CAP seeks to cash in on Mideast war threat

by Jaime Ramírez and José Restrepo

At the very moment that Israel is maneuvering to launch a new Mideast war, at the instigation of the two superpowers, Venezuelan President Carlos Andrés Pérez, known as "CAP," is taking steps to place his country's oil reserves into a "hemispheric strategic reserve," at the service of the Bush administration. Simultaneous efforts to hand the state oil company, Petróleos de Venezuela, S.A. (PDVSA), over to the same political and financial factions which are promoting Mideast war, are part and parcel of this plan.

Pérez's minister of energy and mines, Celestino Armas, proffered July 2 that Venezuela is "the only source with abundant energy reserves outside the Mideast zone," which fact, he said, "puts a strategic geopolitical responsibility on the country's shoulders." He added that, in planning oil production, "beyond strictly commercial goals are other strategic goals. Many Western countries are discovering it to be in their interest to diversify their energy sources, not resting only on a single geographic zone for future energy supplies." Armas argued that Venezuela develop its entire oil potential, "to assure the Western world that Venezuela would continue to be an additional supply source" and that "it would be able to supply a greater portion of our country's natural market, the United States of America, and also some European countries."

Leaving OPEC

To achieve this goal, Venezuela would have to export as much crude as possible, smashing through the quotas assigned it by the Organization of Petroleum Exporting Countries, of which it is a founding member. Despite domestic opposition, CAP is willing to help smash OPEC and to return Venezuela's oil to the oil multinationals, as part of the concessions he is making to the country's foreign creditors. For the past year, he has been trying desperately to renegotiate payment terms for the $20.5 billion which Venezuela owes to private banks. Its total foreign debt is $35 billion. David Rockefeller's Chase Manhattan and other banks are requiring Venezuela to privatize state companies, especially the PDVSA, as part of any "debt relief" package.

Alejandro Peña, secretary general of the Venezuelan Labor Party (PLV), issued a statement July 4 charging that Venezuela's creditors, together with "Zionism, characterized by the Anti-Defamation League of B'nai B'rith" are behind the effort to pull Venezuela out of OPEC. "With the collapse of the U.S. financial system," Peña said, "the international banks want to grab tangible goods like PDVSA and other state companies, rather than be left with devalued foreign debt paper."

In 1975, during Pérez's first term as President, the oil industry in what was then known as "Rocky's Ranch" was nationalized and fully paid for. However, since his second term began in early 1989, he has been maneuvering to denationalize the oil industry. PDVSA President Andrés Sosa explained in June, "It would cost $8 billion to explore and bring on line the indicated volume of available potential" oil production. But, since neither the government nor PDVSA had that kind of money, the oil company "is studying some forms of association with foreign companies." Sosa, however, forgot to mention that the reason this money does not exist is that the $8 billion fund which PDVSA had saved for such investments was grabbed by the government and instead spent servicing the foreign debt during the past several years.

Opposition grows

The previous policy, that PDVSA be the only company which explores and exploits Venezuelan oil, is already a dead letter. The joint ventures now being arranged are the first step to reprivatizing the oil reserves in the interests of the multinationals and the banks. PDVSA has already associated with Exxon, Shell, and Mitsubishi in the Cristóbal Colón natural gas project.

There is growing opposition to the oil denationalization, especially in and around CAP's own Democratic Action (AD) party. In a July 2 editorial, Rafael Poleo, publisher of the daily *El Nuevo País,* summed up the arguments of many Venezuelans against CAP's plans. Poleo said that analysts in CAP's party "see a relationship between the proposed denationalization and the condition under which the Venezuelan debt has been negotiated. The key to all this is that the owners of the creditor banks are also the owners of the multinational oil companies, PDVSA's future partners."

In the face of such opposition, the government decided to change language and tactics. After meeting with AD leaders July 2, Sosa denied that his oil expansion plans called for "the participation of foreign capital" and said that they would be carried out "without intervention of foreign associates."

Pérez himself, in his July 5 Independence Day speech, tried to quash the rumors. He said Venezuela would continue in OPEC and would use foreign loans for increasing oil output. But he confirmed that denationalization would continue in disguise: "Any participation of private capital will be done within the irreversible framework of a nationalized industry." One option, Minister Armas explained, would be to give creditors "long-term supply guarantees" as collateral for debts they renegotiated.