

Chávez Takes Over Foreign-Controlled Oil Projects in Venezuela

The New York Times
May 2, 2007

SAN FELIPE, [Venezuela](#), May 1 — President [Hugo Chávez](#) on Tuesday seized control of the last remaining oil projects in Venezuela controlled by large American and European energy companies. The move to take over the projects, announced in January, is the centerpiece of recent actions aimed at consolidating his government's control over the economy.

Dressed in red fatigues, Mr. Chávez delivered a fiery speech at the coastal oil refining complex of Jose, denouncing America's economic influence before thousands of supporters also clad in red, the color of his revolution.

“Today is the end of that era when our natural riches ended up the hands of anyone but the Venezuelan people,” Mr. Chávez said during the speech, while speaking glowingly of important allies like Iran, a fellow [OPEC](#) member.

Venezuela's control over the oil-production projects, which are in the Orinoco region in the country's interior and worth an estimated \$30 billion, will weaken companies like [Exxon Mobil](#), [Chevron](#) and [ConocoPhillips](#) in one of the world's most promising oil exploration regions.

Venezuela is allowing the private companies to remain as minority partners, but the companies are still far from reaching agreements on compensation for the loss of their assets.

The seizure of control is expected to have little immediate impact on oil exports to the United States, the leading buyer of Venezuela's oil despite deteriorating political ties. The United States has steadily diversified its oil sources since a decade ago when Venezuela, which boasts the largest conventional oil reserves outside the Middle East, vied with Saudi Arabia as the country's leading supplier of oil.

Venezuela's oil production has stagnated in recent years and now accounts for about 10 percent of American crude oil imports, ranking behind Canada, Mexico and Saudi Arabia.

Seizing on the symbolic potential of the May Day holiday, Mr. Chávez also said this week that Venezuela would end its affiliation with the [International Monetary Fund](#) and the [World Bank](#). Venezuela recently paid off its loans from the organizations.

Venezuela, which is benefiting from high oil prices even as its oil industry is hampered by low investment, has been seeking to counter the influence of the I.M.F. and the World Bank in Latin America by lending billions of dollars to other countries and trying to create a development bank.

Like the I.M.F.'s 184 other member nations, Venezuela is a shareholder in the institution. Mr. Chávez can take back his country's \$4 billion stake by withdrawing from the I.M.F.