

Nº6 Full Oil Sovereignty
Series

Venezuela, major player in the **OPEC**





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With this sixth edition of the Full Oil Sovereignty series, the People's Ministry of Energy and Petroleum and PDVSA contribute to the recovery – for Venezuelans' collective historical memory – of the important role played by our nation in the Organization of the Petroleum Exporting Countries.

FULL OIL SOVEREIGNTY SERIES **N° 6**

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1 Introduction

The Organization of the Petroleum Exporting Countries is an institution comprised of the governments of different nations (Venezuela, Saudi Arabia, Iran, Nigeria, Kuwait, Qatar, Iraq, Algeria, the United Arab Emirates, Indonesia and Libya) whose principal objectives are to defend the interests of its partners, the stabilization of the oil market and the receipt of a fair price for a barrel of crude.

Venezuela played an important part in the founding of OPEC, to the extent that in 1967, seven years after its creation, another of its founders Sheik Abdullah Al Tariki, went so far as to say that “... *without the Venezuelans around to keep it on its feet, the OPEC would have died a long time ago*”.

In this regard, however, it should be remembered that the task taken on by Venezuela of convincing the governments of the far-off countries of the Middle East, only just waking up after centuries of colonization, to agree to the founding of what was to become this Organization, had begun

long before that. It was the logical consequence of the political, economic and fiscal progress made by the national hydrocarbons sector over most of the 20th Century.

Later on, when the 21st Century was almost upon us, Venezuela’s role within the OPEC would once again take to the center stage after a deep sleep during the 80s and 90s.

During this period multilateral international agencies created by the great industrialized nations arose on the scene whose goal was to annul the Organization; moreover, market mechanisms were imposed for a product that responds to factors of a completely different nature. Meanwhile, inside the country, political factions, allied with the oil technocracy, instigated practices that were not only contrary to national interests but also to those of the OPEC, encouraging, for example, the policy of growing production volumes and the constant violation of the quota system.

Fortunately, the rebirth of the Organization came about in 1999, among



other reasons, thanks to the change in oil strategy pushed forward by the arrival of President of the Republic Hugo Chávez at the Palace of Miraflores.

This change was due to the 180° turn given to the Venezuelan oil policy in respect of the strategies executed by the different governments of the 4th Republic. And this complete break with the past was founded on the preference for the reasonable valuation of the natural resource, not on wastage; on cooperation with the rest of the OPEC partners and not with the OPEC itself, to achieve fair prices and not on isolation; on the

stabilization of the market and not on savage competition.

This rebirth or re-founding of the institution was sealed in Caracas, Venezuela, at the II Summit of Heads of State and Governments of the OPEC in September 2000, a Venezuelan initiative that was reinforced months before by means of an extensive presidential tour that included all the member nations of the institution.

"It could be said, without any exaggeration, that just as the OPEC was born in Baghdad in 1960, the 2000 Summit 25 years later witnessed the rebirth of the OPEC", declared the President of the Bolivarian Republic of Venezuela, Hugo Chávez, during the inauguration ceremony of the 141st Special Meeting of the Organization, held in the Venezuelan capital on June 1, 2006.

President Chávez pointed out at the II OPEC Summit that *"in spite of the importance of oil, we must not forget, however, that the most important patrimony we have is the creative energy of our people; human beings with dreams and hopes, in communion with their homelands and their noble cultural heritages. We owe ourselves to them"*.

2 Precedents



The members of the OPEC took a sovereign decision to influence the establishing of oil prices by programming the production volumes and thus achieving values that were more in accordance with their aspirations.

Towards the end of the 20s last century, the so-called Achnacarry Agreement took place (the name is that of a castle in Scotland) where the main oil magnates of the major oil companies of the time met to establish a policy that would satisfy consumption of a determined area with the production from the same area; reduce production where there was a surplus and control future production, thus controlling oil prices.

Parallel to this, the Texas Railroad Regulation Agency established production quotas for the independent oil producers of the US State of Texas. At this time, the US authorities were being faced with the collapse of energy prices caused by over-production due to the ferocious competition among these independent producers.

