Regime Change for Profit: Chevron, Halliburton Cheer on US Venezuela Coup

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If Guaidó comes to power and privatizes PDVSA, U.S. oil companies — with Chevron and Halliburton leading the pack — stand to make record profits in the world's most oil-rich nation, as they did in Iraq following the privatization of its national oil industry after U.S. intervention.

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For much of the past twenty years, critics of U.S. foreign policy have noted that it is often countries with sizeable oil reserves that most often find themselves the targets of U.S.-backed "humanitarian" interventions aimed at "restoring democracy." Analysis of the nearly two-decades-long U.S. effort aimed at regime change and "democracy promotion" in Venezuela has long linked such efforts to the fact that the South American country has the world's largest proven oil reserves.

However, the current U.S. effort to topple the government led by Chavista politician **Nicolás Maduro** has become notable for the openness of the "coup architects" in admitting that putting American corporations – Chevron and Halliburton chief among them — in charge of Venezuelan oil resources is the driving factor behind this aggressive policy.

Last week, **Senator Marco Rubio** (R-FL) – a key player in the Trump administration's push for regime change in Caracas – tweeted:

> Biggest [American] buyers of Venezuelan oil are Valero Energy & Chevron. Refining heavy crude from Venezuela supports great jobs in Gulf Coast. For the sake of these U.S. workers I hope they will begin working with administration of President [Juan] Guaidó & cut off illegitimate Maduro regime."

In January, the U.S. government recognized **Juan Guaidó** of the U.S.-funded and CIA-linked Popular Will Party as the "legitimate" president of the country.

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>
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>
> — Marco Rubio (@marcorubio) January 24, 2019

A few hours after Rubio's tweet, **National Security Adviser John Bolton** — who actively supported the U.S.-backed failed Venezuela coup in 2002 — appeared on *Fox News* and told host Trish Regan the following:

> "We're looking at the oil assets. That's the single most important income stream to the government of Venezuela. We're looking at what to do to that."

Though that was a stunning admission in and of itself, Bolton didn't stop there. He continued:

> We're in conversation with major American companies now that are either in Venezuela, or in the case of Citgo here in the United States. I think we're trying to get to the same end result here…. It will make a big difference to the United States economically if we could have American oil companies really invest in and produce the oil capabilities in Venezuela."

Bolton's statements have garnered considerable attention in the alternative media community for their boldness, since leaked cables and documents have traditionally been the means through which the actual motivations of U.S. wars have been revealed. Largely overlooked, however, is the fact that Bolton stated that the Trump administration is working closely "with major American companies now that are either in Venezuela, or in the case of Citgo, here in the United States." Given that Citgo is largely owned by Venezuela's state oil company Petroleos de Venezuela SA (PDVSA), Bolton's statement reveals that the corporations backing Washington's regime-change push are those currently operating in Venezuela.

At present, there are only two American major oil and oil service companies with a significant presence in Venezuela – Chevron and Halliburton. However, Chevron is by far the leading American investor in Venezuelan oil projects, with Halliburton having written off much of its remaining business interests in the country just last year — losing hundreds of millions of dollars as a result.

These two companies have long been "historic partners" and have had a solid business relationship between them for decades. In addition, both have reaped the benefits of past U.S. interventions abroad — such as the Iraq War, where the U.S. government "opened" that country's nationalized oil industry to American oil companies with military force.

Now with Venezuela's nationalized oil industry in the crosshairs, Chevron and Halliburton are again set to benefit from Washington's regime-change policies abroad. Furthermore, as Bolton's recent statements suggest, these companies are also the top corporate sponsors of the current U.S.-backed coup to topple the government in Caracas.

Profitable but not Rockefeller-profitable

Chevron's history in Venezuela is long and storied, as its presence in the country dates back more than a century. Over that time, Chevron's presence in Venezuela has remained a constant despite the rule of drastically different governments, from military dictatorships to the socialist Chavista movement.

For much of its history in Venezuela, Chevron has had to deal with the Venezuelan government's laws regarding oil production, particularly a 1943 law that held that foreign companies could not make greater profits from oil than they paid to the Venezuelan state. A few decades later in the 1960s, foreign corporations were made to manage their oil extraction projects in Venezuela by working closely with the Venezuelan Oil corporation, which later gave way to the current state oil company PDVSA, created in 1976. It was around this period that Halliburton first began work in Venezuela.

However, foreign corporations — particularly American ones — disliked having to settle for minority stakes in PDVSA projects and longed for the early days of Venezuela oil extraction when companies like Rockefeller-owned Standard Oil made wild profits off their Venezuelan oil assets.

