

Discussion 11: The Interconnection of Energy Policy in the Western Hemisphere

Western Hemisphere

- Really important for energy security for the US
- Top 3 exporters to US
 - Canada
 - Mexico
 - Venezuela

Canada

- Oil from Tar Sands
 - Makes sense economically when prices are really high
- What are the implications for politics based on the oil distribution in Canada?
 - Power has historically been in the east, but as the oil and gas are in the west, there has been a large push by people in the west for more regionalization/decentralization of the government so that all of their money is not going east
- Canada is the ideal supplier for the United States
 - Safe transportation
 - Stable government
 - Close

Mexico

- First to nationalize (late 1930s)
 - As a result, the majors really cracked down on them
- Become a larger player in the 1970s when the US became worried about supply diversity as a response to high prices, and thus turned back to Mexico for oil
- Pemex
 - Not a happy story
 - Corruption
 - Inefficiency
 - Production capacity problems
 - Government interference
 - Used as a political tool for most of it's history
 - Hard for Pemex to invest into the future because the government has historically taken all of the revenue generated to invest into other things
 - As a result, infrastructure has not been maintained, and various other problems have arisen

Venezuela

- 50/50 deal with private oil companies in the 1940s
- Nationalization in the 1970s
- Hugo Chavez comes to power in 1998
 - Latin American populism, and anti-imperial sentiment, and pseudo-nationalism
 - Uses oil sector as a political tool to help out constituents and gain influence in the international playing field
- Recent news
 - Venezuela is probably going to be nationalizing all of its up- and down-stream oil production

- How much oil does Venezuela have?
 - Substantial holdings
 - Potentially the second largest holdings of oil in the world
- Other countries that have also been involved with Venezuela
 - Bolivia
 - Recent election to a leftist leader
 - Ecuador
 - Iran
 - Russia
 - China
 - India

Brazil

- Petrobras
 - National oil company
 - Better business process
 - Less government interaction/involvement
- International ties
 - China
 - India
 - United States
 - Nigeria (kind of)

Growing role of Latin America in US energy policy

- Good
 - Closer
 - Relatively stable
- Bad
 - China's growing influence
 - US's sphere of influence could decline if oil companies get stronger
- What has the economic trajectory for Latin America been recently
 - Lots of currency issues in the region
 - Have been very insularly until the late 1970s, which falls apart in the mid 1980s
 - Neo-liberalism
 - Less protectionist trade policies
 - Privatization
 - Now, there seems to be a backlash against neo-liberalism in Latin America
 - Oil is very much bound to the national discussions on the respective economies