These elements contributed to the formation of intellectual nationalistic principles arising in the oil producing countries as a defense against the decisions contemplated by the Achnacarry Agreement, with the purpose of promoting fiscal and legal changes, based on the doctrine of the impor-

tant antecedent established by the Texas Railroad Regulation Agency.

The origin of the Organization is also related to the price crisis that arose at the end of World War II, since oil production that had risen significantly during the conflicts was affected by a sharp fall in demand.

As a result of all this, the moment arose when there was sufficient political maturity to try to construct an organization, an initiative that came to fruition within the context of the I Arab Oil Congress in 1959, when Adullah Al Tariki, the Saudi Arabian Oil Minister and Juan Pablo Pérez Alfonso, (1903-1979), at that time the Minister of Mines and Hydrocarbons of Venezuela, who on his own merit has been called the “Father” of the OPEC, discussed the doctrinal bases for coordinating the energy policies of the producer countries.



Abdullah Al Tariki, Minister of Energy of Saudi Arabia was, together with Pérez Alfonso, the founding father of the OPEC.

The meeting took place at a yacht club on the River Nile, and this is why the gentlemen’s agreement was called the Maadi Agreement.

3 Home-grown Venezuelan achievements



Between Achnacarry and the Maadi Agreement, the power to control the market was in the hands of the multinational oil companies. Nevertheless, important progress had already been made in Venezuela in fiscal matters.

Almost since the first days of oil production in the country, a slow but sure process of adaptation of the legal framework had begun, seeking a greater participation of the State in the profits obtained by the multinationals from the extraction of our hydrocarbons.

When World War II broke out, Venezuela increased its negotiation power with the multinational oil corporations. President Isaiás Medina Angarita led the tax reform of 1943, held public meetings all over the country and visited the oil fields and union centers and warned that if an agreement were not reached with these companies, the nation would take its own unilateral decision.

Finally, the companies gave in and as a result of the negotiations, the following commitments were achieved:

- The companies agreed to submit to the conditions set forth under the New Hydrocarbons Law (1943).
- The Nation's fiscal sovereignty was recognized by the multinationals.
- The royalty that was previously set at 9% was raised to 16.67%.
- The Income Tax rate on petroleum activities was increased to 12%, with which, on top of the percentage established for the royalty and the application of other taxes, the State guaranteed for itself 60% of the profits obtained from the extraction of oil.
- Minimum prices were fixed for the calculation of the royalty.
- And the companies were obligated to construct refineries in national territory between 1945 and 1950.

In his book "The Oil Issue", Bernard Mommer concludes that thanks to the 1943 oil reform "*ownership of the oil*

reserves was definitively established as state-owned and national”, and, moreover, a clear differentiation was marked of the State’s role “as owner and sovereign”.

Nevertheless, a couple of years later, with the 1945 tax reform, passed during the Government of Rómulo Betancourt, the so-called “fifty-fifty” ruling was enacted, a model that was subsequently copied in the Middle Eastern oil producers.

Another important event, prior to the founding of the OPEC occurred on December 17, 1958. Mommer explains how “at the beginning of December, Betancourt was elected as the new President of the country, but was only able to assume his mandate in February 1959. Meanwhile, the Provisional Government was still in power and it included old foes of Rómulo Betancourt who had held important positions in the Government of Medina Angarita, whom he had overthrown in alliance with the military. These men decided to take this unique opportunity to increase Income Tax on the oil companies. In this way, they avenged themselves by not giving Rómulo Betancourt the chance to do what, in an oil producing country, always brings with it great political prestige. In this way, they also uncovered



Rómulo Betancourt’s complicity with the oil companies, systematically discrediting the 1943 reform.

Under the intellectual leadership of Julio Diez, the Minister of Mines and Hydrocarbons during the Government of Medina Angarita, the cabinet of the Provisional Government prepared a new Income Tax Law in the strictest secrecy, a reform that was enacted by decree on December 19, using their special powers. The oil companies were taken by surprise when they heard of the reform, as was the whole of Venezuela, during a speech made on television by President Edgar Sanabria together with his Ministers of the Treasury and of Mines and Hydrocarbons. The reform consisted simply in increasing Income Tax from 28.5% to 47.5%”.

