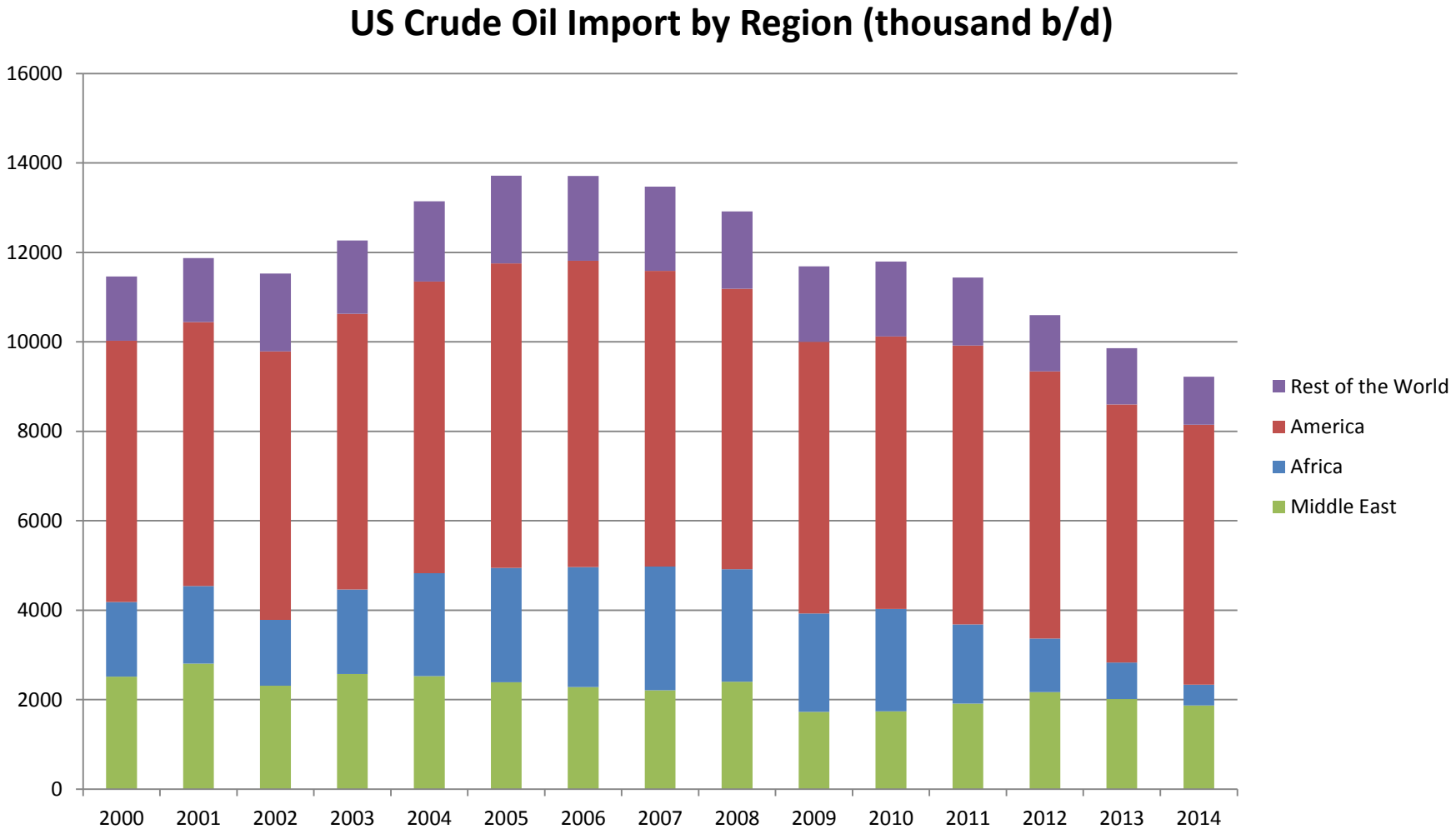
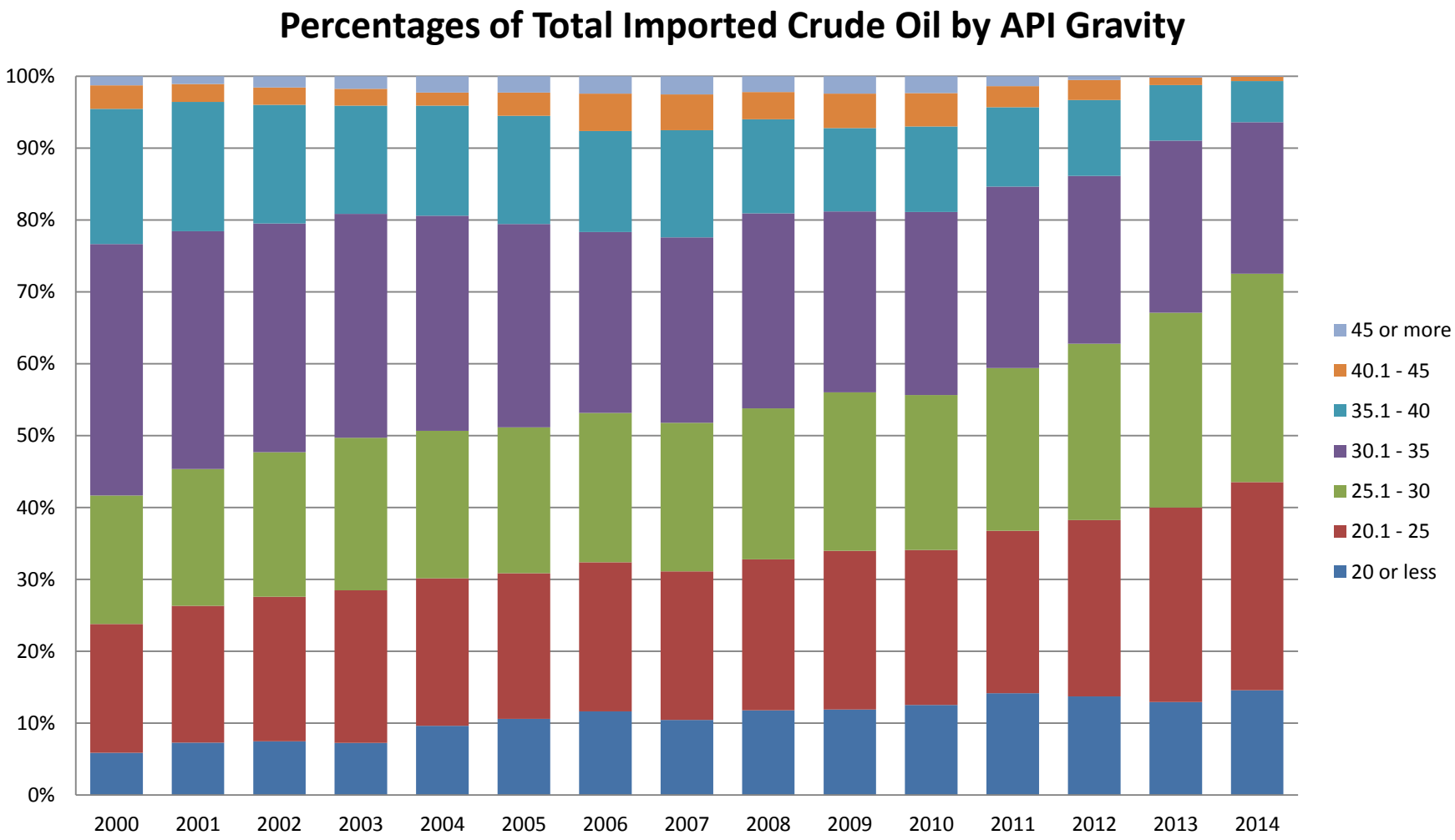
Impact of the North American Energy Boom on Latin America: Crude Oil Markets

