

8-20-1991

Venezuela: Debate On Investment Cutbacks In State-run Oil Industry

Barbara Khol

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

Recommended Citation

Khol, Barbara. "Venezuela: Debate On Investment Cutbacks In State-run Oil Industry." (1991). <https://digitalrepository.unm.edu/notisur/7042>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Venezuela: Debate On Investment Cutbacks In State-run Oil Industry

by Barbara Khol

Category/Department: General

Published: Tuesday, August 20, 1991

At a press conference in Caracas on Aug. 18, President Carlos Andres Perez said the state-run oil company Petroleos de Venezuela (PDVSA) will continue under government control. PDVSA, created in 1976 when oil resources were nationalized, is a holding company comprised of a dozen subsidiaries. In recent weeks, opposition politicians and newspapers have denounced PDVSA management's plans to privatize the company, while managers complain about a "lack of autonomy." PDVSA annual gross sales receipts come to \$23 billion, and foreign exchange earnings to \$14 billion. Two-thirds of the federal government's budget derives from PDVSA earnings. In its Aug. 16 issue, daily newspaper El Nacional (Caracas) reported that PDVSA top management threatened to resign unless President Perez withdraws an order to suspend certain investments. The company's five-year investment plan specifies increasing crude production from 2.7 to 3.5 million barrels per day, and refining capacity from 1 to 1.4 million bpd, among other projects. According to estimates prepared in 1990, PDVSA was expected to invest \$5 billion under the plan in 1991. By June this year, the investment amount had been reduced to \$3.2 billion. According to El Nacional, several cabinet ministers, headed by Miguel Rodriguez (Planning) are calling for another \$250 million reduction in oil industry investment as part of broader program to reduce the fiscal deficit. Energy Minister Celestino Armas reportedly delivered an order from Perez to PDVSA president Andres Sosa during the previous week calling for suspension of several investments. Sosa was apparently furious. PDVSA top managers closed ranks with Sosa, and all are threatening to resign if Perez continues to support yet another investment cutback. Perez's administration is attempting to respond to constant demands by the International Monetary Fund to reduce the fiscal deficit. [Basic data from El Nacional (Caracas), 08/16/91; AFP, 08/16/91, 08/17/91]

-- End --