As Mommer explains, the nation was therefore guaranteed a minimum 50% of profits, without including what it received as royalty (16.67%). “A global 60:40 share of the profits was guaranteed for Venezuela”.

4 First incursions



In 1949 a Venezuelan delegation set off for the Middle East loaded with legal texts, with the following instructions they had received from the Development Minister Manuel Egaña:

“There is no question that it is in Venezuela’s interest to begin direct and friendly

negotiations with the Governments of the Middle East in order to reach an equilibrium between the prices of oil coming from both sources, in such a way that they are welcomed by the world markets without sacrificing the benefits we grant for our own prices. Within our oil economy, we have been steadily achieving invaluable social and economical victories, and we have to do everything possible not to retreat down the road where we have made such progress. It is possible that equilibrium be achieved between the opposing forces, whereby benefits may be had for the people of the Middle East without prejudicing the economic situation of the people of Venezuela”.

The most important occurrence prior to the creation of the OPEC was Venezuela’s participation in the I Arab Congress that took place in Cairo, Egypt, in 1959.

Even though the conditions for creating an organization had been generated between 1959 and 1960, the detonator that brought about the founding of the OPEC was the pressure employed by the multinationals in the Middle East, in an effort to force prices down in the region to the levels existing in the Atlantic Basin, thus affecting both Venezuela’s interests, by undermining its participation in the US market, and those of the producers in the above-mentioned when cheapening the value of their resources.

Thus it was that since the individual complaints of these Middle East producers fell on deaf ears, it was concluded that it was necessary to join forces and create an instrument for their common defense. This was the melting pot where the producer countries rebelled and created the OPEC. However, the most important antecedent to the birth of the OPEC was Venezuela’s participation in the I Arab Congress that took place in Cairo, Egypt, in 1959.

Among the principal conclusions arrived at by the Congress were: the idea that producer countries achieve a greater participation in every aspect of the oil business; the decision to kept in



permanent contract, and the right of the governments of these nations to share with the multinationals the decisions regarding production and prices.

At this meeting, the most effective contacts took place between Pérez Alfonzo, who was then Venezuela's Energy and Hydrocarbons Minister and Sheik Abdullah Al Tariki.

During the time prior to the founding of the OPEC an ideological debate arose in respect of the rights of the producer countries within such nations, and the advances achieved by Venezuela in tax matters was one of the factors that led to the political reflection by the producer countries that as a group they could achieve many things they could not do as individuals.

Pérez Alfonso had been constructing a doctrinal platform that was integrated into the Oil Pentagon, a thesis comprising the following elements:

- Reasonable participation in earnings, between the owner of the

natural resource and the concessionary countries.

- The creation of the Hydrocarbons Conservation and Trading Coordination Commission to supervise the activities of the multinational companies, both in production matters and the selling price of a barrel of crude.
- The creation of a national oil company (in the case of Venezuela, Venezuelan Petroleum Corporation), to guarantee the direct management of hydrocarbons by the State.
- No more oil concessions, so as to achieve oil sovereignty.
- And the creation of an international site for the coordination of policies, a goal achieved with the founding of the OPEC as a mechanism for defending the common interests of the producer countries against the multinational oil companies and their governments.



It was political logic that led Venezuela to promote the foundation of the OPEC since, as indicated above, the price of oil was fixed by the companies and when they paid their Income Tax, it was based on the principle of good faith. If the Government wanted to, it made its audits, and if it was not in agreement, it presented its reservations.

When such reservations began to be brought, negotiations began to fix reference prices in order to prevent the foreign companies from declaring their

income as being below the established limits. However, once the reference prices were fixed, the multinational oil companies began to use them as ceilings and not as a floor, which meant that the aforementioned measure was rendered useless.

For this reason, the Hydrocarbons Conservation and Trading Coordination Commission was created at the Ministry of Energy and Mines, an authority before which the companies had to report the movements in oil prices. At this time the Income Tax mechanism began to operate.

