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FEATURED Q&A

Will Trump's Vision for Keystone XL Go According to Plan?



U.S. President Donald Trump signed an executive order to revive the pipeline, but has also said he will renegotiate some of the project's terms to be more favorable to U.S. industry. // File Photo: White House.

Q U.S. President Donald Trump on Jan. 24 signed an executive order to revive the Keystone XL oil pipeline, rolling back former President Barack Obama's decision to halt the pipeline's construction for environmental reasons. Trump's order for the pipeline "invites" TransCanada, the Calgary-based owner of the project, to "re-submit its application." Trump also said the government would have to "renegotiate some of the terms" of the project, alluding that the changes would be in the United States' favor. Will Trump succeed in brokering a deal with TransCanada where the United States comes out "on top?" How will the pipeline affect North American energy policy? How will Canadian Prime Minister Justin Trudeau navigate the situation, as he works to promote Canada's energy industry while also cutting the country's carbon emissions?

A Remi Piet, director at Americas Market Intelligence: "Before President Trump opined on the Keystone XL deal, TransCanada was committed to sourcing 50 percent of the steel from U.S. mills for a pipeline of which two-thirds runs across U.S. soil. Adjusting to 100 percent U.S. steel (or more likely 66 percent) will not jeopardize the project, though it could add delays if steel production capacity becomes an issue. As unpopular as Trump is at present in Canada, the Trudeau administration has played the acquiescent neighbor in the hopes of maintaining its strategic economic and security relationships with the United States. Politically healthy levels for the Canadian dollar and Ottawa's tax revenues depend upon the pipeline's approval. The Latin American geopolitical angle to the Keystone pipeline is the declining

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TOP NEWS

OIL & GAS

Bolivia to Export More Natural Gas to Argentina

Bolivia will increase the amount of natural gas in exports to Argentina this year to 20.02 million cubic meters per day.

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POWER SECTOR

BlackRock to Invest in Latin American Energy

The U.S. investment firm is looking for opportunities to invest in energy and renewables projects, with priority given to projects in Latin America, especially in Colombia and Mexico.

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OIL & GAS

Peru to Sell Bonds to Fund Refinery Expansion

The bond issuance would lower costs for the company and would extend the timeframe for when Petroperú would need to pay off its debt for the project, which would be financed through loans in addition to the bonds issuance, according to Energy and Mines Minister Gonzalo Tamayo.

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Tamayo // File Photo: Peruvian Government.

OIL & GAS SECTOR NEWS

Petroperú to Sell Bonds to Fund Talara Refinery Expansion

Peruvian state-owned energy company Petroperú said it may sell an "important" amount of bonds this year in order to assist in financing the \$3.5 billion expansion of its Talara refinery, Energy and Mines Minister Gonzalo Tamayo said Monday, Reuters reported. The bond issuance would lower costs for the company and would extend the timeframe for when Petroperú would need to pay off its debt for the project, which would be financed through loans in addition to the bonds issuance, Tamayo said. Last year, the Kuczynski administration said it was ruling out the possibility of a bond issuance to pay for the project, and was instead pursuing financing from Spanish state-backed insurer Cesce, the World Bank and a lending syndicate. Tamayo said the government has reconsidered its financing plan and will likely sell the bonds, with the Peruvian government providing a guarantee. He declined to give an amount, but said the sale "would have to be this year." Tamayo also said on Monday that Petroperú will likely resume its operation of the northern branch of its Amazon-to-coast oil pipeline within the next few days, and that it was planning on making the pipeline fully operational by the end of the year. The pipeline halted operations a year ago after the first of a dozen oil spills in last year.

Bolivia to Increase Natural Gas Exports to Argentina

Bolivia will increase the amount of natural gas in exports to Argentina this year to 20.02 million cubic meters per day, Bolivian Minister of Hydrocarbons and Energy Luis Alberto Sánchez said Thursday, Prensa Latina reported. According to data from state energy company YPFB, from Feb. 1 to Feb. 6, gas exports to Argentina

were between 1.85 million cubic meters and 17.8 million cubic meters per day. Sánchez will meet with Argentine Minister of Energy and Mining Juan José Aranguren, to discuss future supplies of Bolivian natural gas to Argentina.

The Argentine and Bolivian energy ministers plan to discuss energy interconnection between the two countries.

