Is Venezuela's oil industry up for sale?

by Ana María Mendoza and Gretchen Small

Stocks in Venezuela's state-owned oil company, Petróleos de Venezuela (PDVSA) and its affiliates, should be put on the market for sale to private interests, the president of the Caracas Stock Market, Alfredo Morales Hernández, proposed on March 27. Morales Hernández pointed to Brazil's state-owned oil company, Petrobras, which already sells part of its stock to private interests.

Venezuelan government representatives immediately rejected the proposal to sell the oil industry, nationalized in 1976, back to private interests. It will not be so easily dismissed, however. Venezuela's international creditors have adopted Henry Kissinger's "debt-for-equity" scheme—in essence, a "repossess" notice against whole nations. That is their bottom-line demand in debt refinancing negotiations not only with Venezuela, but across the continent.

During a February visit, Chase Manhattan's David Rockefeller threatened that no foreign investment would return to Venezuela until nationalist restrictions are lifted; Morales Hernández has simply spelled out the key "restriction" creditors are targeting.

The "PDVSA for sale" proposal was made as foreign and domestic businessmen gathered at an "Invest in Venezuela" seminar held in Caraballeda, Venezuela March 24-26. It was organized by the government's foreign investment comptroller's office, SIEX, in cooperation with the principal businessmen's group, Fedecámaras. The seminar's organizers had hoped the event would be the successful culmination of the creditors' pressure campaign.

SIEX's president, Alfredo González Amaré, has been a leading proponent of the userers' "debt for equity" scheme, first put forward at a semi-secret August 1983 meeting in Vail, Colorado run by Kissinger. Under Amaré's direction, SIEX drew up a new foreign investment law, which he had hoped to unveil *as law* at the SIEX seminar, approving denationalization of major portions of the country's state sector and a lifting of restrictions on foreign investment in the private sector. Included in his six-point draft is a lifting of any limitation on the number of foreigners permitted to sit on a company's board of directors, guarantees against currency devaluations, and incentives for foreign investment in real estate and construction. The latter item Amaré openly calls an attempt to "invert the Miami effect in the Venezuelan economy," i.e., the laundering of the dirty monies which fled Venezuela for Florida when that state was a more hospitable place for laundering the profits of the drug trade!

Even Amaré had not dared publicize the fact that PDVSA is the key target of the debt campaign. The sharp reaction to Morales Hernández's proposal may now trigger a nationalist uprising against the whole package.

Vice-Minister of Energy and Mines Hernán Anzola stated bluntly that it is "impermissable" to even think of selling stock of PDVSA and its affiliates to foreign investors because it is unconstitutional and reverses the nationalization of the oil industry. Mines Minister Hernández Grisanti immediately seconded his subordinate, telling the press on March 29 that "denationalization of the oil industry is out of the question."

Despite the help of David Rockefeller, and the backing of most of the economic cabinet, nationalist opposition was strong enough that Amaré was unable to ram through his foreign investment law in time for the seminar. Foreign control over Venezuela's oil would threaten the country's sovereignty directly: More than 65% of the population depends on food imported with the foreign exchange earned by PDVSA.

Many smelled the direction in which Amaré's foreign investment law was heading. Following Rockefeller's visit, Armando Sánchez Bueno, the head of the Senate Finance Committee for the governing Acción Democrática party, warned that "foreign groups are seeking to seize our oil" and were buying up the country's debt on the foreign markets to better position themselves.

On March 12, the entire cabinet resigned amid rumors of a major reorganization of the presidential team which was to include "one big surprise," in the economic sphere it was said. When the President announced his reconstituted cabinet, however, few figures were new. Instead, the cabinet was reorganized around five "superministers" who are to take the lead in setting policy. This appeared to strengthen the hand of those arguing that the country must turn over its assets to placate its creditors, as four of the five "superministers" served under Carlos Andrés Pérez, President from 1973-1978. Pérez, who appears to once again be seeking his party's candidacy in the 1988 presidential elections, is so close to David Rockefeller's Venezuelan business partners, the Cisneros family, that he has been nicknamed "Carlos Andrés Pepsi," after the family's Pepsi-Cola franchise.

Nonetheless, the creditors are not sure of their grasp on the country. U.S. Ambassador George Landau, who will be leaving his post in May to go to work for Rockefeller as the president of the Americas Society, announced that Venezuelan President Jaime Lusinchi has been invited to the United States in April to meet with representatives of the creditor banks. Lusinchi was in the United States only two months ago for an official meeting with President Reagan. At that time, Lusinchi adamantly rejected another of their demands, that the government assume responsibility for the private-sector debt. Will he continue to stand up to the creditors?

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