monopolistic or preferential access to state resources and then distributes the resulting profits among loyalists. Economic control becomes the currency of political allegiance, the same as in Cuba's GAESA.

Moreover, at least 103³⁴ military officers occupied board seats across state companies, many of them enterprises expropriated under Chávez and Maduro. The placement of officers in managerial roles for which they lack professional training, whether in commercial banking or oil field operations, is not an institutional failure but a deliberate design: it fosters dependence on the system that appointed them, ensuring compliance in exchange for access to rents.

Military Entrepreneurs or Lucrative Friendships?

The military conglomerate does not operate in isolation from the private sector; rather, it integrates private capital as one of its defining features. What Chávez and Maduro called the civic-military alliance was not only a political statement but also a commercial one.

Through mixed enterprises, typically structured with a 51 percent military and 49 percent private split, the armed forces acquire what they cannot generate internally: technical expertise, capital, and, in certain occasions, the international corporate registrations needed to operate in complex industries such as mining and oil. In return, private partners who are close to the regime typically gain something equally valuable: preferred access to state resources, government contracts, and hard currency at official exchange rates that are inaccessible to ordinary businesses.

Two cases illustrate how this works in practice. In 2017, CAMIMPEG partnered with Southern Procurement Services, a UK-registered but Venezuelan-owned firm, to secure a \$400 million agreement with PDVSA to rehabilitate production at Campo Urdaneta in Zulia by 30,000 barrels per day. The deal gave the military a direct operational foothold in the oil services sector at precisely the moment when PDVSA's own capacity was collapsing, an arrangement known as Productive Participation Contracts (CCP per its acronym in Spanish) in which PDVSA allowed private participation.³⁵ In consumer manufacturing, CAVIM partnered with Grupo Atahualpa, a private firm originally specialized in advertising and textiles, to form Complejo Industrial Tiuna I. The joint venture monopolized government procurement contracts and accessed preferential foreign exchange through the state's Dicom system. Similar arrangements exist in vehicle assembly, tire manufacturing, and quarry exploitation, each following the same template: military



institutional weight combined with private commercial agility, operating under conditions that no independent civilian firm can match.

\$400M

CAMIMPEG + Southern Procurement Services (2017): a PDVSA deal to lift Campo Urdaneta production by 30,000 bpd — under a CCP arrangement allowing private participation.

\$427K

CAVIM + Grupo Atahualpa (Complejo Industrial Tiuna I): a joint venture that monopolized procurement contracts and accessed preferential FX via the state Dicom system.

This model produces a specific kind of market distortion that mirrors the ones created in Cuba, where Military-run firms receive systematic priority access to state-controlled strategic inputs. The Bolivarian Armed Forces Construction Enterprise (CONSTRUFANB), for example, receives preferential access to cement, effectively displacing independent civilian (national and international) contractors from the construction sector. The result is not competition but capture: an economic environment where commercial success depends not on efficiency or innovation but on proximity to the military apparatus. As Control Ciudadano has warned, the operational mandates of these corporations frequently overlap with and directly contradict the constitutional duties of the armed forces. The expansion of CAMIMPEG and EMASPROFORN (the Military Company for the Sustainable Use of Forest Products and Natural Resources) into mining and logging, for instance, compromises the military's constitutional role as guardian of national ecosystems and has contributed to a well-known ecological disaster in the mining arc.³⁶

The parallel with GAESA is structural, not merely rhetorical. In Cuba, the military conglomerate absorbs entire sectors of the economy under conditions of total opacity, creating a non-competitive environment where wealth flows to a closed political-military elite. In Venezuela, the mechanism is different in form but identical in function: mixed enterprises replace direct military ownership, but the outcome is the same. Rents are extracted, competition is suppressed, and a new class of military-connected businesspeople emerges whose wealth depends entirely on the perpetuation of the system that created them.



The Armed Forces Social Welfare Institute (IPSFA) - From Social Prevision to Real Estate Conglomerate

Perhaps no single institution better illustrates the scope of this transformation than the Instituto de Previsión Social de la Fuerza Armada (IPSFA), the military's social security and pension fund. Established in the mid-20th century to administer retirement benefits, IPSFA has been progressively repurposed into a commercial holding with subsidiaries in construction, banking, and automotive retail.



Constructora IPSFA, created in 2012, executed major public works, including hospital remodeling and infrastructure at military installations, laying the groundwork for the broader military construction apparatus consolidated the following year. IPSFA holds a stake in BANFANB, the military's universal bank. Its automotive arm, Automotores IPSFA, sells Chinese-made Chery and Iranian-made Venirauto vehicles to the general public. A pension fund that sells cars to civilians is not an anomaly within this system; it is a part of the distortion created to copy GAESA's influence over the economy.

When every military institution becomes a vehicle for economic extraction, even the entity designed to protect officers' retirement savings is redirected toward commercial activity and foreign currency generation, under the same conditions of opacity that characterize the entire apparatus.