During the meeting, the two will discuss the possibility of energy interconnection between the two countries, nuclear agreements and business opportunities with liquid gas from petroleum, Sánchez said. He said they will also analyze volumes of supplies over the next few months for the zone of Charagua in eastern Bolivia, where reserves are estimated at 2.7 trillion cubic meters. Bolivia also sells 15.2 million cubic meters of natural gas to Brazil per day, though the amount is half of the contracted amount, due to the fact that Brazil is using more hydroelectric and thermoelectric power.

Gran Tierra Agrees to Sell Maha Energy Its Brazilian Business

Calgary-based energy company Gran Tierra Energy has entered into an agreement to sell its Brazilian business to Sweden's Maha Energy for \$35 million, hydrocarbons-technology.com reported Wednesday. According to the agreement, Maha will purchase the business unit by acquiring all equity interests in one of Gran Tierra's indirect subsidiaries, as well as certain debt owed by the corporate entities, including Gran Tierra's Brazilian business unit, to the Gran Tierra group of companies. After the divestiture, Maha will secure all of Gran Tierra's Brazilian assets, including its full working interest in the Tiê Field and other exploration rights and obligations the company has due to

NEWS BRIEFS

Argentina Seeks Financing for Lithium Projects as Demand and Output Grow

Argentina's lithium carbonate production is set to triple by 2019 and may increase beyond that if companies can find financing for various projects they're prepared to launch, industry executives and a government official said, Reuters reported Wednesday. Demand for lithium, a key material for electric car batteries and mobile phones, is increasing rapidly around the world, and Argentina is the world's third-largest producer of the commodity.

Venezuela, Russia Say Oil Output Cut Has Had Positive Effect on Market

Venezuelan Oil Minister Nelson Martínez and Russian Energy Minister Alexander Novak said Monday the global deal with OPEC and non-OPEC countries to cut oil production has resulted in a positive impact on the global oil market, Russia's energy ministry said in a statement, Reuters reported. "This agreement will help stabilize the market situation," said Russian Foreign Minister Sergey Lavrov, Fox News reported. Martínez and Foreign Minister Delcy Rodríguez were on a visit to Moscow, during which the two countries agreed to expand existing bilateral relations.

GeoPark Drills Two New Oil Wells in Colombia

GeoPark Limited has completed two new oil wells in Colombia, Finance Colombia reported Tuesday. The Santiago-based company finished a new exploration well, known as Chiricoca 1, in its Llanos 34 block. The well showed a production rate of 1,000 barrels of oil per day, giving GeoPark proven reserves in the Chiricoca field. This week, the company also said it has completed its second well in Colombia's Tigana field. The Tigana Sur 6 development well has an initial production rate of about 1,600 bpd.

concessions agreements made by Brazilian oil regulator ANP. Maha must obtain necessary financing and the regulatory approval from the ANP. The transaction is expected to be completed by Aug. 1.

POWER SECTOR NEWS

Acciona, Tuto Energy Sign Deal to Build Mexican Solar Plant

Spanish renewable energy company Acciona Energy, and Tuto Energy, a subsidiary of Mexican industrial group BioFields, have signed a power-purchase agreement to build what will be Mexico's largest solar plant by adding an additional 112 megawatt peak to the existing 227 MWp Puerto Libertad solar plant, PV Tech reported Wednesday. The Puerto Libertad plant will increase in capacity by 50 percent through the joint venture's plan and will produce enough energy to power 489,000 homes annually, once the project is completed. The project is expected to be completed in the next two years, with the 339 MW plant operating by 2019. Construction on the addition to the project, which is located in Sonora State, will begin in the third trimester of this year. Acciona will assume project responsibilities from the Federal Electricity Commission, which began the first phase after being awarded the project in Mexico's second power auction in September. Acciona also has the leading market position for Mexican wind energy, with 858 MW currently installed.

BlackRock to Invest \$2.5 Bn, Prioritize Latin America Energy

Global investment corporation BlackRock plans to invest \$2.5 billion in global infrastructure deals this year, the most the firm has invested in a given year, with priority given to projects in Latin America and especially in Colombia and Mexico, Bloomberg News reported Tuesday.

