

Bush and ExxonMobil v. Chavez

By [Stephen Lendman](#)

Global Research, February 18, 2008

18 February 2008

Region: [Latin America & Caribbean](#)

Theme: [Oil and Energy](#)



Since the Bush administration took office in January 2001, it has targeted Hugo Chavez relentlessly. From the aborted two-day April 2002 coup attempt to the 2002-03 oil management lockout to the failed 2004 recall referendum to stoking opposition rallies against the constitutional reform referendum to constant pillorying in the media to funding opposition candidates in elections to the present when headlines like the Reuters February 7 one announced: "Courts freeze \$12 billion Venezuela assets in Exxon row." Call it the latest salvo in Bush v. Chavez with ExxonMobil (EM) its lead aggressor and the long arm of the CIA and Pentagon always in the wings.

EM temporarily won a series of court orders in Britain, New York, the Netherlands and Netherlands Antilles to freeze up to \$12 billion of state-owned PDVSA assets around the world. Hugo Chavez called it Bush administration "economic war" against his government. Energy Minister and PDVSA president, Rafael Ramirez, said it was "judicial terrorism" and that "PDVSA has paralyzed oil sales to Exxon (and) suspend(ed) commercial relations" in response to actions it "consider(s) an outrage....intimidating and hostile."

PDVSA's web site went further. It explained that the company will "fully honor existing contractual commitments relating to investments in common with ExxonMobil on the outside, reserving the right to terminate those contracts" under terms that permit. This likely refers to a Chalmette, Louisiana joint venture between the two companies that refines 185,000 barrels of oil daily into gasoline. It also reflects a commitment to supply 90,000 barrels of oil daily to Exxon that continues unaltered.

EM sought the injunctions ahead of an expected International Centre for Settlement of Investment Disputes (ICSID) arbitration ruling. It's over a compensation claim owed Exxon after Venezuela nationalized its last privately-owned oil fields last May in the Orinoco River region. PDVSA now has a majority interest, Big Oil investors have minority stakes, but the government offered fair compensation for the buyouts. Chevron, UK's BP PLC, France's Total SA and Norway's Statoil ASA agreed to terms and will continue operating in the country.

ExxonMobil and ConocoPhillips balked, and it led to the current action. In Exxon's case, it refused a generous settlement offer for its 41.7% stake, but that's the typical way this bully operates. The company is the world's largest, had 2007 sales topping \$404 billion, it's more

than double Venezuela's GDP, and it places EM 25th among world nations based on World Bank GDP figures.

It's too early to predict what's ahead, but one thing is sure. As long as George Bush is president, he'll go after Chavez every way possible with one aim in mind – to destabilize the country and remove the Venezuelan leader from office. Once again, battle lines are drawn as the latest confrontation plays out judicially, economically and geopolitically. The stakes are huge – the most successful democracy in the Americas and the “threat” of its good example v. the world's most powerful nation and biggest bully.

The next judicial hearing is on February 22, but it's unclear where things now stand with Exxon and the Chavez government having different views. The oil giant claims PDVSA's assets are frozen, but on February 9 Minister Ramirez denied it saying: “They don't have any asset frozen. They only have frozen \$300 million” in cash through a New York court. On February 13, it heard the case, and to no one's surprise affirmed the freeze until a final arbitration settlement is reached. PDVSA has no “assets in that jurisdiction (or in Britain) that even come close to those” billions that are about 16 times the value of Exxon's Venezuelan \$750 million investment.

Ramirez also added that EM's action is a “transitory measure” while PDVSA pressed its case in New York and will do it again in London. The current status has no “affect on our cash flow (or) operational situation at all.” Exxon wants to undermine the government and “create a situation of anxiety in the country, a situation of nervousness.”

Ramirez expressed confidence that his government will prevail. It's arbitrating fairly, offered just compensation, and that in the end may defeat the latest Bush administration assault against the right of a sovereign state to its own resources. He also explained that Exxon violated ICSID arbitration proceedings by seeking separate court orders, and that PDVSA is considering a response. It may sue the oil giant for damages that caused Venezuela's dollar-denominated bonds to record their biggest drop in six months on the prospect of a long legal battle.

On February 8, PDVSA declared its position on its web site to put the facts in context, clarify the situation, and dispel how the dominant media portrays it ExxonMobil's way. Below is a summary.

The company states it's been “in arduous level agreements and negotiations with” its joint venture partners – “Total, Statoil, (Italy's) ENI, ConocoPhillips, Petrocanada, (China's) CNPC, Petrochina, (Venezuela's) Ineparia, British Petroleum (and) Exxon Mobil.” The US giant is the “only case in which we have a clear situation of conflict” so it was “envisioned that these strategic issues....could be settled in international (arbitration) tribunals.” It appears that agreement has been reached or “in the process of agreeing” with every company (including ConocoPhillips) except ExxonMobil, and the situation with them is this: “this company has not complied with the terms of arbitration....and introduced an arbitration against the Republic (in) the International Centre for Settlement of Investment Disputes (ICSID).”