Conclusion

Cuba and Venezuela have both created state enterprises and structures led by the military to extract resources from their economies and have a legal mechanism to distribute rent amongst military elites and loyalists whose support sustains dictatorships that their populations detest.

In Cuba, GAESA has consolidated control over an estimated 40 to 50 percent of the national economy through a single, centralized, and entirely opaque military holding answerable to no public institution. In Venezuela, the Ministry of Defense has built a parallel architecture of at least 44 entities spanning finance, extractive industries, manufacturing, construction, agriculture, logistics, and consumer retail, operating without publishing a single financial accountability report. Despite differences in institutional form, a single conglomerate in Cuba versus a diffuse network of military companies and mixed enterprises in Venezuela, the political logic is identical: economic control as the currency of regime survival, with rents distributed among a military elite in exchange for political loyalty.

This system produces consequences that extend well beyond economic inefficiency. It closes the economy to genuine private investment by creating an environment where commercial success depends on proximity to military power rather than competition or innovation. It generates systemic corruption through preferential access to state resources, hard currency, and government contracts. It diverts national wealth, including Venezuela's oil revenues and mineral resources, away from public services and into opaque financial structures controlled by a political-military elite. And it provides the material foundation for repression: the same military apparatus that extracts economic rents is the one that suppresses political dissent, which means that dismantling the economic model is inseparable from restoring democratic governance.

The events of January 3rd, 2026 have opened a political window in Venezuela that did not previously exist. But this window may close if it is not used decisively; the immediate priority is clear: free and fair elections that allow Venezuelans to choose their own democratic government. However, any credible electoral process requires confronting the economic architecture documented in this report. As long as the armed forces control banks, insurance companies, mines, factories, farms, and consumer markets, they retain the material capacity to distort any democratic outcome. A military that owns half the economy does not need to stage a coup; it can simply purchase political survival. The international community must therefore treat the dismantling of the military-commercial apparatus not as a post-transition aspiration but as a condition for a credible transition itself.



Without deliberate, enforceable structural conditions, this apparatus will survive any change of government, adapting through proxy companies, front businesses, and quasi-private structures, exactly as GAESA has done in Cuba even after nominal economic liberalization. The CubaNet investigation cited in this report demonstrates precisely this risk: newly authorized private firms allowed to import fuel in Cuba turned out to be directly linked to GAESA, government ministries, or Castro family proxies. The international community must ensure that this pattern is not replicated in Venezuela.

Recommendations

Dismantling the military-commercial apparatus in Cuba and Venezuela requires action on two fronts: sustained international pressure to constrain the systems as they stand, and structural reform by future democratic governments once transitions make it possible. Because both apparatuses operate through overlapping offshore architectures in jurisdictions such as Panama, Spain, and Luxembourg, a transnational enforcement dimension cuts across every recommendation that follows.

FOR THE INTERNATIONAL COMMUNITY ON VENEZUELA

1

Sustain and refine targeted accountability measures, and treat CAMIMPEG as the priority case.

Accountability should focus on senior military officials who held decision-making positions within the military-commercial apparatus, including but not limited to those who served on company boards. CAMIMPEG and its current and former leadership warrant particular attention, given its extractive operations in territory where multiple reports have documented the presence and operations of illegal armed groups, including the National Liberation Army (ELN, per its acronym in Spanish). Beyond targeted measures, the international community should press for the revocation of CAMIMPEG's extractive licenses, the transfer of its mining operations to civilian entities, national or international, through transparent processes, and the company's eventual dissolution within a broader reform framework.

Any future military presence in the Orinoco Mining Arc should be limited exclusively to providing the security conditions that legitimate companies require in order to



operate without partnering with, contracting through, or engaging with criminal organizations. Coordinated with allies, these measures reinforce rather than undermine the demand for free and fair elections by demonstrating that participation in military-commercial capture carries personal and institutional consequences.

2

Promote the legal exclusion of the Venezuelan Ministry of Defense from commercial activity not directly related to national defense.

This is among the institutional reforms needed to give future foreign investment legal certainty and transparency. The current framework, in which the military operates banks, insurance companies, farms, factories, television networks, travel agencies, and mining operations, is incompatible with a functioning market economy and with the constitutional mandate of the armed forces. Investors will hesitate to enter an economy where military entities enjoy monopolistic access to strategic resources, preferential exchange rates, and immunity from oversight. International leverage is at its maximum before normalization, not after. Economic engagement that precedes structural reform will not reform the system; it will be captured by it.

3

Private sector entities that voluntarily integrated into the military-commercial apparatus should face concrete consequences.

Companies such as Southern Procurement Services, Grupo Atahualpa, and the corporate groups behind CENARECA, Convencaucho, and Cantera Cordón entered into partnerships with military entities under conditions of preferential access and state capture. Jurisdictions and multilateral institutions that maintain corporate due-diligence and business-advisory frameworks should treat these entities, and others that engaged in similar conduct, as presenting documented state-capture risk, and should issue formal investment advisories warning international investors and financial institutions accordingly.



