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PDV-PUERTOS, S.A., NEW STATE COMPANY IN CHARGE OF OIL MARINE TERMINALS

Venezuela's government has set up a brand new unit subsidiary of the state-run oil company Petróleos de Venezuela, S.A. (PDVSA, S.A.), assigned to the Vice President of Commerce and Supplies, to run its oil terminals and other port infrastructure. Thus, Official Gazette No. 41,876 dated 11 May 2020 included Decree No. 4,196 by the Presidency of the Republic creating PDV-PUERTOS S.A., whose appointed Manager is Abraham José Escola Román according to Decree No. 4,197.

"Interestingly, its scope of activities is broad enough as to include tasks currently carried out by other actors in the sector such as port operators and ship agents..."

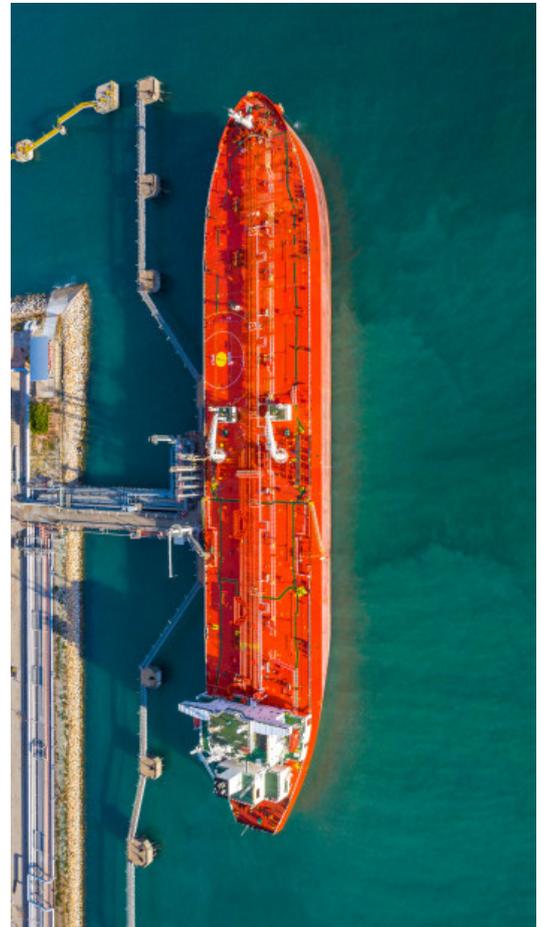
Scope and objectives of the newly formed company as listed in article 2 of the Decree, includes the management, control, administration and development of the Port Infrastructure and terminals owned by PDVSA, located in the country and abroad, in order to exercise the due control and supervision of the import, export and cabotage trade of oil and its

derivatives. Furthermore, the company will be able to execute any kind of civil construction, manufacturing of goods, as well as performing the provision of transport and maritime trade service associated with the oil industry, performing all activities and services related to this trade and ships involved in it.

Interestingly, its scope of activities is broad enough as to include tasks currently carried out by other actors in the sector such as port operators and ship agents. Therefore, PDV-PUERTOS, S.A. may promote all sort of activities, services and operations in its ports as multimodal logistic operator, also acting as agents for national and foreign shipping lines, developing spaces and activities related to storage and cargo handling as customs-authorized as well as bonded warehouse. As per article 3, the capital stock of the entity recently formed is 100% owned by PDVSA, S.A., whereas the Ministry of Transportation through the National Institute of Aquatic Spaces (INEA) will grant the habilitation documents to formally assign to PDV-PUERTOS, S.A. the administration of the port infrastructure (Article 5).

This decision did not come as a surprise since the administration of the oil infrastructures, including the marine terminals had been always by the PDVSA holding; however, there was no a dedicated branch to take care of the former, contributing to its obsolescence and current poor condition.

The move is taken as part of a major reorganization announced back in February 2020 by the President Nicolás Maduro Moros, when signed a decree for the creation of a Presidential Commission for the Defense, Restructuring and Reorganization of the Oil Industry under the name of “Alí Rodríguez Araque”.



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