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FEATURED Q&A

Is Revoking the Keystone XL Permit a Good Decision?



Scrapping the permit for the Keystone XL pipeline project was among U.S. President Joe Biden's first actions in office. // Photo: @POTUS via Twitter.

Q In one of his first acts as U.S. president, Joe Biden revoked a key permit for the \$8 billion Keystone XL pipeline project, which would expand the pipeline network that delivers Canadian crude to U.S. markets, over concerns about fossil fuels contributing to climate change. Do the benefits of scrapping the project outweigh the costs? What does Biden's move to block the project mean for U.S.-Canada relations? Is Canada likely to bring legal action over the matter, as Alberta Premier Jason Kenney has threatened?

A Frances A. Colón, CEO and president of Jasper Consulting and former deputy science and technology advisor to the U.S. secretary of state (2012-2017): "President Biden's Keystone XL Pipeline executive order might have ruffled some Canadian feathers, but it sent a clear signal that the climate crisis demands swift action, and the United States is up to the challenge. The science says we have only 10 years to put the brakes on climate change and make up for the last four years of inaction on curbing emissions, rolling back environmental standards and disregard for communities affected by climate change and environmental degradation. The Biden administration has committed to net-zero emissions across all sectors by 2050. Achieving this will require moving the country away from dependence on crude oil projects such as Keystone, which, in the end, promises a paltry 35 permanent pipeline jobs and will further line the pockets of an industry that spends millions on climate misinformation campaigns. Instead, Biden has promised investments in clean energy technologies that

TOP NEWS

OIL & GAS

European Banks to Stop Financing Oil Trade in Ecuador

Credit Suisse, Dutch lender ING and France's BNP Paribas announced they will stop financing the trade in crude oil from Ecuador in response to advocacy campaigns to protect the Amazon rain forest.

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RENEWABLES

Brazil's Ambev Adds 1,000 Electric Vehicles to Fleet

The Brazilian beermaker hopes to have half of its total fleet of 3,500 trucks running on clean energy by 2023.

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OIL & GAS

Biden Revokes Permit for Keystone XL Pipeline Project

On his first day in office, U.S. President Joe Biden revoked the permit for the Keystone XL pipeline project, which would have expanded an existing line delivering Canadian crude to U.S. markets. Jason Kenney, the premier of Canada's Alberta province, blasted the move as "a gut punch" for Canada and Alberta.

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Kenney // File Photo: Canadian Government.

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OIL AND GAS NEWS

Biden Revokes Permit for Keystone XL Pipeline Project

Among a flurry of executive orders signed on his first day in office last week, U.S. President Joe Biden revoked the permit for the Keystone XL pipeline, a project aimed at expanding an existing pipeline that delivers Canadian crude to U.S. markets, over concerns about fossil fuels contributing to climate change, The Wall Street Journal reported. The move was one of Biden's campaign promises. The controversy over construction of the pipeline has spanned several U.S. administrations, with President

“Whatever limited benefit that Keystone was projected to provide now has to be ... reconsidered with the economy of today.”

— Gina McCarthy

Barack Obama blocking the project and President Donald Trump subsequently giving the go-ahead. The Keystone XL expansion project was proposed in 2008 by Canadian company TC Energy and ConocoPhillips and consists of more than 1,700 miles of pipeline that would pump 500,000 barrels per day (bpd) of crude from the Canadian province of Alberta to the U.S. Gulf Coast. It was expected to eventually transport 830,000 bpd. The expansion line has been partially built, but it is not currently in operation. Environmental groups have long warned of dire consequences over climate change concerns, citing the threat of spills and the amount of oil extracted from Canada's oil sands, which are seen as among the most greenhouse-gas intensive in the world, The Wall Street Journal reported. Gina McCarthy, Biden's national climate advisor, said the pipeline goes against the administration's efforts to

