

## **The case for closing PDVSA**

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*Closing PDVSA is not an act of betrayal. It is an act of liberation—an essential step to build the energy hub of the Americas*

For decades, Venezuelans repeated a mantra: PDVSA is the nation, PDVSA is all of us. The state oil company was once a symbol of sovereignty, modernity, and national pride. It ranked among the five most efficient oil firms in the world. That company no longer exists. What remains is a hollowed-out shell: indebted, corroded by corruption, turned into a political slush fund, and stripped of technical or financial capacity.

Clinging to the illusion of “rescuing” PDVSA is a mirage. No amount of engineering can revive a corpse that has been decomposing for two decades. The challenge is not to save the company, but to save the nation from its collapse.

### **The broken myth**

The nationalization of 1975 created a powerful narrative: PDVSA as “the people’s company.” That myth has been shattered by three devastating blows:

- The politicization of management and the purge of almost 20,000 skilled employees in 2003.
- PDVSA’s conversion into the government’s cash machine through debt issuance and oil-for-cash deals, alongside the looting of tens of billions of dollars.
- Operational collapse: underinvestment and neglect have left Venezuela with broken refineries, oil production at historic lows, and unsustainable debt.

Today, PDVSA is not a national asset. It is an obstacle to recovery.

### **A new institutional framework**

Closing PDVSA does not mean privatizing Venezuela’s oil fields. The Constitution will continue to declare the subsoil, the property of the Republic. What changes is how those resources are managed.

- **Ministry of Energy** becomes the political and strategic brain. It sets fiscal and energy policy, represents Venezuela in international forums, guarantees the transition toward renewables, and holds title to the nation’s oil reserves.

- **Venezuelan Hydrocarbons Agency (AVH)** becomes the technical referee. It administers contracts, runs tenders, regulates operations, and safeguards geological data, ensuring transparency.
- **Private operators**, domestic and foreign, take on the risks of exploration, production, refining, transport, and marketing. They bring capital and technology, while paying royalties and taxes to the state.

The result is a state that regulates and collects, rather than operates.

### **The case for closure**

The benefits of shutting PDVSA are clear:

1. **Institutional clarity:** the state stops being both referee and player.
2. **Investor confidence:** capital, both foreign and local, is more likely to flow when partnership with a bankrupt state company is no longer obligatory.
3. **Fiscal discipline:** oil revenues flow directly into the Treasury, ending opaque parallel accounts.
4. **Transparency:** oil rents become visible public income, not dissipated in shadowy deals.

### **Risks and the start of a new cycle**

Eliminating PDVSA will not be easy. Cultural and political resistance will be fierce: for many, the company still embodies “the nation.” Tens of thousands of workers will need plans for transition, retraining, and fairness. Strategic assets such as refineries and Citgo will require clear decisions.

But the greater risk lies not in closing PDVSA, but in prolonging its agony. Continuing to waste time and resources on a chimera that no longer exists condemns Venezuela to paralysis.

Closing PDVSA would not mean the end of the oil industry. It would mean its rebirth. It would acknowledge that the state company has completed its historical cycle, and that new institutions and operators must take over. It would be an act of honesty at home and abroad—an act of letting go of nostalgia to salvage the future.

### **A historic crossroads**

The debate is not technical, but historical. Oil will not last forever. The world is moving toward an energy transition, and Venezuela has only a decade—perhaps two at most—to monetize its reserves. Miss that window, and it will be left sitting atop oil that no one wants to buy.

Closing PDVSA would be an act of realism. It would accept that what was once national pride is now a national burden. It would commit Venezuela to a new oil deal, one where the state is no longer operator but guarantor of transparency and justice.

### **Sowing oil, once more**

Almost a century ago, the Venezuelan thinker Arturo Uslar Pietri warned that the country must “sow the oil.” The warning is even more urgent today. Sowing oil no longer means propping up PDVSA; it means channeling the last rents from crude into the state’s essential functions—upholding rights, providing security and delivering justice. It means extracting the final dividend from hydrocarbons before the world shuts the door on them.

### **Conclusion**

The Venezuela to come cannot live off dead myths. A new Hydrocarbons Law must enshrine a paradigm shift: space for private capital, a technical regulator in the AVH, and a Ministry of Energy that sets policy rather than runs wells.

The next step is inevitable: close PDVSA.

It will not be painless. There will be resistance. But clinging to that clay idol is far more dangerous than breaking it. Real sovereignty is not defended by bankrupt state companies, but by strong institutions and free citizens.

The question is not whether PDVSA can be rescued. The real question is whether Venezuela has the courage to close it—so it can finally build the energy hub of the Americas in the 21st century.