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dependence on Venezuela and Mexico, which are traditionally some of the largest suppliers to Texas and Louisiana refineries. Both countries, for different reasons, have struggled to maintain output and export commitments, so U.S. refineries need to solidify more reliable sources. Back in Canada, Keystone is yet another resource project that tests Canada's resolve to embrace a green future in spite of its energy and mineral wealth. Canadians themselves are proud of their recycling efforts and social consciousness, yet still rank second in the world in driving distance per capita. Trudeau has tried to bridge this dichotomy by accepting the carbon emissions of the tar sands while proposing a broad-based carbon tax on Canadian fossil fuel consumption. Time will tell if Canadians are willing to pay more at the pump for the opportunity to sell oil to the Americans."

A **Lisa Viscidi, director, and Rebecca O'Connor, program associate, of the Energy, Climate Change and Extractive Industries Program at the Inter-American Dialogue:** "Just two days after President Trump signed the executive order to advance construction of the Keystone XL pipeline, TransCanada submitted a new permit for construction. With former ExxonMobil CEO Rex Tillerson at the helm of the State Department, the project will likely be approved. But the pipeline is not as significant for oil markets today as it was when TransCanada filed its first permit in 2008—the U.S. market is currently oversupplied and the current low price environment makes it less profitable to produce the Canadian tar sands oil that the pipeline was designed to transport. Additional infrastructure to transport Canadian crude to the United States, including other pipelines and rail, has also been built over the past decade. However, over the longer term, Keystone XL's construction could have important effects on hemispheric oil flows. The pipeline would make Canadian crude

more competitive in the United States, shifting market share away from traditional heavy crude suppliers like Mexico and Venezuela. With respect to renegotiating some of the

“ **With former ExxonMobil CEO Rex Tillerson at the helm of the State Department, the project will likely be approved.”**

— Lisa Viscidi and Rebecca O'Connor

terms with TransCanada, it will be difficult for Trump to follow through on his promise to use U.S. steel in the construction of the pipeline, as many of the materials for the pipeline have already been purchased, and most U.S. suppliers are not able to produce steel that meets the rigorous qualifications for the pipeline."

A **Murray Smith, consultant and former minister of energy for Alberta:** "Keystone XL will proceed and will make a significant contribution to a fully integrated North American energy market, and along its way will provide more price stability, safer transport of oil and a secure supply to increased continental demand. The pipeline is of important economic consequence to both countries. Its environmental consequence, surprisingly and contrarily, will be very minimal on overall carbon emissions in North America, by offsetting higher emissions from tanker-transported 'foreign oil.' The oil that it transports will have lower and lower emissions as production increases. From a geopolitical, economic and environmental perspective, the pipeline is a logical progression in providing a best-price supply solution to increasing demand or product substitution. It gets exciting when

Continued on page 6

The U.S. investment firm is looking for opportunities to invest in energy and renewables projects, said Jim Barry, BlackRock's global head of the real assets group. Barry said allocating funding for U.S. projects will be less of a priority for BlackRock until U.S. President Donald Trump announces the details of his infrastructure plans. Trump during his campaign last year pledged to spend \$1 trillion on roads, highways and bridges across the United States. BlackRock is expanding its investments in infrastructure because the firm's clients are seeking more investments that are not as correlated with the performance of stocks and bonds, and that also protect against inflation. The energy and power sectors are attractive to BlackRock, because low oil and gas prices have constrained capital capacity for traditional market players, Barry said. The firm manages \$5.1 trillion in assets.

POLITICAL NEWS

At Least 95 Killed Since Start of Espírito Santo Police Strike

At least 95 people have been killed in Brazil's Espírito Santo state since police went on strike there Friday night, leading to looting as well as shootings and robberies in broad daylight, The Wall Street Journal reported. Merchants say at least 250 stores have been ransacked, and in the state's normally quiet capital of Vitória, banks, schools and some health clinics remained closed on Wednesday as the strike continued for a fifth day. Public transportation was virtually shut down in the state capital as bus drivers refused to work, citing concerns about their safety. "I've been in retail for 55 years and I've never seen a situation like this," José Lino Sepulri, president of the state commerce federation, told The Wall Street Journal. "People aren't leaving their homes, and everything is closed." On Monday, Brazilian President Michel Temer ordered 1,000 soldiers and 200 National Guard troops to the state in an effort to restore order. The number of troops that Temer deployed, however, is just a

ADVISOR Q&A

Will U.S.-Mexico Relations Continue Deteriorating?