aggressively address climate change, Scientific American reported. “Climate change is a crisis, and the Keystone pipeline and its construction was not consistent with addressing the climate crisis to the depth and scope that we are planning to address it,” McCarthy said. “Whatever limited benefit that Keystone was projected to provide now has to be obviously reconsidered with the economy of today,” she added. Biden's move to scrap the permit has garnered criticism from Canadian officials. Alberta Premier Jason Kenney vowed legal action. “This is a gut punch for the Canadian and Alberta economies,” he said. “It is an insult directed at the United States' most important ally and trading partner on Day 1 of the new administration.” Canadian Prime Minister Justin Trudeau said he had been in talks with the Biden administration ahead of it taking office in a bid to avoid the cancellation of the Keystone XL permit. “We are disappointed but acknowledge the president's decision to fulfill his election campaign promise on Keystone XL,” Trudeau said in a statement, in which he also praised Biden's decision to rejoin the Paris climate accord, The New York Times reported. Even without the Keystone XL project, the United States is set to import record volumes of Canadian oil in coming years through other pipelines that are being expanded, Reuters reported. Canada is the number-one foreign supplier of oil to the United States, with current exports at about 3.8 million bpd, according to U.S. Energy Department data. Analysts expect that number to increase to between 4.2 million bpd and 4.4 million bpd over the upcoming years. Pipeline expansions currently under construction will add more than 950,000 bpd of export capacity for Canadian producers before 2025, according to Rystad Energy.

European Banks to Stop Financing Oil Trade in Ecuador

Switzerland's Credit Suisse, Dutch lender ING and France's BNP Paribas will stop financing the trade in crude oil from Ecuador, the banks announced on Monday, in response to

NEWS BRIEFS

Brazil Beermaker Ambev to Add 1,000 Electric Vehicles to Truck Fleet

Brazilian beermaker Ambev will add 1,000 electric vehicles, including vans and trucks, to its fleet, the company told Reuters last week. Start-up FNM and truckmaker Agrale will supply the vehicles. Ambev is planning to convert its entire fleet, currently one of Brazil's largest at 5,300 trucks, to clean energy. The company hopes to have at least half of its truck fleet operating on clean energy by 2023. Ambev did not disclose the value of the agreement with FNM and Agrale.

Trinidad & Tobago to Relaunch Tender for its Pointe-à-Pierre Refinery

Trinidad and Tobago is looking to receive new bids for its idle Pointe-à-Pierre refinery following a botched sale to a labor union-owned company, Energy Minister Franklin Khan said last week, Argus Media reported. Finance Minister Colm Imbert said the schedule for a new tender would be announced within the next four weeks, adding that the government will not set a reserve price for the facility, which has the capacity to process 165,000 barrels per day. Khan also said the government is hoping for “a quick sale.”

Indonesia Seizes Iran, Panama-Flagged Oil Ships

Indonesia's coast guard has seized the Iranian-flagged MT Horse and the Panamanian-flagged MT Freya tankers over suspected illegal oil transfer in the Asian country's waters, authorities said Sunday, Reuters reported. Coast guard spokesman Wisnu Pramandita said the tankers attempted to conceal their identity by not showing their national flags. He said crew members, who have since been detained, were “caught red-handed” illicitly transferring oil, according to the report.

advocacy campaigns to protect the Amazon rain forest, Reuters reported. In total, the three banks are responsible for \$5.5 billion in Ecuadorean Amazon oil financing since 2008, Al Jazeera reported. In a report last year, advocacy groups Stand.earth and Amazon Watch named six European banks as major financiers of Ecuadorean oil exports to U.S. refineries, alleging that the banks' roles in the trading made them complicit in oil spills, violations of land rights and the destruction of the rain forest by the country's oil industry. "The banks' commitment is a milestone," Marlon Vargas, the president of the Confederation of Indigenous Nationalities of the Ecuadorean Amazon, told Reuters. "The banks should finance other forms of economic development, but not oil extraction," he added. Among the banks included in last August's report were Credit Suisse, ING and BNP Paribas, as well as France's Natixis, Swiss bank UBS and Dutch lender Rabobank. On Tuesday, Ecuadorean state-run oil company Petroecuador responded to the banks' exit, saying it compensates communities that face environmental effects from infrastructure development, Reuters reported. The company said it "carries out exploration, production, transport, refining ... and marketing of hydrocarbons in rigorous compliance with Ecuadorean legislation on safety, health and environment." Petroecuador added that any project licenses that are awarded require the participation of local communities, adding that "qualified environmental authorities" audit that participation biannually.