But in parallel a series of concerns began to arise in relation to the fact that if a similar strategy was not employed among the other oil producing countries, then the multinationals were going to take advantage of this situation to maintain or again impose their interests to the detriment of the national objectives of each country.



The Maadi Yacht Club in Cairo, Egypt, where the producer countries secretly reach their historical Gentlemen's Agreement that served as a precedent for the creation of the OPEC in 1960.

5 A birth in Baghdad

The OPEC was incorporated in Baghdad, the capital of Iraq, on September, 1960, as an interstate and international institution, that represents the governments of the member countries – on the doctrinal basis of “conserving a non-renewable and exhaustible resource” and the search for a “fair and reasonable valuation of such resource” – and to which the following goals were assigned: the defense of the individual and collective interests of its partners, the maintenance of the stability of the prices of crude and the coordination and unification of its oil policies. At the same time, it was proposed that a reliable and economic supply be guaranteed for the consumer nations.

Its by-laws establish that the Organization will “at all time lend due attention to the interests of the producer nations and to the need to ensure a stable income for the producer countries.” They also state that the institution will be guided by the principle of equal sovereignty of its member countries.

Moreover, it is also held that “if, as a result of the application of a determined decision of the Organization, any company or companies impose direct or in-

direct sanctions against one or several members, no other member shall accept any offer or special treatment, neither in the form of increase of oil exports nor in the improvement of prices, that may be offered by the company or companies, with the intention of inhibiting the decisions of the Organization”.

The OPEC has four basic bodies: the Conference, the Board of Governors, the Secretariat and the Economic Commission, structures that are explained as follows:

- **The Conference** is the maximum authority. It is composed by Leaders and Ministers of each of the member countries. Each Nation is represented in the Conference by its Oil Minister. This body controls the most important policies of the organization and meets twice a year, unless special conferences are called.
- **The Board of Governors** is formed by Officers appointed by each country. This is the authority that drafts the resolutions and puts them into practice. Its president is appointed by the Conference.



After the 3rd Conference was held in the Iranian capital of Tehran, the OPEC made a change of course consisting in the use of control over a vital economic factor like oil to obtain political compensations for its member countries.

- **The General Secretariat** of the OPEC is the legal representative of the institution.
- **The Economic Commission** is the body in charge of watching over the situation in the markets and oil prices and preparing the draft resolutions that are to be subject to decisions in the Conference.

During the first years of the OPEC the price of a barrel of oil was very low, around as little as US\$ 1.50 and it was fixed by the foreign companies that at the same time controlled the markets. The exporting countries proposed a sovereign influence over the establishment of prices, and the instrument used was the programming of the production volumes and thus control the supply and achieve values more in accordance with their aspirations.

On June 25, 1968, at a meeting in Vienna, the Organization's first political declaration was made, entitled the "Declaration on the Oil Policy of the Member Countries", a document that included such rights at access to extraordinary income, recognition of the limitations of resources and the establishing of oil sovereignty and a recommendation to control exploration.

Mommer sustains that this declaration *"contained political guidelines aimed at one sole purpose: maximizing fiscal income of the member countries by means of a sovereign control over the volumes and prices used as fiscal references"*.

He also says that in this way the historically powerful multinational oil companies became simple operators, and explains that the above-mentioned Declaration was subscribed within the

huge political emancipation movement of the Third World, including in its preamble the inalienable right of every country to exercise permanent sovereignty over its natural resources, in the interest of its national advancement, a universal principle recognized by the General Assembly of the United Nations.

In fact, six years before, on December 14, 1962, the General Assembly of the United Nations Organization had approved Resolution 1.803 in which it declared the following:

- The right of people and nations to permanent sovereignty over their natural riches and resources must be exercised in the interest of the national development and wellbeing of the people of the respective State.
- The exploration, development and disposal of such resources, as well as the importation of foreign capital to affect them, shall conform to the rules and conditions that such people and nations freely consider necessary or desirable to authorize, limit or prohibit such activities.
- In the event that such authorization is granted, the capital brought in and any increase thereof shall be



OPEC Headquarters, Vienna, Austria. The picture (above) was taken during the celebrations of the 3rd Conference, held one year later in the Iranian capital of Tehran.

governed by the authorization, by the national Laws in force and by international law. The profits obtained shall be shared in the proportion that is freely agreed upon in each case between the investors and the State that receives the investment, ensuring not to restrict for any reason the sovereignty of such State over its natural wealth and resources.

