

Venezuela says China investing \$250mn to boost oil production



Bloomberg/Caracas

Venezuela's distressed oil sector may get some much needed financing from China, Finance Minister Simon Zerpa said after meetings with officials from China Development Bank and China National Petroleum Corp.

China Development Bank will invest more than \$250mn to boost Venezuela oil production in the Orinoco Belt, Zerpa, who is currently in Beijing for bilateral talks, said in a ministry statement.

"We've received the authorisation for a direct investment of more than \$250mn from China Development Bank to increase PDVSA production, and we're already putting together financing for a special loan that China's government is granting Venezuela for \$5bn for direct investments in production," Zerpa said.

The two countries will sign an additional three or four financing deals in the coming weeks, he said.

Venezuela's oil output averaged 2.9mn bpd in 2013, when President Nicolas Maduro was first elected. In June, output dropped to around 1.36mn bpd, according to International Energy Agency data. State oil company PDVSA has been struggling to send oil shipments to China after a legal order granted to ConocoPhillips froze its assets in Caribbean ports and terminals.

Maduro has vowed to boost production by 1mn additional barrels, while critics say output will plummet to 1mn bpd by the end of 2018.

Zerpa, who has served in the post since October, was sanctioned by the US Treasury Department before his appointment.