



Citgo's Future in Doubt, Thanks to Its Takeover by Venezuela's Military

Immediately following Venezuela President Maduro's arrest of 50 people running his oil company, allegedly in an attempt to eliminate corruption at that company, PdVSA, [he named a military general](#) as his oil minister and replaced the company's manager with a political crony. Neither has any oil industry experience.

At first glance the move seems insane. Production by PdVSA is half what it was just two years ago under skilled (many U.S.-trained) executives, and now the Marxist dictator has replaced them with people who know nothing at all about how to run an oil company. Maduro said he was rooting out corruption at the company, claiming that the executives fudged the company's production numbers in order to make the company's dismal and declining profitability appear better than it is.

For five top executives, the future is particularly dim. They are American citizens, who must rely upon the Trump administration, which has repeatedly excoriated the Marxist dictator, to have them moved from their present incarceration into the American embassy.

Citgo was once a jewel of the PdVSA, operating more than 5,000 gas stations in the U.S. and many refineries on the Gulf Coast specifically designed and built to refine the heavy Venezuelan oil flowing out of the world's largest cache of crude oil reserves. The 4,000 employees, many of them working in Houston, are now in limbo, wondering how further destruction of the parent company in Venezuela will affect them.

For those 4,000 employees working for Citgo, many are no doubt polishing their résumés to secure their futures in other companies in the American oil industry.

For Maduro, the military takeover of PdVSA makes perfect sense. First, it virtually completes the military takeover of every aspect of the failing country's economy. Prior to Monday's announcement, the military was in charge of food production and distribution, imports and exports, and communications.

Second, the military secures Maduro's position as president of the country, at least for the moment. With its support he has little to fear from the vast majority of his serfs who oppose his dictatorship. Next, as the country's economy continues to crater, the military will have only themselves to blame, keeping Maduro out of the line of fire.

Finally, the move secures the military's ability to finance itself, rather than relying on Maduro's slim





Written by [Bob Adelman](#) on November 30, 2017

and slowly evaporating revenue stream. As Chris Tomlinson, writing for the *Houston Chronicle* noted, “The military supplements its income by demanding bribes, smuggling fuel to neighboring countries, and facilitating illicit narcotics shipments to Mexico and other Caribbean countries.”

As far as Citgo itself is concerned, Maduro sold 49.6 percent of it to Russia’s Marxist leader, Vladimir Putin, in exchange for a loan of \$1.5 billion to keep his faltering regime afloat for a few more months.

With military people now in charge of Maduro’s only revenue stream through PdVSA, it’s only a matter of time before his regime collapses, either by the military, which is now calling the shots, or by pressure from bond holders facing inevitable defaults on some \$150 billion that Maduro owes them.

By the time the dust settles, it’s increasingly likely that Citgo, which used to be under the thumb of one Marxist dictator, will be owned, operated and controlled by another, this one in Moscow.

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