PDVSA awaits its ruling “which, we are confident, will promote the interests of the Republic.” In addition, Exxon sued PDVSA. As a result, “we see a clear position (of this company) to go against the sovereign interest of an oil-producing country such as Venezuela,” deny its legal right to its own resources, and get overt US backing for it from State Department spokesperson Sean McCormack saying: “We fully support the efforts of ExxonMobil to get a

just and fair compensation package for their assets according to the standards of international law” that Washington defiantly trashes.

PDVSA’s statement explained that the national media have “such ignorance of the situation (by reporting that) our company has (assets of) 12 billion dollars (frozen and) that is completely untrue....we do not have any court decision that is final with respect to all of our assets. We have an interim measure in a court in New York, we have the right – and so we are going to....respond. This is a transitional measure while (PDVSA) presents its case; defend(s) ourselves....defend(s) the interests of the Republic and we are confident we will remove this measure.”

Exxon also got injunctions in London and the Netherlands. “I must report we have no assets in those jurisdictions....”The same status is true for the Netherlands Antilles” where another injunction was gotten.

“We are no longer surprised (about) the attitude of ExxonMobil, as it is the typical American transnational company which....historically has tried to attack the oil-producing countries and impose their views on the management of (their) national resources....On behalf of workers and our oil industry, we are not going to (be) frightened, intimidated, or retreat in the sovereign aspirations of our people to manage their natural resources.”

We must “warn our country because they could continue this type of action....the position of our people and our Government is firm in defence of our decisions.” We will defend our interests. We won’t “yield to this (action), we will defeat them (on the) ground(s) that (are) raised....”

In a February 12 interview, Ramirez repeated Hugo Chavez’s message two days earlier on his weekly Sunday television program, Alo, Presidente: “If you end up freezing (our assets) and it harms us, we’re going to harm you. Do you know how? We aren’t going to send oil to the United States. Take note, Mr. Bush, Mr. Danger....I speak to the US empire, because that’s the master: continue and you will see that we won’t send one drop of oil to the empire of the United States....The outlaws of ExxonMobil will never again rob us....If the economic war continues against Venezuela, the price of oil is going to reach \$200 (a barrel) and Venezuela will join the economic war....And more than one country is willing to accompany us in the economic war.”

PDVSA spokesperson, Eleazar Diaz Rangel, then said on Latest News on February 12 that “we are ready” to stop supplying oil to the US if their hostile actions continue. He explained that Washington is waging economic war, and Venezuela is seeking to develop new customers like China. He added that the cash flow of the company is sound because it’s based on daily crude oil sales.

On February 12, Venezuela’s deputy oil minister, Bernard Mommer, said on state-owned Venezolana de Television that Exxon knows it will lose in arbitration and its “maneuver represents a way to intimidate” other countries against standing up to its will. It’s trying to “create panic and anxiety with the banking and the oil sector.”

Venezuela is America’s third or fourth largest oil supplier after Canada, Saudi Arabia and at times Mexico. It accounts for between 10 to 12% of US imports and averages around 1.2 million barrels a day, sometimes as much as 1.5 million. PDVSA’s assets total around \$109 billion, according to its web site. It calls itself “the most creditworthy company in Latin

America” which is likely considering its enormous oil reserves and at their current elevated prices.

Views from the US Media

It’s no surprise how the US media portray Chavez and the Exxon dispute. Bloomberg.com called it his way to use the “Exxon Battle to Stoke Anti-US Sentiment” as though he’s the aggressor and poor USA and giant Exxon his victims.

Then, there’s the Washington Post’s editorial view on February 15. It’s astonished that “Mr. Chavez himself threatened to cut off exports of crude oil to America” over Exxon’s having “moved to freeze” its assets. It laments how “regrettable” the US “voracious consumption of oil” is because it “underwrites Venezuela’s Chavez regime....If the Bush administration were really as committed to overthrowing Mr. Chavez as Mr. Chavez claims (it ought to boycott) Venezuelan oil (to) devastate” its economy. “Two cheers for ExxonMobil. In standing up to Mr. Chavez through ‘peaceful, legal means,’ it has once again exposed the hollowness of the anti-imperialism with which he justifies his rule.”

The Chicago Tribune was just as hostile by asking “Where is the king of Spain when we need him?” Chavez “says the ‘bandits’ at Exxon are trying to rob Venezuela. From where we sit, it looks like the other way around.”