After the "apertura petrolera" (or "oil opening" to foreign investment) in the early 1990s — and especially under the U.S.-backed government of Rafael Caldera, the president who immediately preceded Hugo Chávez — it seemed that the privatization of PDVSA was soon to become a reality and companies like Chevron, ExxonMobil and Halliburton enjoyed the "golden age" of American oil interests in Venezuela. However, Caldera's fall from grace and the rise of Chavismo quickly shattered this decades-long dream of U.S. corporations and politicians.

Not only did Chávez end any possibility of PDVSA's privatization, he also weakened what remaining influence transnational oil companies had over the state oil company. For instance, he appointed independent oil experts to PDVSA's board of directors, upending years of precedent where PDVSA managers with close ties to international companies had been responsible for controlling the board's membership.

Chávez further restricted corporate ownership on some oil projects to 49 percent and fired PDVSA's then-president, replacing him with a political ally. These drastic changes, among others, led to a strike among many long-time PDVSA workers, a strike that immediately preceded the failed U.S.-backed coup attempt in April 2002.

Following the coup, Chávez dismantled a joint venture originally established in 1996 between PDVSA and the Venezuelan subsidiary of the U.S.-based company SAIC, known as INTESA. INTESA, per the agreement, had controlled all of PDVSA's company data (and its secrets), which it then fed to the U.S. government and U.S. oil corporations until Chávez destroyed it. This is hardly surprising given that the managers of SAIC at the time included two former U.S. secretaries of defense and two former CIA directors. Though obviously a smart move for Chávez, it weakened an advantage of U.S. corporations who had inside information on PDVSA while INTESA was operational.

The tensions between the Chavista government and the U.S. government along with U.S. corporations only grew from there before reaching a crescendo in 2007. That year, Chávez announced a decree that would nationalize the remaining oil extraction sites under foreign company control, giving PDVSA a minimum 60 percent stake in all of those ventures. U.S. oil companies ExxonMobil and ConocoPhillips left their Venezuelan operations behind as a result, losing billions in the process. The president of ExxonMobil at the time was Rex Tillerson — who would later become President Donald Trump's first secretary of state.

Yet, during this time, Chevron, unique among American oil companies, saw an opportunity and spent the next several years cultivating close ties to the Chavista government and Chávez himself. Through the efforts of Chevron executive Ali Moshiri, Chevron blazed a new trail that would later serve as a model for foreign oil companies seeking to do business in Chavista-led Venezuela. Halliburton and another U.S.-based oil services company, Schlumberger, also decided to continue business in Venezuela.

During this time, the Venezuelan government through PDVSA and Chevron entered into several joint ventures, one of the most important of which became known as Petropiar, which blends Venezuela's heavy crude oil with other substances to make it more easily transportable. However, Chevron — due to Chávez's reforms of the oil sector — was forced to settle for minority stakes in all of these ventures.

Halliburton, which has historically been a main operator for Chevron-owned oil fields, again partnered with Chevron's post-2007 ventures in Venezuela and operates the Petropiar and Petroboscan oil fields that both have minority Chevron ownership.

For years, Chevron's bet on Chavismo paid off and the profits rolled in. Moshiri even appeared in public on several occasions with Chávez, who once even called the Chevron executive "a dear friend." However, following Chávez's death in 2013 and the beginning of the U.S-backed economic siege of Venezuela soon after — first through joint oil-price manipulation in cooperation with Saudi Arabia and then through sanctions — the profits of PDVSA, and thus Chevron, have fallen dramatically. During this time, Houston-based Schlumberger drastically scaled back its operations in Venezuela.

Since then, relations between the Maduro-led government and Chevron have deteriorated precipitously and now, with the current U.S. coup in motion, Chevron is poised to turn on the Chavista government with the hopes that profits will not only improve but exceed what they were during the heights of the Chevron-Chávez partnership.

Betting on regime change

As oil production has lagged and profits have continued to slide, tensions between Chevron and the Maduro government have grown dramatically since 2017, when the Maduro-led government began arresting employees of Petropiar — the joint venture between Chevron and PDVSA — during a controversial corruption probe. For Chevron, the issue exploded after the Venezuelan government last April arrested two Chevron employees working at Petropiar, who were detained for seven weeks for their alleged role in fraud. Those tensions — in combination with worries that Chevron's Venezuela operations could become unprofitable in less than five years — resulted in a report published by the *Wall Street Journal*claiming that Chevron was considering leaving Venezuela entirely.

