Venezuela: Largest State-owned Company Bankrupt

John Neagle

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation
Venezuela: Largest State-owned Company Bankrupt

by John Neagle
Category/Department: General
Published: Tuesday, November 21, 1989

Venezuela's largest state-owned company, Siderurgica del Orinoco (SIDOR), is in the process of "technical bankruptcy." The government is examining prospects for private domestic and foreign investors. An official document summarizing SIDOR's financial situation, published by the El Nacional daily newspaper, shows that outstanding debts total about $4.19 billion. On a foreign debt of $1.559 billion, SIDOR is scheduled to pay $2.592 billion in interest and principal payments in the next 10 years. SIDOR profits in 1988 totaled $2 billion, compared to about $4 billion in 1968. A technical audit by an independent consulting firm indicated that the company's $6.5 billion in stocks have a real market value of only $600 million, result of inadequate investment in maintenance, repairs, and technological upgrade. According to the audit, SIDOR production costs are extremely high at $2,125 per ton compared to an international average of $1,000. Since the establishment of the steelworks in 1953, the government has invested $7 billion in SIDOR. The plant is located in Bolivar department. Production capacity is 4.8 million tons of steel products per annum, but SIDOR is producing only 3.2 million tons at present. A recent World Bank report says SIDOR is inefficient, and does not realize "reasonable" profits. (Basic data from Notimex, 11/15/89)

-- End --