RENEWABLES NEWS

Shell Planning to Develop 323 MW of PV Energy in Brazil

Oil and gas major Royal Dutch Shell is planning to develop approximately 323 megawatts of solar photovoltaic (PV) energy in Brazil's Paraíba state, Renewables Now reported last week. According to a document published by Brazilian power sector regulator Aneel, the

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will create millions of stable jobs and stop the warming of the planet. The executive order also supports the promise to protect the health of Black and Brown communities bearing the brunt of environmental injustice and lifts Indigenous community concerns over essential natural resource conservation along the pipeline path. The United States and Canada share a border, a \$2 billion per day trade relationship and a commitment to a democratic, safe and prosperous future for their people. The two countries will also find their way back to a shared view on a green future because birds of a feather flock together, ruffles and all."

A **Tim McMillan, president and CEO of the Canadian Association of Petroleum Producers (CAPP):** "The Canadian Association of Petroleum Producers (CAPP) is very disappointed by President Joe Biden's cancellation of the Keystone XL pipeline. This action is killing thousands of Canadian and American jobs at a time when both economies badly need private investment. In addition, it wipes out Indigenous equity investment and employment opportunities created by Indigenous leaders who are working to raise quality of life and reduce poverty in their communities. This is another example of why Canada needs to continue to diversify and develop greater market access for our resources. Canadian oil and natural gas is produced with some of the highest environmental and safety standards in the world, and we have an important role to play in providing lower-emissions energy. CAPP is forecasting a 14 percent

increase in upstream natural gas and oil investment in Canada for 2021. That's an extra 3.36 billion Canadian dollars to be injected into the economy compared to 2020 capital spending in the sector. The planned investment represents a stabilizing

“ This action is killing thousands of Canadian and American jobs at a time when both economies badly need private investment.

– Tim McMillan

of industry investment and the beginning of a longer-term economic recovery. President Biden's cancellation of Keystone XL means the United States will need to source oil from other countries—with less transparency on environmental performance than Canada, or satisfy demand using other modes of transportation. Pipelines remain the safest and most efficient way to transport petroleum products over long distances. CAPP will continue to support efforts to open the door for collaboration with President Biden and his administration to save Keystone XL. Cooperation between our countries has resulted in one of the most successful trading relationships in history."

A **Roger Tissot, fellow at the Institute of the Americas:** "Prime Minister Trudeau and Premier of Alberta Kenney should not be surprised by U.S. President Biden's

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company has submitted a plan for seven photovoltaic schemes, with six of them, named UFV Canis I to VI, each with approximately 48.12 megawatts. The seventh, UFV Canis VII, would produce 34.37 megawatts. Shell last year had already submitted plans to Aneel regarding a solar portfolio of 130 megawatts in Minas Gerais state. Maria Gabriela da Rocha, Shell's

business development manager for solar energy in Latin America, told Reuters last June that the company had plans to begin talks with potential customers to sell the future output of its first solar plants in Brazil, which are scheduled to begin operations in 2023. [Editor's note: See related Q&A on Brazil's renewables sector in the Jan. 15 issue of the Energy Advisor.]

Braskem Signs Deal with Casa dos Ventos for Power Supply

Brazilian petrochemical company Braskem last Friday signed an off-take contract with local wind projects developer Casa dos Ventos to buy electricity generated by a new wind farm in Rio Grande do Norte state, Renewables Now reported. Under the terms of the power purchase agreement, Casa dos Ventos will supply the wind power from the new facility for 20 years. The value of the transaction was not disclosed.

POLITICAL NEWS

Peru's President Orders Lockdown Amid Covid Surge

Interim Peruvian President Francisco Sagasti on Tuesday night ordered a strict lockdown for a third of the country, including Lima, as Covid-19 infections and deaths surge and hospitals have become overwhelmed, Agence France-Presse reported. The lockdown will run from Jan. 31 to Feb. 14, said Sagasti, who blamed the surge in Covid-19 cases on holiday gatherings at the end of last year. "We must all contribute so that the suffering does not extend to new people," said Sagasti. The lockdown will affect 16.4 million people, approximately half of the country's population. Only essential businesses, such as grocery stores, pharmacies and banks, will be allowed to remain open. Nonessential businesses and churches must close under the government's orders. The restrictions also include orders that company employees work from home and the suspension of land and air travel between affected regions of Peru, Reuters reported. Sagasti also banned flights from Brazil, which has the world's second-highest death toll from Covid-19, after the United States. Peru previously banned flights from Europe in an effort to keep out new, more contagious variants of

ADVISOR Q&A

Do Social Media Platforms Have Too Much Power?