However, despite media speculation in the U.S., Chevron denied that it was planning to leave Venezuela anytime soon, with Clay Neff, Chevron's president for Africa and Latin America, telling *Bloomberg*, "we're committed to Venezuela and we plan to be there for many years to come," and adding that reports that Chevron would soon leave the country were "not accurate." "We've been in the country for almost 100 years, we know how to operate, we're a very experienced operator and we're committed to our partner PDVSA," Neff declared.

Halliburton's activities in Venezuela have also taken a hard hit in recent years, with the company losing over $1 billion in investments since 2017. In 2017, Halliburton was forced to write off $647 million in Venezuelan investments and then was forced to sell $312 million more last year — its last remaining investments. Halliburton's chief financial officer, Christopher Weber, told the *New York Times* last year that "the collapse of the Venezuelan currency and the worsening political climate," as well as U.S. sanctions, were responsible for the decision. Halliburton later said in a statement that it planned on "maintaining its presence in Venezuela and is carefully managing its go-forward exposure."

Since both Halliburton and Chevron announced their plans to "weather the storm" despite growing tensions, it has become more and more evident that both companies have found the U.S. government's promise of increased control over Venezuela's oil sector through privatization much more appealing than facing the prospect of maneuvering around recently imposed U.S. sanctions on PDVSA — which have been in the works for months — as well as the prospect of dwindling profits stemming from the continued decline of the Venezuelan economy and the degradation of its oil-sector infrastructure.

This raises the possibility that Chevron and Halliburton had decided to ride out the Venezuelan economic crisis and growing tensions with Maduro because it was betting on an aggressive regime-change policy toward the country. Indeed, some analysts have stated that planning on the current iteration of regime-change policy in Venezuela only began this past November, around the same time that Chevron decided to stick it out despite falling profits.

The fact that Chevron's operations in Venezuela are expected to collapse in less than five years, as a result of the country's oil sector and larger economic woes, lends further support to the possibility that Chevron sought to back a Washington-based effort to dramatically alter the Venezuelan government.

In Halliburton's case, the fact that the company has already lost over a billion dollars in its Venezuelan investments since 2017 offers a different motive, one that involves not only recouping those losses but also gaining increased contracts in a post-coup Venezuela. Halliburton executives surely remember the $39.5 billion in profits they made following the U.S. invasion of Iraq. It is worth pointing out that, in media reports, Halliburton has stated its commitment "to the market in Venezuela," signaling that it is interested in retaining a role in the country's oil sector regardless of who governs it.

It should then come as no surprise that recent U.S. government sanctions on Venezuela's oil sectors included exemptions for both Halliburton and Chevron. Equally unsurprising is the fact that the U.S.-backed "president" of Venezuela — Juan Guaidó — has already signaled his plans to open up Venezuela's state oil assets to foreign corporations if he succeeds in ousting Maduro.

According to oil rating agency S&P Global Platts, Guaidó has already made "plans to introduce a new national hydrocarbons law that establishes flexible fiscal and contractual terms for projects adapted to oil prices and the oil investment cycle." This plan would also create a "new hydrocarbons agency" that will "offer bidding rounds for projects in natural gas and conventional, heavy and extra-heavy crude" to international oil corporations.

The clear message here is that the U.S.-backed "president" of Venezuela is already signaling to his Washington backers that he will quickly privatize Venezuela's state oil company if he succeeds in taking power, a move that has long been a key component of the platform of Venezuela's U.S.-funded opposition, of which Guaidó is part.

Bolton's recent statements have made it clear that Chevron and Halliburton are set to be the main benefactors of this privatization effort, as both are heavily invested in Venezuela and Chevron the only U.S. oil company still active in the country. The historically close relationship of both companies to the U.S. government, and covert coordination with the U.S. government in undermining or overthrowing governments in the recent past, also hint at their likely role in the current U.S. "meddling" in Venezuela.

Boosting profits through foreign intervention

If the U.S. succeeds in ousting Maduro and putting Guaidó in his place, it will only be the latest example of U.S. government policy that directly benefits the bottom lines of Chevron and Halliburton. In Chevron's case, the company's growth to become one of the largest oil companies in the world has consistently been aided by the U.S. establishment, regardless of whether Democrats or Republicans held the presidency. Indeed, as *Seeking Alpha* noted:

> Chevron's stocks gained a combined 247% under Presidents Reagan and George HW Bush. Under President George W Bush, its shares rose by 157%. Meanwhile, Chevron's shares picked up 222% and 112% under Presidents Clinton and Obama, respectively."

