LATAMER 790: Petroleum Hegemony and Geopolitics: The Challenges and Opportunities for National Oil Companies in Latin America (1.5 credits)
ENERGY 790, ENVIRON 790, PUBPOL 790

Wednesdays 6:30pm to 8:30pm
locationTBD (most likely Sanford or Gross Chem)

(This course will include 8 sessions. Intro 2.5 hours, closing 2.5 hours, and 6 sessions of 2 hours each.)

Energy has long been a major factor in the exercise of national power and in shaping international politics and security. Given on-going concerns about energy security and increasing pressures to reduce dependency on fossil fuels, nations are re-evaluating their energy policies. In the middle of these debates, in the mix of scientific advances, global environmental summits, and political maneuvering, are national and multinational oil companies. These giants pervade almost every aspect of development, nationally and internationally, yet little is known about how they actually operate.

In Latin America, Brazil, with the discovery of pre-salt resources, has become a potentially major player as a producer and exporter of oil. Other countries have pursued similar paths: Mexico reformed its regulatory framework to accelerate oil production; Venezuela historically created a dependence on oil revenues to maintain economic and social equilibrium and additionally established a program of support and solidarity to provide oil to other countries in the region (Cuba, Nicaragua, Honduras, among others); Colombia and Ecuador have had accelerated oil production, while the export of gas has been the mainstay balance of Bolivia. Some of these countries have been changing regulatory regimes to attract foreign companies while others have sought to strengthen the role of national companies. On the other hand, biofuels and unconventional oil development programs have been strengthened or initiated in countries like Brazil (ethanol and biodiesel), Argentina (biodiesel and shale oil) and Colombia (ethanol and biodiesel).

The objective of this graduate course is to explore such challenges under a historic, geopolitical, strategic and economic approach. This seminar will also discuss the cases of the three most important state-owned oil companies in Latin America –Petrobras (Brazil), PDVSA (Venezuela), and Pemex (Mexico): what are the arguments in favor of and against nationalization of oil companies? What are the economic, operational, environmental, and political advantages/disadvantages of nationalization vs. privatization of oil resources? What are the major challenges in designing a regulatory framework and contract terms that are fair to both investors and citizens of oil-rich countries? Why and how is Petrobras becoming an energy company?