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SYMPOSIUM GOVERNMENT AND PRIVATE ENTERPRISE IN LATIN AMERICAN PETROLEUM DEVELOPMENT

*Frank M. Lacey**

The nationalization of the Venezuelan oil industry on January 1, 1976, can be viewed in a sense as a culmination of more than half a century of striving on the part of Latin American republics to become the masters of their own most important resources, one that has seemed at times symbolic of their very destinies. It is a process that has involved nearly every major country in Latin America. It is one that has been resisted by the prevailing economic, political, and legal institutions, and in the course of which not only major business enterprises but nations as well have been brought into sharp and often damaging conflict. One need only mention the Mexican expropriations of the 30's, and the dramatic series of confrontations stemming from that. In our own day, the nationalization of the International Petroleum Company interests in Peru produced misunderstandings and problems that seemed for some time nearly insoluble. This process has brought before us searching questions regarding the functions and limits of private property and national sovereignty. They are questions that will be with us for some time to come.

But apart from these legal and political questions, the process has also served to illuminate the operations and contributions—and very often the shortcomings—of the private sector of our economy and in particular of that most fascinating of newly recognized international institutions—the multinational enterprise.

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As nations and tribunals have struggled at one level to resolve the questions of principle presented by this process, individual enterprises and administrators have agonized at one another, forging out new and ever-changing relationships between private enterprise and government in this critical sector. To this time, the history of the Latin American petroleum industry has been different from that of other businesses because it has had to deal from the outset with direct relationships of government and private business. But the day has arrived when all international business involves these direct relationships. And there is good reason to believe that the difficulties and the solutions which emerge from the new patterns of association between government and private enterprise in the area of petroleum development can provide the models and the materials from which new and positive forms of collaboration between these two sectors can be worked out in other areas. It is with this double emphasis that we approach the theme of this Symposium to analyze the legal and economic principles which underlie the changes that are occurring, and to study the practical solutions that have recommended themselves.

We are indeed fortunate to have with us today as our first speaker a Venezuelan, who has dedicated his entire professional life to his country's petroleum industry. Dr. Felix Rossi-Guerrero holds a degree in petroleum engineering from the New Mexico Institute of Mining and Technology. He worked as a field engineer with Shell of Venezuela, thereafter entering government service where he has worked in both the engineering and marketing end of the Venezuelan Government Ministry of Mines and Hydrocarbons. He has been the Counselor for Petroleum Affairs at the Venezuelan Embassy in Canada, the Chief of the World Markets Department of the Ministry of Mines and Hydrocarbons, and the National Representative of Venezuela in the Economic Commission of the Organization of Petroleum Exporting Countries. He is presently the Minister Counselor for Petroleum Affairs of the Embassy of Venezuela in Washington, D.C., in which capacity he has participated actively in the negotiations resulting in the nationalization of the petroleum industry and the formulation of new agreements resulting from that. It is with a great deal of pleasure that I present Dr. Felix Rossi-Guerrero.