Notably, Chevron has also worked with past U.S. presidents in undermining democratically-elected governments in order to advance its business interests, with the most recent example taking place in Haiti. Cables published by WikiLeaks showed that Chevron, in 2006 and 2007, partnered with ExxonMobil and the U.S. government to undermine the presidency of former Haitian president René Préval after he forged a deal with Chávez's PetroCaribe alliance that allowed Haiti to buy subsidized Venezuelan oil.

Furthermore, Chevron also benefited greatly from the U.S. invasion of Iraq and its representatives were among those who met with then-Vice President Dick Cheney in 2003 to plan Iraq's "postwar" — i.e., post-invasion — industry that led Chevron to acquire ownership of several Iraqi oil fields. Notably, the family of then-President George W. Bush is one of Chevron's largest shareholders. In addition, then-National Security Adviser Condoleezza Rice was a Chevron executive throughout the 1990s, and was in charge of public policy for its board of directors immediately prior to joining the Bush administration. Rice even had a Chevron oil tanker named in her honor in 1993.

Though Chevron greatly benefited from the Bush administration's destruction of Iraq, Halliburton came away the biggest winner from the Iraq war, making $39.5 billion off the conflict and its aftermath after being awarded numerous, lucrative contracts to "rebuild" the country. This outcome is unsurprising given that Cheney served as the company's CEO for decades and retained $34 million in company stock throughout his tenure as U.S. vice president.

Iraq had been targeted by the Bush administration soon after Bush came to power, particularly following the formation of Cheney's 2001 Energy Task Force, which called for the privatization of Iraq's then-nationalized oil resources and reviewed maps of Iraq's oil fields and lists of companies seeking contracts with Baghdad years before the war officially began.

Investing in a gung-ho president

Chevron's hopes for a continued U.S. government policy that favors its growth domestically and globally have continued under the Trump administration and have been visible for some time, as evidenced by its $500,000 donation to Trump's inaugural committee and their top executive's praise for the "pro-business environment" cultivated by the Trump administration. Indeed, in March 2017, then-Chevron CEO John Watson told *CNBC* that he had already met with White House staff on "multiple occasions" in just the first three months of the administration and had been "encouraged by those meetings." "We've seen a more pro-business environment … I think the approach they're taking toward business — toward enabling our economy to grow again — is a real positive," Watson added.

Halliburton too has long had high hopes for Trump given that the president held between $50,000 and $100,000 in company stock up until December 2016, when he sold his personal stocks to avoid "conflicts of interest" during his presidency. However, some of Trump's earliest policy proposals were described by the media as directly benefiting Halliburton, including his administration's push to open more publicly-held lands in the U.S. to oil drilling.

Furthermore, the recent scandal that forced Trump's secretary of the interior, Ryan Zinke, to resign involved Zinke's alleged corrupt dealings with Halliburton chairman David Lesar, suggesting that the Trump administration's potential for a conflict of interest with Halliburton did not magically dissipate following Trump's sale of his personal investments.

Since the early days of the administration, both Halliburton and Chevron have benefited directly from several Trump administration policies, both foreign and domestic. For instance, Chevron and Halliburton benefited substantially from the Trump administration's tax cuts, which were recently found to have had "no major impact" on economic growth or company hiring practices but instead enabled mega-corporations to buy back stocks en masse in order to increase their companies' stock prices. After the passage of those tax cuts, Chevron executives urged governments around the world to implement similar legislation.

In addition, consider Trump's 2017 decision to withdraw from the Extractive Industries Transparency Initiative (EITI), which *Reuters* explained as "a global standard for governments to disclose their revenues from oil, gas, and mining assets, and for companies to report payments made to obtain access to publicly owned resources, as well as other donations." *Bloomberg* noted at the time that the Trump administration's decision to withdraw had followed "a long lobbying battle waged by the American Petroleum Institute, Exxon Mobil Corp. and Chevron Corp."

The involvement of top U.S. oil corporations like Chevron in the administration's decision to withdraw from the EITI led Corinna Gilfillan, head of the U.S. Office at NGO Global Witness, to state that it was "Exxon and Chevron's preference for secrecy that [had] made it impossible for the U.S. to comply." Gilfillan then told *Common Dreams*:

> When major Russian and Chinese oil companies are disclosing more information about their deals around the world than their U.S. counterparts, you have got to ask: what are Exxon and Chevron so desperate to hide?"

