

**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