Q **Tensions boiled over between the United States and Mexico recently, amid U.S. President Donald Trump's advancement of a plan to build a multi-billion-dollar wall along the countries' shared border and his continued insistence that he will force Mexico to pay for it. The situation led Mexican President Enrique Peña Nieto to cancel a planned meeting with Trump in Washington and reiterate that his country would not pay for the wall. Are U.S.-Mexico relations likely to deteriorate further, or will Trump and Peña Nieto find common ground? What actions does Mexico need to take in its relations with the United States in order to preserve its interests? How is the feud affecting domestic politics in Mexico, such as the following of populist politician Andrés Manuel López Obrador?**

A **Vicente Fox, former president of Mexico:** "The victory of Donald Trump has shaken the world. Trump's provocations have opened fronts for the United States everywhere. In his first week, those attacks and provocations were directed at Mexico. However, despite the threats, Mexico's society and government remained firm in defending their sovereignty and dignity. The message was clear: Mexican resources will not go to the construction of a wall. Despite Trump's constant harassment, demands for respect—by businessmen, investors and officials—prevailed in the end, and today, the

fraction of the 10,000 police officers that are normally on duty in the state, and the deployment appears to have done little to tamp down the unrest. State police officers walked off the job, saying their salaries are low and have not been raised to keep pace with inflation in seven

proposal for the wall has come to a halt and has begun to collapse. This small victory was the first of another, perhaps more important, objective: unity. Mexico, in all its diverse voices, manifested its rejection and found a patriotic sense in this difficult moment. In fact, it was not only Mexico that found unity and strength under the same identity; other Latin Americans also raised their voices from within the United States and outside of it. This union has the same message: migrants matter, too. Immigrant labor represents an important part of the American economy. Kicking out undocumented immigrants in an untimely manner would have a negative impact on the U.S. economy. Seeking security and legality in a country is totally fair; provoking, offending and denigrating the valuable work of immigrants is not. In a survey I conducted from my personal Twitter account, more than 300,000 people participated to answer how they would prefer to invest the \$25 billion that a wall would cost. The most common answer was to improve health care. The second was cost-effective education. That amount of money could boost development in Latin America, which, along with employment, would be a much more effective way to stop illegal migration."

EDITOR'S NOTE: More [commentary](#) on this topic appeared in Monday's issue of the daily Latin America Advisor.

years. Law enforcement groups in the state say budget cuts have resulted in police cars with bald tires and police stations without Internet service or cleaning supplies. "When a police officer's salary is the lowest in the country, it's the families who suffer," Noe da Matta Ribeiro,

NEWS BRIEFS

Guatemalan Supreme Court Justice Arrested

Guatemalan Supreme Court Judge Blanca Stalling was arrested on Wednesday and faces accusations of influence peddling, prosecutors said, in the latest push to root out corruption in the Central American country, Reuters reported. Stalling was arrested hours after authorities raided her home. Guatemala's Congress withdrew Stalling's immunity after a lower-ranking judge accused her of attempting to pressure him into giving her son preferential treatment in a fraud case.

Santos Calls for Probe of Claim That Odebrecht Contributed to Campaign

Colombian President Juan Manuel Santos on Wednesday called for an investigation of claims that Brazilian construction firm Odebrecht, which is embroiled in a multi-country bribery scandal, contributed to his 2014 campaign, Reuters reported. Colombia's attorney general said a portion of \$4.6 million that the company paid to a former Colombian senator accused of corruption may have been funneled to Santos' campaign. However, the attorney general admitted Wednesday that there is no evidence to back up the allegation by the former Liberal Party senator, Otto Bula Bula.

Workers at Chile's Escondida Copper Mine Begin Strike

Workers at BHP Billiton's Escondida Mine in Chile went on strike Thursday after the mine's main workers' union and the company failed to reach an agreement through negotiations on a benefits package, The Wall Street Journal reported. The copper mine, which is the world's largest, produced 6 percent of the world's copper 2015. Escondida has said it will halt production during the strike. BHP has a 58 percent stake in the mine.

the vice president of Espirito Santo state's police association. "We're the line that separates civilization from barbarity."