- The violation of the sovereign rights of the people and nations over their natural wealth and resources is contrary to the spirit and the principles of the United Nations Charter and obstructs the advancement of international cooperation and the keeping of the peace.
- Freely negotiated agreements executed by sovereign States or among sovereign States regarding foreign investment shall be performed in



good faith; the States and international organizations shall strictly and scrupulously respect the sovereignty of the people and nations over their natural wealth and resources pursuant to the Charter and the principles contained herein.

At the beginning of the 70s, the governments' control over the global production of oil was firmly established. In September that year for the first time two member countries took sovereign decisions related to the oil business. Libya controlled production levels without the prior consent of the multinationals, a measure that was accepted by one of them, creating a domino effect on the others, while Algeria established prices independently for the multinational corporations.

Following the Tehran Conference of 1971, the OPEC made a change in its course that consisted in controlling a vital economic factor like the price of oil to obtain political compensation for the

member countries. Thus by controlling production, OPEC became a high-level political factor.

The step of this historical process was the nationalization of hydrocarbons, begun between 1971 and 1975 in several OPEC countries: Algeria in 1968; Libya in 1970; Iraq in 1972; Kuwait and Venezuela in 1975. Moreover, the Tehran Agreement was signed on January 20, 1972 in Geneva with a view to establishing prices, indexing them in relation both to inflation and to a basket of currencies, and establishing reference crude qualities.

The I Summit of OPEC Heads of State and Government was held in Algiers, Algeria, in March 1975, and in its Solemn Declaration emphasized mutual respect for sovereignty and fairness, pursuant to the principles of the United Nations Organizations, reaffirming the inalienable right of countries to property, production and valuation of natural resources.



6 Rebirth

Up until that time, the initiatives in the oil industry were in the hands of the OPEC. However, the major consumer countries launched a counter-offensive that included the introduction of market mechanisms where they did not exist, future pricing, and the creation of institutions to politically and directly with the Organization, such as the case of the International Energy Agency.

At the same time, within the countries of the Organization members, an ideology associated with the free market was advanced to conduct a policy of “opening-up,” without the presence of strong institutions that could look after national interests and by means of contracts that were favorable to the purposes of the multinationals.

This situation brought about a long period of hibernation, between the end of the 80s and almost the whole of the decade of the 90s, when the OPEC kept little control over production and prices. This period was also characterized by the indiscipline and lack of coordination among its members.



President Chávez giving inaugural speech at the OPEC II Summit, held in Caracas in the year 2000.

Nevertheless, at the close of the 20th Century, the OPEC was on the move again. Following the election triumph of December 1998 of President Hugo Chávez, the Organization recovered its vital role in the world energy market. The national oil policies are now designed taking into account the basic tenets of the institution, i.e., the principle of demanding and exercising the sovereign right of the country to administer our main natural resource; oil.

As of 1999, Venezuela has participated as a leading actor in the strategy of returning the OPEC to being a positive political instrument for the underdeveloped oil producing countries, particularly for the poorest among them; in ratifying the original principles, exactly as was established at the II Summit of Heads of State, held in Caracas in September

(25 years after the one held in Algiers in 1975); in the design, proposal and application of the price band system for, and the drafting of a long-term policy for the Organization, guidelines that include not only the economic and pricing factor, but also the environment and social questions.

In OPEC's awakening, a key role was played by Venezuela's stand in defense of oil prices, and respect for the production quotas assigned at the institution's headquarters.

