



Venezuela Seizes GM, Warning Sign to U.S. Companies?

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April 20, 2017

U.S. multinationals with plants in Venezuela are likely on edge Thursday, after American automaker General Motors (GM) pulled the plug on its operations in the poverty-stricken country, following a government takeover of its plant amid large-scale violent protests.

“All foreign companies, and especially U.S. firms, should be concerned with the increasingly extreme and aggressive behavior of the Venezuelan regime,” Ian Vasquez, director of the Cato Institute's Center for Global Liberty and Prosperity, told FOX Business.

American beverage company Coca-Cola (KO), however, indicated to FOX Business Thursday it didn't have any plans to pull its operations from the distressed South American country.

“There is no indication that any of our facilities in Venezuela are currently at risk of being altered and we're working closely with Venezuelan authorities to assure a continuous operation in the country,” the company said.

Some other U.S.-based multinational companies that still have operations in Venezuela, despite the country's worsening economic and political situation, include PepsiCo (PEP), McDonald's (MCD) and Goodyear Tire & Rubber Co (GT).

Japan-based international automaker Toyota (TM), which has large-scale operations in the U.S., told FOX Business it was keeping a close eye on how the developing situation in Venezuela was affecting its business.

"Our operations in Venezuela have not been affected so far. Our team members, dealers and customers remain our top priorities, and we are monitoring the situation closely."

Italian automaker Fiat Chrysler ([FCAU](#)) told FOX Business it would continue production in Venezuela.

“FCA is maintaining its production plans in Venezuela in support of efforts to rebuild the country’s automotive sector.”

While Venezuela sits on one of the largest oil reserves in the world, inflation within the country escalated more than 800 percent in 2016 and is expected to surge 720 percent this year, according to the IMF. In 2016 Venezuelan GDP shrank more than 18 percent.

Despite vast criticism of the country’s socialist policies, the Venezuelan regime will continue to blame the U.S. -- and its companies -- for the economic hardship that has befallen it, Vasquez said.

“Instead of reforming failed socialist policies, the authorities are increasing repression, so we can expect them to carry out more expropriations and flagrant violations of Venezuela’s own laws,” he said.

On Thursday, GM issued a statement claiming public authorities “unexpectedly” took over its plant, prevented normal operations and illegally removed assets including vehicles.

"[General Motors Venezolana] strongly rejects the arbitrary measures taken by the authorities and will vigorously take all legal actions, within and outside of Venezuela, to defend its rights," the automaker said.

Many U.S.-based companies have already ceased operations in “one of the least free economies in the world” and that trend will likely continue, Vasquez said.

“It would be surprising if the few U.S. companies that still have a presence in Venezuela would choose to remain there much longer,” he said.

Venezuela has been mired in political controversy throughout recent weeks after the country’s Supreme Court, loyal to President Nicolás Maduro, temporarily rescinded the legislative powers of the opposition-led National Assembly. That decision, condemned by the U.S. Department of State as a “setback for democracy in Venezuela,” was quickly reversed following a deafening domestic and international outcry.

Earlier this month Maduro’s administration suspended the political career of one of his top rivals, opposition leader Henrique Capriles, for 15 years.

According to [Reuters](#), at least three people were killed during the anti-government protests Wednesday.

Calls to PepsiCo, McDonald’s and Goodyear Tire & Rubber Co for comment were not immediately returned.