Q **In the wake of the deadly riot at the U.S. Capitol on Jan. 6, social media platforms including Twitter and Facebook respectively adopted permanent and temporary bans of former President Donald Trump from their sites over concerns that his posts were inciting violence. Critics including Mexican President Andrés Manuel López Obrador have blasted the social media companies, calling their actions censorship. Other countries, including Brazil, have also grappled with politically charged misinformation circulating on social media. To what extent can—and should—social media sites take action against political figures in Latin America and the Caribbean? What differentiates free speech, the spread of misinformation and incitement of violence? Do big tech companies have too much power to censor speech and shape political debates in the region? How much are social media sites subject to government regulation in Latin America, and is the level of regulation they currently face appropriate?**

A **Edison Lanza, former special rapporteur for freedom of expression at the Inter-American Commission on Human Rights:** "The assault on the U.S. Capitol, instigated by then-President Donald Trump and a group of high-profile supporters, had the Internet and social media as its main stage. In fact, when the connection between that inciting speech and the violence unleashed in

the virus. On Tuesday alone, Peru reported 4,444 new cases of Covid-19. The country has more than 1.1 million confirmed cases and more than 40,000 deaths, according to Johns Hopkins University. Sagasti said Tuesday that the first one million doses of an order for 38

Congress was conspicuous—with the result of five people killed—Twitter decided to first suspend and then permanently remove the president's personal account. There seems to be a consensus that Trump's speech, spread on various platforms, was characterized by increasing incitement of violence and chaos and undermining the rule of law. Although the censorship did not come from a state agency, and the former president can express himself through other media, there is no doubt that these platforms are today's most relevant public sphere. We face two issues that must be addressed separately. First, Trump and his followers must be held accountable for their coordinated action to provoke violence and chaos. Second, the U.S. Congress has an opportunity to undertake a review of the legal framework of these forums. Social media platforms should operate under precise legal obligations of transparency and diligence regarding the moderation of content. Likewise, the users, when they feel that their freedom of expression has been affected, should have a clear and expeditious appeal process available that is conducted under due process. Most importantly, any process should safeguard the possibility of judicial review."

EDITOR'S NOTE: More commentary on this topic appears in the Q&A of Wednesday's issue of the Latin America Advisor.

million of the vaccine produced by China's Sinopharm would arrive in Peru "in the coming days," adding that a vaccination campaign would start next month. Peru also has an agreement to purchase 14 million doses of the vaccine developed by University of Oxford

NEWS BRIEFS

Chilean President Names Cerda Finance Minister

Chilean President Sebastián Piñera on Tuesday appointed Rodrigo Cerda as the country's new finance minister following the resignation of Ignacio Briones, who stepped down ahead of an expected presidential bid later this year, Reuters reported. Cerda, who will be tasked with advancing a controversial pension reform in Congress, previously served as macroeconomic advisor and chief advisor at the Finance Ministry during Piñera's first presidential term, La Tercera reported.

E.U. Urges Dialogue for Elections in Venezuela

The European Union today called for political negotiations in Venezuela in a bid to set up new elections, warning that it could impose more sanctions on senior Venezuelan officials if they continue to undermine democracy or engage in human rights violations, the Associated Press reported. In a statement, E.U. foreign ministers said a "Venezuelan-led dialogue and transition process" was the only way out of the crisis in the Andean nation. [Editor's note: See the Advisor's recent [interview](#) on Venezuela with former Ambassador Vanessa Neumann.]

Guyana, Venezuela Foreign Ministers Discuss Detained Fishermen

Guyana's minister of foreign affairs and his Venezuelan counterpart met virtually to discuss the arrest of 12 Guyanese fishermen who were detained by the Venezuelan navy last week in waters that both countries claim as their own, News Source Guyana reported Tuesday. Guyanese Minister Hugh Todd said Venezuela's Jorge Arreaza assured him the fishermen were being treated with utmost respect for their human rights. Venezuela alleges the fishing vessels were in its "undisputed" waters, a claim Guyana has rejected.

and AstraZeneca. Peruvian regulators are also considering emergency-use requests for the vaccines developed by U.S. pharmaceutical maker Pfizer and Russia's Gamaleya Institute.