However, Chevron, for its part, has not agreed with every Trump policy, as the company did lob considerable criticism at the Trump administration last June over his imposition of steel tariffs during the first phase of the ongoing "trade war" with China. Yet, that criticism disappeared a few months later, when another Trump policy – his draconian sanctions targeting Iran's oil sector – took effect. As the *Washington Examiner* noted this past

November, Trump's sanction policy targeting Iranian oil "has proved a lucrative one for the shareholders who own oil companies such as ExxonMobil and Chevron," resulting in a jump for those companies' third-quarter earnings "that topped Wall Street expectations by wide margins."

The *Examiner* went onto note that Trump's sanctions on Iranian oil exports led Chevron's net income to more than double to $4.1 billion, with cash from operations reaching "the highest it has been in nearly five years."

However, Halliburton's reaction to Trump's Iran policy is more mixed, given its considerable business interests in Iran and the fact that it had benefited from the Iran nuclear deal approved by the previous administration of Barack Obama. Yet, if the Trump administration's regime-change policy targeting Iran succeeds, Halliburton will be among the top beneficiaries of that policy as well, given its already established presence in the country.

Now, with Venezuela's massive oil resources in the Trump administration's crosshairs, Chevron stands to gain once again from Trump's foreign policy, which has been guided by oil politics in several instances.

Trump ready to test out his "Take the Oil" intervention policy

Though Trump has yet to make bold, Boltonesque public statements regarding the clear link between Venezuelan oil and his administration's regime-change policy, his past statements regarding U.S. interventions in oil-rich nations elsewhere show that Trump has long backed U.S. intervention in foreign nations if it meant that the U.S. could secure that country's natural resources, namely oil.

For instance, in 2011, Trump told the *Wall Street Journal* that he would support U.S.-backed intervention in Libya if the U.S. could "take the oil." In the eight years since the U.S.-backed intervention, Libya remains without a central government and is now the site of rampant terrorist activity, a massive illegal arms trade, and a booming slave trade.

Watch | Trump says he would support Libya intervention if U.S. could "take the oil"

Then, in 2016, candidate Trump again asserted that the U.S. should "take the oil" when intervening or invading foreign nations. Trump told *NBC News* in September 2016 that the terror group Daesh (ISIS) emerged only because the U.S. had not taken Iraq's oil after the

2003 invasion.

Trump also stated, with regard to Iraq, that:

> We go in, we spent $3 trillion. We lose thousands and thousands of lives, and then look, what happens is we get nothing. You know, it used to be the victor belong the spoils. Now, there was no victor there, believe me. There was no victory. But I always said, take the oil."

While Trump has not publicly touted his "take the oil" policy in relation to the current situation in Venezuela, he has done so privately during several White House meetings early on in his presidency. According to the *Wall Street Journal*:

> Mr. Trump requested a briefing on Venezuela in his second day in office, often speaking to his team about the suffering of Venezuelan people and the country's immense potential to become a rich nation through its oil reserves."

Thus, Bolton's as well as Senator Rubio's frank admissions that the Trump administration's Venezuela regime-change policy is about the oil and giving that oil to American companies, are clearly aligned with a policy that the president himself has long supported.

Washington's gift to Big Oil: privatize PDVSA, no matter the human cost

As with Iraq, Libya and other U.S. oil-motivated interventions of the past, the destruction of Venezuela's nationalized oil industry and its privatization to American oil companies — especially Chevron and Halliburton — is the guiding factor behind the U.S.' current regime-change policy targeting Caracas. While past administrations attempted to obfuscate their "wars for oil" as "restoring democracy," Trump administration officials and other "coup architects" have recently "gone off script" and overtly stated the guiding principle behind its Venezuela policy.

However, the timing of the Trump administration's regime-change push in Venezuela is key. While companies like Chevron and Halliburton have been hemorrhaging profits in recent years, they have so far withstood the fallout due to the record high production of U.S. shale oil. Yet, the "golden age" of U.S. shale is quickly disappearing, with top industry insiders like Harold Hamm along with Halliburton's rival company, Schlumberger, expecting shale output growth to slow by as much as 50 percent *this year*. Hamm is a close confidant of President Trump.

If this comes to pass, American oil companies will be in a bad way. Yet, if Guaidó comes to power and privatizes PDVSA, U.S. oil companies — with Chevron and Halliburton leading the pack — stand to make record profits in the world's most oil rich nation, as they did in Iraq following the privatization of its national oil industry after U.S. intervention.

Worst of all, as the U.S.' past interventions in Iraq and Libya and elsewhere have shown, Washington stands willing to kill untold thousands of innocent people in Venezuela — either through direct military intervention or a proxy war — to benefit American oil companies. Will the American people let yet another presidential administration destroy an entire nation for Chevron, Halliburton and other powerful American corporations?

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