U.S. Secretary of State to Visit Mexico

U.S. Secretary of State Rex Tillerson met Wednesday with Mexican Foreign Minister Luis Videgaray during his visit to Washington, and the White House announced Tillerson will visit Mexico City, NBC News reported. The meeting came a week after Tillerson, a former CEO of oil giant ExxonMobil, was confirmed by the Senate and sworn in to the position. "They



Tillerson // File Photo: U.S. Government.

had a constructive conversation on a range of U.S.-Mexico collaboration including law enforcement, migration, and security," acting State Department spokesman Mark Toner said. The meeting followed a recent rise in tensions between the neighboring countries, after U.S. President Donald Trump signed an executive order to proceed with his campaign promise to build a massive wall along the U.S. border with Mexico, and reiterating his vow that he would force Mexico to pay for it. Ahead of Mexican President Enrique Peña Nieto's planned visit to the United States last month, Trump tweeted on Jan. 26 that if Mexico was unwilling to pay for the wall, then it might be "better to cancel the upcoming meeting." Peña Nieto announced later in a tweet that he had decided to call off the meeting. The two leaders had a phone call a week later, during which Trump offered to send U.S. troops to Mexico to help address the issue of the country's drug cartels, he told Fox News in an interview. Trump added during the interview that aired Feb. 6 that he and Peña Nieto have "a very good relationship."

ECONOMIC NEWS

Technology Driving Down Remittance Costs: Jamaican Exec

New technologies, such as card-based transactions and Internet-based transfers, are driving down the cost of sending remittances, the general manager of JN Money Services told the Jamaica Gleaner in an interview published Tuesday. The average cost of sending money from the United States to Jamaica declined from about 11.75 percent in 2002 to 6.76 percent last year, said the executive, Horace Hines, citing studies by the Inter-American Development Bank and the World Bank. A trend toward greater use of online platforms for sending remittances is pushing down those costs even further, he said. "The overall cut in costs result in more than \$100 million in the pockets of Jamaican recipients, as the country records more than \$2 billion in remittances, annually," said Hines. "The U.S.A. is our largest source for remittances, and there is a general trend for transaction costs to fall." New technologies

This process will influence further growth in the remittance sector."

— Horace Hines

have reduced JN Money's costs, Hines added. "Moving funds online is far more cost effective. And, we are now using this online technology to further reduce our costs at JN Money Transfer to some \$1.99 per transaction from Canada to Jamaica, and a similar service will be available from the U.S.A. and the U.K. later this year. This is a game changer," said Hines. "This process will influence further growth in the remittance sector." In 2015, more than \$2.22 billion in remittances was sent to Jamaica, representing 16.1 percent of the country's gross domestic product. From January to July of last year, Jamaicans abroad sent approximately \$1.19 billion back home.

FEATURED Q&A / Continued from page 3

one addresses energy policy and politics. One administration is full speed ahead on all forms of energy, both fossil fuels and

“**Its environmental consequence ... will be very minimal on overall carbon emissions in North America.**”

– Murray Smith

renewable; while the other, the producer, is more directed to carbon emissions-reduction policies, slightly ironic from a traditional point of view. Canada’s prime minister has supported the project as a key conduit for

export market access that has been bottlenecking and price-suppressing Canadian oil. Canada now produces more oil than most OPEC countries. Its oil is not only discounted from WTI pricing, due to its ‘heavier’ content, but also due to its restricted market access. The pipeline has extended long-term revenue benefits to multiple levels of government in both countries. Both Alberta and Ottawa have outlined a carbon tax strategy to price-incent emissions reductions. In the long run, North America will benefit from an integrated energy strategy, both from an environmental and economic perspective. How public policy and politicians navigate their actions will pose short-term issues and slow ultimately in service dates, but in the end the good reasons outweigh the bad reasons for new pipeline infrastructure.”

JOB POSTINGS

EDITOR’S NOTE: We are pleased to share Latin America-related job postings that companies reading the Advisor and others have posted recently.

McDonald’s Corporation: Corporate Relations Manager, Latin America, Chicago

Pfizer: Director, Global Public Affairs, Madison, N.J.

Dyson: Commercial Director, Latin America, San Francisco

CARE: Regional Director, Latin America and Caribbean, Atlanta, Guatemala, Ecuador or Honduras

NatureServe: Program Director, Latin America and Caribbean, Washington, D.C.

Inter-American Dialogue: Director, Rule of Law Program, Washington, D.C.

Amazon: Manager, Latin America Public Policy, Washington, D.C.

ExxonMobil: International Government Relations Regional Advisor for Latin America, Washington, D.C.

BCIU: Program Coordinator, Latin America, Washington, D.C.

Partners of the Americas: President and CEO, Washington, D.C.

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