FOR A FUTURE DEMOCRATIC GOVERNMENT OF VENEZUELA

A legitimate government produced by free and fair elections will inherit an economic architecture built over more than two decades to enrich corrupt elites and distort the market. The recommendations below are not a roadmap for the current regime, which lacks the democratic legitimacy to undertake structural reform of this magnitude. They are a framework for the democratic Venezuela that elections must produce:

1

Exclude the Ministry of Defense from commercial activity by law and restructure its 44 attached entities under transparent criteria.

Entities serving genuine defense functions should remain within the military; those operating as commercial enterprises should be transferred to civilian ownership through open, competitive privatization processes designed to prevent capture by the same actors who built the current system. International oversight of privatization tenders, including participation by multilateral institutions, would strengthen both the integrity and the credibility of this process. CAMIMPEG requires the most urgent treatment, given its operations in the Orinoco Mining Arc.

2

Conduct a comprehensive financial audit of all 44 entities currently attached to the Ministry of Defense.

The audit should cover every mixed enterprise with private sector partners, every foundation, and every autonomous service, and should be conducted with international technical assistance. Its results should be published in full, and any criminal or administrative proceedings arising from it should be transparent and procedurally impeccable.

The connection between economic capture and political repression is not incidental: the same apparatus that extracted the rents financed and executed the repression of Venezuelan citizens.

Financial transparency and judicial accountability are components of a single process of democratic restoration, and a democratic government must treat them as such.



3

Pursue asset recovery through international legal channels for funds and properties extracted from the Venezuelan state.

Recovery should extend beyond the officers themselves to business partners, families, and front actors (testaferros) holding assets in Panama, Europe, North America, Turkey, Switzerland, and other jurisdictions where Venezuelan state wealth has been deposited. Where evidence of illicit enrichment emerges, cases should be referred to the appropriate judicial authorities under both Venezuelan anti-corruption law and applicable international conventions, within a broader transitional justice framework. The 103 military officers who sat on the boards of state companies are a starting point for this review, not a ceiling.

FOR THE INTERNATIONAL COMMUNITY ON CUBA

1

Evaluate any liberalization with caution:

The finding that the supposed liberalization of fuel imports simply reproduced GAESA's control through proxy companies linked to government ministries and Castro family networks should establish a clear standard: liberalization that does not dismantle military monopolies is not liberalization at all and should not be treated as a reform that warrants a change in external posture. Genuine economic opening in Cuba requires the removal of GAESA from the sectors it currently controls, not its rebranding through proxy structures.

2

Maintain and deepen targeted scrutiny of GAESA-linked entities and the individuals behind them, and issue formal investment advisories warning international investors and financial institutions of the structural risks of any commercial relationship with them.

The leaked documents revealing at least \$17.9 billion in GAESA-controlled assets, including more than \$14.4 billion in bank accounts, demonstrate that the international financial system has been used to shelter wealth extracted from Cuba over decades. The opacity of GAESA's corporate structure, the absence of public



financial reporting, and the documented use of front businesses and offshore intermediaries mean that due diligence in any such relationship is structurally impossible.

FOR A FUTURE DEMOCRATIC CUBA

The eventual political transition of Cuba, whenever and however it occurs, will face a quite structural challenge: GAESA controls between 40 and 50 percent of the Cuban economy through a single, centralized, opaque conglomerate. An economy of that structure cannot be reformed incrementally; it must be restructured completely but with safeguards to avoid capture by corrupt national and international elites. Hence some recommendations are:

1

Undertake the complete dismantling of GAESA as a precondition for any credible economic opening.

The companies currently held under the conglomerate, spanning tourism, foreign trade, banking, remittances, logistics, fuel infrastructure, and other sectors, should be transferred to civilian ownership through transparent privatization processes designed to prevent recapture by former GAESA officials or their proxies. The CubaNet finding that supposed private sector liberalization in fuel imports was immediately captured by GAESA-linked proxy companies is the cautionary precedent that any democratic government must learn from.

2

Conduct a comprehensive audit of GAESA's full asset base and pursue asset recovery through international legal channels.

The audit should cover all subsidiaries, all offshore companies linked to its leadership and their families, and all bank accounts held in international jurisdictions. The \$17.9 billion identified in leaked documents represents only what has become publicly known; after decades of opaque accumulation, the actual scale is almost certainly larger, and much of this wealth now sits in jurisdictions beyond Cuban legal reach, which makes international cooperation essential. The \$14.4 billion in bank accounts alone belongs to the Cuban people. A democratic



government should treat its recovery as both a financial necessity for reconstruction and a matter of historical justice.

3

Establish a transitional justice mechanism that addresses the economic dimension of authoritarian rule, not only political repression.

The accumulation of \$17.9 billion in military-controlled assets while millions of Cubans descended into poverty, scarcity, and forced migration is not an incidental feature of the system documented in this report. It is the system. Accountability for those who designed, managed, and benefited from this structure, including the small group of officials who according to investigative reporting constituted GAESA's core leadership, must be a component of any genuine democratic restoration.



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