Colombia's FARC Political Party Changes Name

The political party of the demobilized Revolutionary Armed Forces of Colombia, or FARC, rebel group has changed its name in hopes of gaining more political support in congressional elections next year, the Associated Press reported Monday. The political party will now be called "Comunes," or "commoners," the wire service reported. The new name was chosen during the party's second national assembly, which ended Sunday after three days of

The political party will now be called "Comunes," or "commoners."

meetings, Reuters reported. "We agreed that the FARC name generates resistance in some sectors of society," the party said in a statement, the AP reported. "That is why we decided on a new name ... that gathers the dreams and aspirations of our founders." The former rebel group was allowed to create a political party and was given 10 seats in Colombia's Congress for eight years as part of its 2016 peace accords with the government. The party kept the FARC acronym for the political party, but changed the words it represented, to the Common Alternative Revolutionary Force. But the political party has fared poorly. Its presidential candidate withdrew early from the race in 2018 after suffering a heart attack, and the party garnered just 0.2 percent of the vote in that year's congressional elections, the AP reported. The party has also splintered, with some members joining other leftist movements and others returning to arms. The former rebel group has also seen violence against its members, with more than 250 former rebels

being murdered since the signing of the peace agreement in 2016.

Thousands Protest Bolsonaro in Cities Across Brazil

Thousands of people took to the streets in vehicle caravans in protest of President Jair Bolsonaro in cities across Brazil on Saturday and Sunday, the Associated Press reported. Bolsonaro's popularity has been dropping amid Brazil's struggle with the Covid-19 pandemic and criticism over the slow rollout of the vaccines for the disease. Protesters drove through the streets of Rio de Janeiro, São Paulo and at least a dozen other cities, honking their horns, while some others joined the demonstrations on foot and chanted, "Get out, Bolsonaro!" the AP reported. The demonstrations on Saturday were called by leftist groups, while conservative groups that had previously backed Bolsonaro organized the ones on Sunday.

ECONOMIC NEWS

Costa Rica, IMF Reach Deal for \$1.75 Billion Program

Costa Rica and the International Monetary Fund have reached an agreement on a three-year program to anchor policy reforms necessary to address the Central American nation's fiscal woes amid the Covid-19 pandemic, the IMF announced Friday in a statement. The \$1.75 billion program, under the lender's Extended Fund Facility, is "aimed at bolstering the country's response to the pandemic and at laying the foundation for a strong and durable economic recovery," the statement said. Among Costa Rica's goals are achieving a primary surplus of 1 percent of GDP by 2023 and placing public debt on a downward path to eventually reach 50 percent of GDP by 2035, La Nación reported. [Editor's note: See related [Q&A](#) in Tuesday's daily Latin America Advisor.]

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decision. He was clear about his views on the project as a candidate. What is more difficult to understand is why the Conservative Kenney decided to risk more than one billion Canadian dollars of Alberta's taxpayer money on such an uncertain project. The Obama administration had already canceled

“ Keystone is an example of the increased political risks of large infrastructure projects in the United States.”

— Roger Tissot

the project before. Then, Trump reinstated the project, I would argue more as a populist response to undo Obama's political legacy than on the merits of the project (which are many, starting with North America's energy security). As elections have consequences, it is not surprising that President Biden is reinstating the ban on the project. Keystone is an example of the increased political risks of large infrastructure projects in the United States. Of course, one could speculate that Alberta offered financing to the troubled

Keystone pipeline, allowing construction to start last year, in exchange for federal support for the TransMountain pipeline—which will carry oil from Edmonton to Vancouver. The problem, of course, is that Keystone involves a foreign nation, and its own political calculations. I doubt Prime Minister Trudeau would want to use economic sanctions or pursue legal action, as demanded by Premier Kenney for several reasons. First, Trudeau wants to keep 'simpatico' with President Biden, with whom he has many ideological affinities. Second, many jobs and business activities could be at risk in Ontario and Québec—the provinces that usually decide political outcomes in Canada. Trudeau may prefer to focus instead on a U.S. 'green deal' and position his recently released hydrogen strategy, including a significant role for Alberta in 'blue hydrogen.' Premier Kenney's political future seems more complicated. His Conservative base is increasingly disappointed with a fraction of it flirting with separatism and its own populist version of Trumpism.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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Advisor Video

Vanessa Neumann on Venezuela's Political Situation

The Latin America Advisor interviewed Vanessa Neumann, former Venezuelan ambassador to the United Kingdom appointed by opposition leader Juan Guaidó, on Venezuela's current political situation.



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