

New Reforms and Oil-Related Opportunities in Venezuela

Venezuela is currently engaged in a fast-paced program of economic liberalization directed at integrating its economy into the global trading system.

GATT Accession

On August 30, 1990, Venezuela formally acceded to the GATT. Accession means that Venezuela will dismantle non-tariff barriers to trade, such as import licensing requirements, in order to meet GATT rules.

Canada was able to secure specific tariff reductions on a range of products — from fish to machine parts. Furthermore, Venezuela has lowered its maximum tariff rate from 130 per cent to 50 per cent. This maximum rate will be lowered again to 40 per cent in 1991; 30 per cent in 1992; and 20 per cent in 1993.

Oil Sector Boom

Venezuela's already solid energy sector has received significant benefits as a result of increased international oil prices.

Not only does this mean dramatically increased production for Venezuela's national oil company, Petroleos de Venezuela (PDVSA), but it also means significant new opportunities for Canadian oil and gas equipment and services companies.

An extra U.S. \$200 million was recently budgeted for expanded production.

PDVSA has already decided to go ahead with major expansion plans in exploration, production and refining.

Of specific interest to Canadian companies are expectations that PDVSA will be looking more extensively to secondary recovery methods in an effort to add 1 billion barrels to reserves. Furthermore, PDVSA announced last July that it would increase its potential capacity to 3.5 million barrels/day by 1995. This will require the drilling of 7,000 new wells, the upgrading of 10,000 existing wells and the installation of 120 million cubic meters of gas compression

capability, as well as the construction of 1,000 kilometres of oil and gas pipelines and four plants for the extraction of liquids from natural gas.

Radical increases in Venezuelan refining capacity, including plans to exploit heavy oil deposits, are also in the works. Existing Venezuelan plans to expand its petrochemical and orimulsion capabilities have also been given renewed impetus.

All this activity on the oil and gas sector in Venezuela will require substantial foreign investment and involvement. Canadian expertise in these areas could lead Canadian companies to take a leading role in these developments.

New Venezuelan Public Bidding Law

Canadian companies should be aware of the new law governing public bidding and tendering in Venezuela.

This legislation requires that all contractors wishing to do business with any government agency, ministry or publicly held company register with the National Contractor's Registry (NCR).

Furthermore, information on registered companies is to be updated annually — failure to do so could prohibit companies from contracting with the government. Contracts with PDVSA and affiliated companies are subject to this new law although special tender provisions will be determined by a future Presidential Decree.

Double Taxation and Air Services Agreements

Earlier this summer, Canada and Venezuela signed a treaty designed to eliminate double taxation on air and marine transport between the two countries.

Under the agreement, Canadian companies will be exempt from shipping taxes imposed on goods shipped by air or sea from Canada to Venezuela. Additionally, after nearly 17 years of negotiations, this agreement will provide Can-

ada with direct air access to Caracas and Porlamar, Margarita Island.

For more information on doing business in Venezuela, contact Jeremy Pallant, South America and Mexico Trade Division (LST) at External Affairs and International Trade Canada (EAITC). Tel.: (613) 995-8804. Fax: (613) 996-0677.

Venezuela Heavy Crude Conference, Exhibit Targets Decision-Makers

Caracas — Canadian firms have an excellent opportunity to gain exposure to a large number of Venezuelan technical experts and decision-makers — including potential agents — at a conference and exhibit being held here February 17 to 22, 1991.

Participants will also be exposed to world-wide representatives from heavy oil-producing countries. They are a specialized, targeted audience with a dedicated interest in your technology and products.

The 5th International Conference on Heavy Crude and Tar Sands (Unitar'91) is the most prestigious conference of its kind, with over 200 technical presentations of the highest calibre. It's a measure of Canada's stature in heavy oil that 13 Canadian papers have been accepted for oral presentation and another three will be poster.

In conjunction with the conference, whose theme is "Transfer of Technology to Developing Countries", External Affairs and International Trade Canada will have Canadian participant display booths that are ideally situated next to Petroleos de Venezuela — conference host and the country's largest oil importing firm — and the Alberta Oil Sands Technology and Research Authority, confer-

Continued on page 8 — Unitar'91