

Petrochemicals

Despite the worldwide downturn in the petrochemical business, Pequiven, the PDVSA subsidiary responsible for Venezuela's upstream petrochemical production, is moving ahead with a major development program designed to raise petrochemical production capacity from 4.2 to 12 mtpy by 2002. Pequiven and private investors both national and international are already operating 18 joint-venture projects with 4 others under construction. New projects are being established to produce oxygenates, aromatics, olefins and plastics. Starting in 1994 all investments by Pequiven will be financed by its own resources and/or by private investors. Since petrochemicals are not covered by the nationalization law foreign investors can participate freely up to 100% in petrochemical developments. For a full description of all planned projects see the above noted study completed by the Embassy in June 1993.

CONCLUSIONS

Declining world wide oil prices will undoubtedly have an impact on PDVSA's long term plans and it is debatable that the company will be able to realize all of the investment to achieve their very ambitious plans. Despite these concerns, even in the most pessimistic scenarios, Venezuela will remain an important producer of petroleum products. In light of this, numerous opportunities exist for Canadian companies either as investors and operators in new production or suppliers of equipment and services. Specific near term opportunities should be pursued in the following areas:

-Equipment: full range of equipment including oil well and field pumps, power valves and parts, turbines, steam injection equipment, drilling and boring machines, geophysical instruments and services, gas compression and processing equipment, electric equipment, process equipment, laboratory and measure and control equipment, telecommunication equipment, machine tools and firefighting equipment, environment equipment and spareparts, and services for all of the above.

-Exploration: as noted above, PDVSA is now taking seriously about opening up selected new development fields to some form of production sharing. This is a major departure for the nationalized industry. Developments in this area will be announced this year.

-Heavy Oil Developments: the large scale upgrader projects being planned for the Orinoco heavy crude is now creating opportunities for Canadian expertise and equipment.

-Environmental: PDVSA has a huge budget for environmental related equipment and services.