Then there’s the Houston Chronicle in Exxon’s home city. It blasted Chavez for “making a fool of himself on the floor of the UN General Assembly last year,” called him a “clown,” and said “his buffoonery is neither amusing nor benign.” Ignoring Exxon’s shenanigans in cahoots with Washington, it stated that Chavez “was in full bluster (and that he) and his henchmen (were launch(ing) a war of words in response (that is) little more than political theater, sound bites for the loyalists back home, and You Tube fodder abroad.”

This type bluster gets supplemented with outrageous comments about how Chavez “seized power,” shuts down his opposition, control’s Venezuela’s media, took over American oil fields, is a “destructive menace” to the region, and even worse a communist and a dictator with a terrible human rights record. Is it any wonder that Americans know almost nothing about Venezuelan democracy and the man who shaped it for the past nine years. Under his leadership, it’s the real thing, is impressive and improving. Compare it to America where “The People” have no say, democracy is nowhere in sight, and under the Bush administration it’s pretense, lawless, and corrupted.

What’s Going On and What’s At Stake

Throughout most of the last century, and especially post-WW II, America’s international relations have been appalling and destructive. It’s the world’s leading bully, it practices state terrorism, disdains democracy, defiles the rule of law, tramples on human and civil rights, demands unquestioned obedience, and rules by what Noam Chomsky calls “the Fifth Freedom” that shreds the other four: to “rob, to exploit and to dominate society, to undertake any course of action to insure that existing privilege is protected and advanced.” Outliers aren’t tolerated, national sovereignty is sinful, independence is a crime, and dare disobey the imperial master guarantees certain punishment.

William Blum documented the history in three editions of his book, “Rogue State.” He wrote: “Between 1945 and 2005 the United States has attempted to overthrow more than 50

foreign governments, and to crush more than 30 populist-nationalist movements struggling against intolerable regimes. In the process, the US has caused....several million (deaths), and condemned many millions more to a life of agony and despair." Washington won't tolerate nations that won't:

- "lie down and happily become an American client,"
- accept free market capitalism and today's steroid-enhanced neoliberal version that's even more predatory,
- sacrifice its peoples' welfare for ours,
- "produce primarily for export,"
- allow dangerous environmental dumping on its soil,
- surrender to IMF, World Bank, WTO and international banking rules; accept exploitive structural adjustments and debt slavery as a way of life;
- relinquish control of its natural resources, especially if they're large oil and gas deposits,
- surrender all freedoms and call it democracy,
- permit US military bases on its soil, and
- agree unquestionably to all other imperial demands.

Countries unwilling to oblige are called "bad examples (and) reduced to basket cases." In addition, their leaders are replaced by "friendlier" ones. It's an ugly story of the rich against the poor, the monied interests against all humanity, and if outliers are tolerated, they'll be "bad examples" for others to follow.

Chavez became one of them after his 1998 election. Ever since, he's been a thorn in America's craw and its greatest threat – a "good example" that's a model for other nations. He also inspires social movements throughout the Americas, even though none so far are dominant or even even close, and he shows signs of wavering on some of his earlier commitments. More on that below.

Imperialism is safe in the Americas, and James Petras explained it in his new article: "Movements in Flux and Center-Left Governments in Power." He states: "The singular fact about Latin America is that, despite a number of massive popular upheavals, several regime changes and (some ascendant) mass social movements, the continuity of property relations remains intact." In fact, they're more concentrated, "giant agro-mineral export enterprises" are prospering, and "class structure (and) socio-economic inequalities" persist, even though Hugo Chavez stands out, in part, as an exception. Petras calls him "pragmatic."

He "reversed (some of) the corrupt privatizations of previous rightest neo-liberal regimes," but still supports business. Nonetheless, Washington sees him as a threat because he embraces participatory democracy, practices redistributive social policies, and envisions a "new socialism of the 21st century....based in solidarity, fraternity, love, justice, liberty and equality." Those ideas and his expressive language are anathema to America and its hard line neoliberal model.

As a result, he tops George Bush's target list outside the Middle East, and that status won't change under a new administration in 2009, especially if a Republican heads it. But even Democrats are hostile. When candidates discuss Latin America, Chavez is Topic One and their comments aren't friendly.

Earlier (but no longer), John McCain's web site was outrageous. It featured a petition to "stop the dictators of Latin America" and supported ousting Chavez "in the name of democracy and freedom throughout the hemisphere." He lashed out at a news conference in Miami's Little Havana stating that "everyone should understand the connections" between (Bolivia's) Evo Morales, Castro and Chavez. "They inspire each other. They assist each other. They get ideas from each other. It's very disturbing." He also calls Chavez a "wacko" and a "two-bit dictator."

These comments aren't surprising from a man who headed the hard right International Republican Institute (IRI). Along with the National Endowment for Democracy (NED) and USAID, these organizations front for imperialism, support rightist dictators, and plot the overthrow of independent democrats like Chavez who dare confront America.