When President Chávez arrived bearing these standards, very different to previous Venezuelan administrations, the OPEC partners understood perfectly well that this was a huge effort because they were conscious that such ideas were coming from a country with a new



The President of Algeria, Abdelaziz Bouteflika; the Emir of Qatar, Hamad Bin Khalifa Al-Thami; and the heads of the Libyan, Iraqi and Kuwait Delegations, Mustapha Al Kharrubi, Taha Yasin Ramdan and Saud Nasser Al-Sabah, together with President Chávez at the II Summit held in Caracas.



"The world in which the OPEC was born and in which it took its first steps has changed radically," stated President Chávez in his speech during the II Summit of the OPEC, held in Caracas in the year 2000.

government and very lacking in resources, but which nevertheless dared to cut back on its production in several stages until it reached 625,000 barrels per day.

Thus it was that as of 1999 its members rescued internal discipline, allowing them to cut back on the excess supply of hydrocarbons and progressively recover the prices of a barrel of crude whose value in the case of Venezuela had seen itself reduced to less than US\$ 7 at the end of the last Government of the 4th Republic.

It was within this context when, after 25 years, the II Summit of OPEC Heads of State was held in September 2000 in Caracas, a meeting where the participants showed the world a new and improved cohesion.

At the II Summit of the OPEC, the Heads of State and Government ratified the

doctrinal principles, objectives and by-laws of the Organization in relation to the fair and reasonable valuation of the resource, its non-renewable nature, the sovereignty of its administration and its commitment to the stabilization of the market. They also expressed their commitment to ensuring the long-term support of the institution, in view of the threats related with globalization, technological advance, environmental pressures, discriminatory public policies aimed at altering the value of the hydrocarbons and stimulating a habit of wastefulness.

Venezuela's contribution over the last few years has been essential to what could be termed the "re-founding" of the OPEC, a performance that has had many different achievements with the recuperation of the value of a barrel of crude being the one that has had most impact in the eyes of public opinion.

7 Full oil sovereignty



During the period of the Bolivarian Government many actions, both internal and external, have been taken with the purpose of supporting the OPEC. In the external field the following must be highlighted:

- The holding of the II Summit of Heads of State and Government in the city of Caracas;
- The presidential tour prior to the above-mentioned Summit, carried out by the Venezuelan Head of State to the member partners of the Organization;
- The appointments of two Venezuelans, Ali Rodríguez Araque and Álvaro

ro Silva Calderón, as Secretary Generals of the Organization;

- The application of the system of bands of prices.

In regard to the national oil policy decisions that have had their effect on the strengthening the OPEC, are the following:

- The guidelines issued by the Ministry of Energy and Petroleum in order that PDVSA respect the volumes determined at the headquarters of the institution, a decision that met with strong opposition from the oil technocracy between 1999 and 2002;
- The rescue of the state operator following the oil sabotage at the end of 2002 and the beginning of 2003;
- The execution of the Full Oil Sovereignty Policy, by means of which the Venezuelan State assumed control of the main economic activity of the country, among whose successes figure the leveling of the tax system for all oil activity conducted in Venezuela, the real nationalization of the Orinoco Oil Belt businesses on May 1, 2007, and the redistribution of the oil income for the benefit of the Venezuelan people through the social missions.



8 Appointment in Caracas

On June 1, 2006, the 141st Special Meeting of the OPEC was held in Caracas, a meeting in which Ministers of Energy of the partner countries of the Organization and also of the oil producing countries not belonging to the institution, such as Egypt, Syria and Angola.

The holding of this event in Venezuela has been considered very important, since Venezuela is employing an oil policy that demands and rescues the principles that were the very reason for founding the OPEC, the policy of Full Oil Sovereignty.

During the inauguration ceremony of this event, the President of the Bolivarian Republic, Hugo Chávez, stated that the OPEC has signified a flag of independence for the countries of the Third World. *“One of the most important revolutionary events, in my opinion, in the history of the Third World, was the birth of OPEC”*, he said.

Chávez reminded one that during the

80s and the 90s the Organization had been profoundly weakened, to the point where it had *“one foot in the grave”* and said that during this period some Venezuelan governments acted against the interests of the country and of OPEC.

He indicated that in that historic moment *“PDVSA was taken over by anti-national interests, a technocratic PDVSA that began to put into place not the plan that is prepared by any government, because in fact we had no government in Venezuela; what governed here were the paramount international interests that dominated the continent, a PDVSA that had been kidnapped and was acting as a Trojan Horse against Venezuela itself and against the brother countries of the OPEC”*.

And he added that nevertheless the OPEC has retained its anti-colonialist and anti-imperialist nature. *“The OPEC is a liberating organization for the development of our Latin American, African and Asian countries”*, he stated.



"The current model of consumption of energy is asymmetric, not only in the disproportionate distribution of the consumption, but, worse still, in the unfair manner in which the increases in the price of oil affect the non-producing poor countries," emphasized Ramírez during his speech at the session entitled "Access to Sustainable Energy."

9 Oil sovereignty

At OPEC headquarters, Venezuela has proposed the creation and upcoming opening of an oil intelligence and policy office in the city of Vienna, Austria, through the People's Ministry of Energy and Petroleum. As stated by Minister Ramírez, "We are opening an office in Vienna, an oil intelligence and policy office. It has yet to be officially inaugurated, but it is already beginning to operate. We believe that the producer countries need to strengthen our thinking. The consumer countries have huge centers

of reflection where they study what their policies should be in respect of the use of natural resources".

Therefore, this center will study the oil policies of the member countries and their possible application in any of the OPEC countries or even those that are not associated to the Organization. "The idea of this center is that from here we can share experiences with the sister oil producer countries, so that they are alert to the different threats that hover over us and that are designed, using



very complex architecture, at the think tanks of the consumer countries”, he explained.

During the X International Energy Forum, held in Qatar in April 2006, Ramírez stated that *“by using the very best spirit of the founding fathers of our Organization, the Extraordinary Conference must stand as a new platform of criteria for our institution, steeped in the reaffirming of sovereignty over our resources, and in the full conviction that our people must receive the maximum benefits of the strategy of administrating such resources in the best way possible”.*

“For us, the ext step in this evolution consists in the total reaffirming of sovereignty over our natural resources and the integration of our industry with our

people. Part of this reaffirmation is the profound conviction that our hydrocarbons reserves must be converted into the greatest possible sum of happiness for our people”.

“We have succeeded in stabilizing the market, but external stability cannot be created if there is no internal stability. And I refer to the stability of our countries in economic, political and social terms. Our stability is threatened today by the shadow of interventionism and State terrorism, products of the eagerness of some countries to take over our reserves by force. The internal social stability of our nations is an indispensable requirement for an integrated stability that includes that of the market and that of our income”, Ramírez declared.



During his visit to Qatar Minister Ramírez affirmed that sustainable access to energy must include policies of integration and solidarity.

10 Saudi Arabia receives the OPEC



Third OPEC Summit

Riyadh 2007

The third meeting of Heads of State of the Organization of Petroleum Exporting Countries represents an historic opportunity for the Institution in its quest to develop its only mission.

The principle purpose of the OPEC is to coordinate the oil policies of the member countries, using as a basis the firm intention of safeguarding the individual and collective interests.

Therefore, this Organization seeks to issue policies that tend to guarantee the balance of the prices of crude oil in the international markets with the intention of eliminating unnecessary fluctuations. In this regard, the OPEC takes the following aspects into account:

- Interests of the oil producing countries and the need to guarantee their income.
- The efficient and reliable supply of oil to the consumer nations.
- A fair return on capital in ac-

cordance with the investments made in the oil industry.

The 3rd Summit of the OPEC will be concentrated on three basic themes:

Oil supply: the member countries of the OPEC are firmly committed to stabilizing the world energy market and satisfying the energy shortages of the world by conducting studies that will let us know the requirements of the producer and consumer countries.

Promote prosperity: through the reliable supply of crude, OPEC makes it possible for the global economy to grow and for the communities of the world to develop.

Protecting the planet: The Organization recognizes the need to ensure that the supplying of energy is done while at the same time being fully conscious of the environment, and is taking definitive steps to protect the world's ecosystems.

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