

Venezuela : Government and business

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I.- A strange history

1975

- The nationalization.
- Multinational out
- Strong and rich State
- Radical pol. establishment

1980s-1991

- Foreign Expansion
- Citgo and Veba-oel

1958-1974

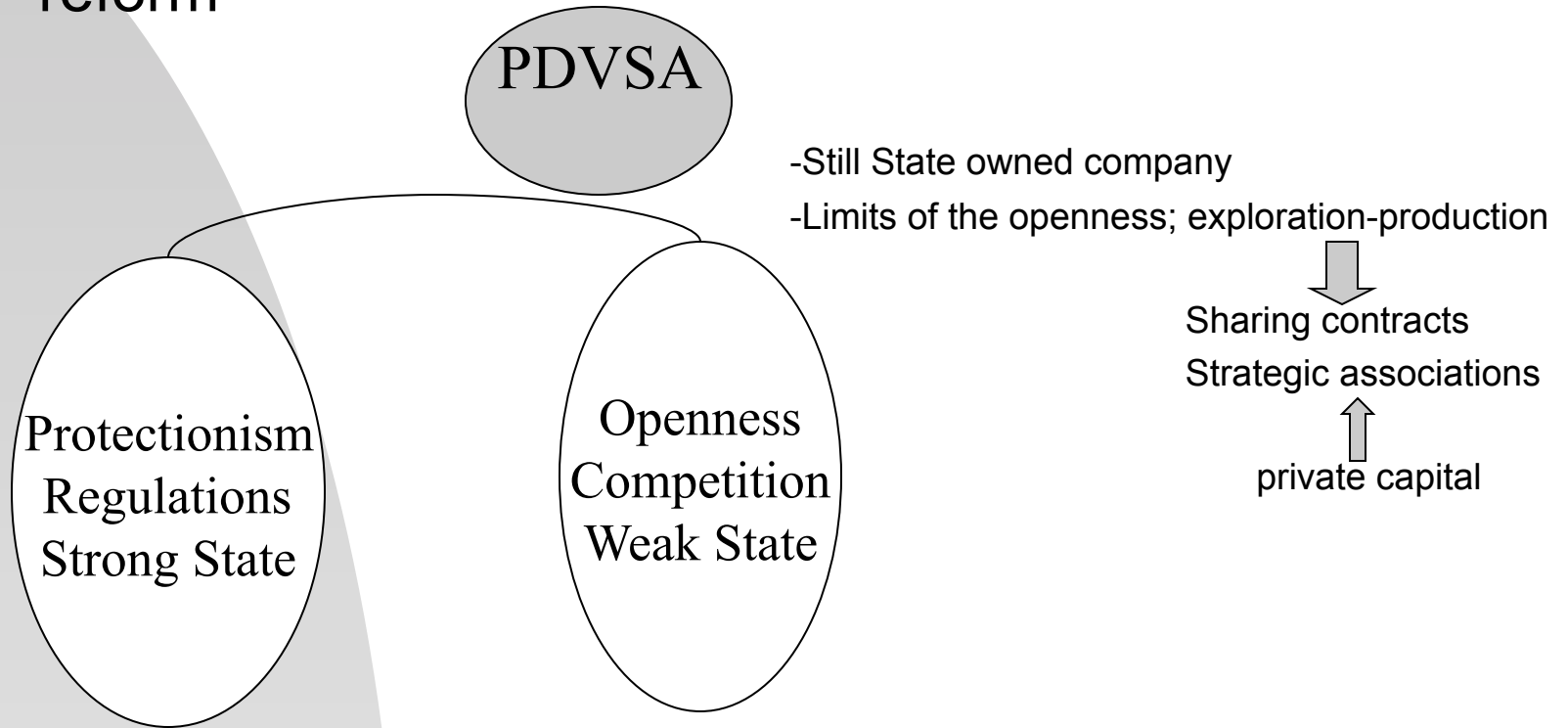
- Multinationals had the control over the industry
- Bargaining was the key word
- Strong state
- Strict political establishment

1996

- Welcome back.
- Private Capital
- Weak State

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II.- The evolution of the oil industry since the Commercial reform



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III.- Political Establishment and the openness

- **No other option:**
 - High capital requirement to significantly increase the level of oil production and modernization of PDVSA
 - Crucial Investment Program to meet the requirements of the updating process
 - Decline of oil basket prices
 - The ongoing commercial process
- **Not total openness:**
 - The ownership /the legal suit
 - Projections: partial or total privatization

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IV.-Private Capital

Foreign Capital

Risks

- Uncertainty on the dimensions of reserves
- Fluctuations of the basket
- Potential regulatory changes
- Political instability
- No updated legal framework

Capacity



Domestic Capital