Think hard about this man from what his fellow Republicans say about him. Some call him psychologically unhinged and unqualified to be president. Mississippi Senator Thad Cochran said: "The thought of (McCain) being president sends a cold chill down my spine." Others from the far right, like Alabama's Dick Shelby, former Pennsylvania Senator Rick Santorum, and Oklahoma's Jim Inhofe, mention times McCain screamed four-letter obscenities at them in the Senate cloak room. Another senator said: "He is frighteningly unfit to be Commander-in-Chief."

Along with these unsettling comments, there are disturbing allegations about McCain's POW years and reported special treatment he got after his father, Admiral JS McCain, became CINCPAC Commander-in-Chief, Pacific Command over all Vietnam theater forces. An organization called "Vietnam Veterans Against John McCain" is actively addressing his record on things people have a right to know about public officials, if they're true, and McCain has an obligation to explain them.

Democrats aren't much better, and consider their views about Chavez. They're hardly friendly with Hillary Clinton saying "we have witnessed the rollback of democratic development and economic openness in parts of Latin America" with no confusion about who she means. Barack Obama is also suspect despite saying if elected he'll meet with Iranian, Cuban, Syrian and Venezuelan leaders. It sounds good until he qualifies it and spoils everything. He labels these countries "rogue states," reveals his real feelings, and signals his hostility and unwillingness to establish good relations with them.

Forget Obama's friendly smile, comforting demeanor and reassuring rhetoric. Bottom line - he's no different from the rest. There's not a dime's worth of difference among them that matters. Next January, they'll be a new face in charge with the same agenda: wars without end; subservience to the monied interests; disdain for the common good; and deference to the dominant media view that Chavez is: an authoritarian, a strongman, a dictator and what Wall Street Journal columnist Mary Anastasia O'Grady calls him: anti-democratic, dictatorial, vengeful, bullying, crude, unpopular, and having "an insatiable thirst for power that should give Venezuelans reason to be fearful."

Forget that under Chavez, Venezuelan business is booming or how gracious he was in defeat

last December after voters rejected his constitutional reforms. Petras assessed what followed. Centrist and other influential Chavez advisors jumped on the setback and “pressed their advantage to secure programmatic, tactical-strategic and organizational changes.” They got him to replace over a dozen cabinet ministers and others in government with new faces sharing their views. They also, to a degree, shifted Chavez to the center, influenced him to “slow down....the move to socialisma, (establish) economic ties with the big bourgeoisie, (halt) immediate moves to nationalize strategic economic enterprises, and (move slowly) in reforming land tenure.”

In addition, they got him to ally “with the middle class center-right parties, and (won) them over (by eliminating) price controls to let “basic food prices.... soar, while salaries remain stagnant.” The result: a fundamental contradiction in trying to advance socialism by “liberalizing economic policy.” Petras is worried that Chavez’s base (the urban poor) “will lose interest, abstain or resist the centrists and withdraw their loyalties.” Indignation is surfacing, loyal Chavez support may be jeopardized, and it “raises fundamental questions about the long-term future of state-class movement relations under” his leadership.

In addition, rightist forces see an opening, are pressing their advantage, Exxon’s move is a warning shot, and so are reports about Colombian paramilitaries entering the country in greater numbers. More destabilization will follow, and continued efforts will be made to weaken Chavez, then try to oust him. More than ever, he needs strong support at a time it’s jeopardized, and that’s a worrisome situation to consider. Venezuela’s Bolivarianism is glorious provided it flourishes, grows and achieves its long-term goals. It’s been extraordinary so far, still has miles to go, and it’s unthinkable to waiver now and pull back.

Petras alarmingly notes that when “social movements (adopt common) electoral strategies, (work) within the framework of institutional politics, and (ally) with center-left regimes....few positive reforms and numerous regressive” ones result. Will this be Venezuelans’ fate? The prospect is frightening because if not Chavez, who’ll lead their struggle for social equity and justice – for the nation, the region and beyond. Bolivarianism is glorious and vibrant. But to flourish, grow and prosper, it needs care and nurturing from a resolute leader backed by mass popular support.

Stephen Lendman lives in Chicago and can be reached at lendmanstephen@sbcglobal.net.

Also visit his blog site at www.sjlendman.blogspot.com and listen to The Global Research News Hour Mondays on www.RepublicBroadcasting.org from 11AM – 1PM US Central time for cutting-edge discussions of world and national issues with distinguished guests.

The original source of this article is Global Research
Copyright © [Stephen Lendman](#), Global Research, 2008

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Stephen Lendman](#)

About the author:

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

<http://www.claritypress.com/LendmanIII.html> Visit his blog site at sjlendman.blogspot.com. Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca