

## Venezuela's PDVSA Opposition Board Could Decide Citgo's Fate

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The National Assembly of Venezuela—dominated by the opposition—has [authorized](#) the parallel opposition-elected board of state oil firm PDVSA to negotiate the company's foreign debts, including whether to make later this month an interest payment on a bond backed by a 49-percent interest in PDVSA's most precious foreign asset, U.S. refiner Citgo.

Venezuela's National Assembly approved on Tuesday a proposal to increase the number of members of the ad hoc board at PDVSA to nine from five, and appointed Luis Pacheco, a former PDVSA executive, to lead the board, Elias Matta, an opposition lawmaker and chairman of the Assembly's energy committee, [said](#).

"Today, Citgo is in the hands of Venezuelans and is being managed by the ad hoc board of directors approved by this Assembly," Matta [added](#).

In February, Venezuela's opposition led by U.S.-backed leader Juan Guaido appointed new directors at PDVSA and at Citgo in a challenge to Maduro and in an effort to take control over Venezuela's oil assets—pretty much the only assets that generate hard currency for the struggling Latin American country sitting on top of the world's largest crude oil reserves.

The National Assembly authorizing the opposition-backed board to hold debt negotiations for PDVSA's foreign debt means that this ad hoc parallel board could decide the fate of U.S. Citgo Petroleum—the crown jewel which Nicolas Maduro was also very careful not to let slip out of PDVSA's hands by making every bond payment backed by Citgo shares.

However, another payment is due in just over two weeks: an interest payment of US\$71 million on PDVSA's 2020 bond is due on April 27. Failure to pay the interest could trigger a bondholders' rush to seize Citgo, because the 2020 PDVSA bond is backed by a stake in the U.S. refiner.

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"They will evaluate if they are going to pay the bonds. That is now their decision," Matta told Reuters in a phone interview, referring to the ad hoc board at PDVSA.

"We will do everything we have to do to protect the republic's assets," Matta told Reuters, noting that the board needs to inform the National Assembly if it decides to make the payment.

As early as at the end of February, Guaido's newly appointed U.S.-based Attorney General, Jose Ignacio Hernandez, told [Bloomberg](#), referring to PDVSA's bond payments:

"All obligations will be honored since they're key to the protection of state assets."

By Tsvetana Paraskova for Oilprice.com

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