US imports have steadily declined since 2006. Imports from Africa have decreased significantly, while imports from the Americas have remained steady.



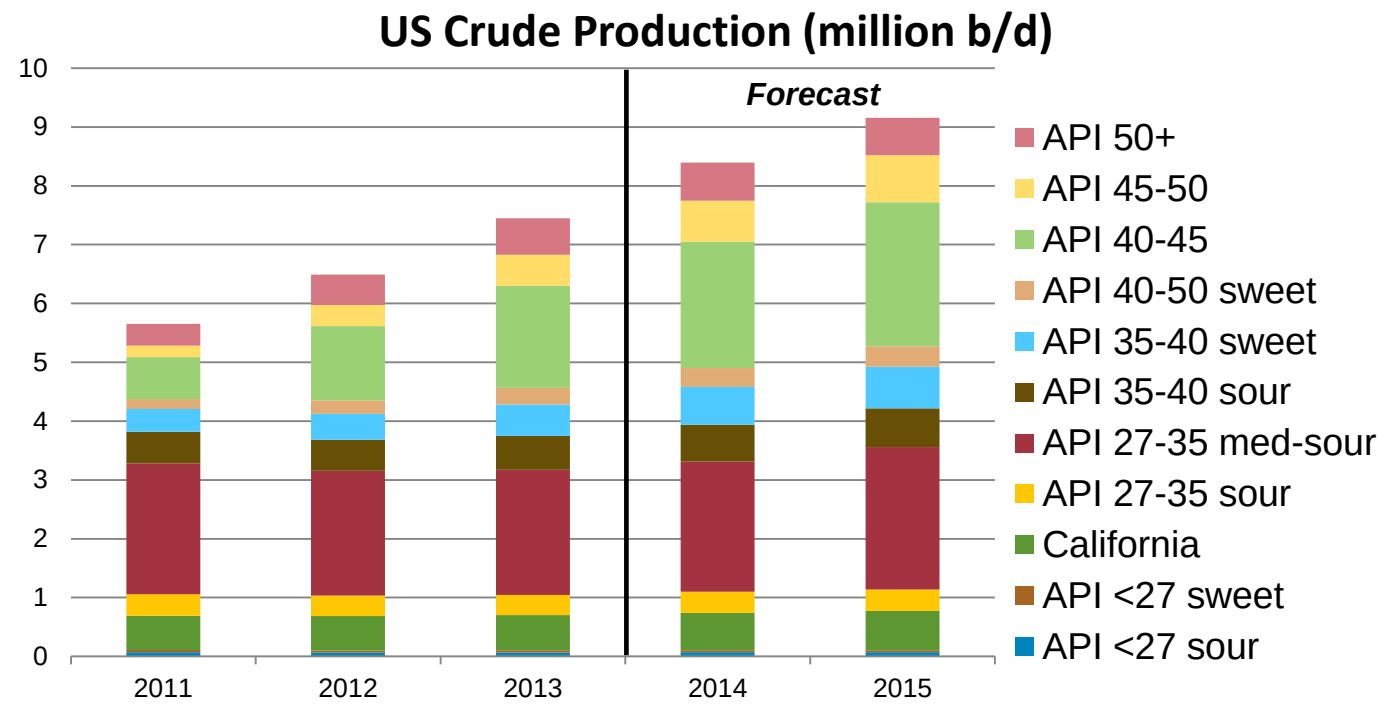
Source: EIA

The largest decline in US imports is in light oil, while heavy crude imports are growing.



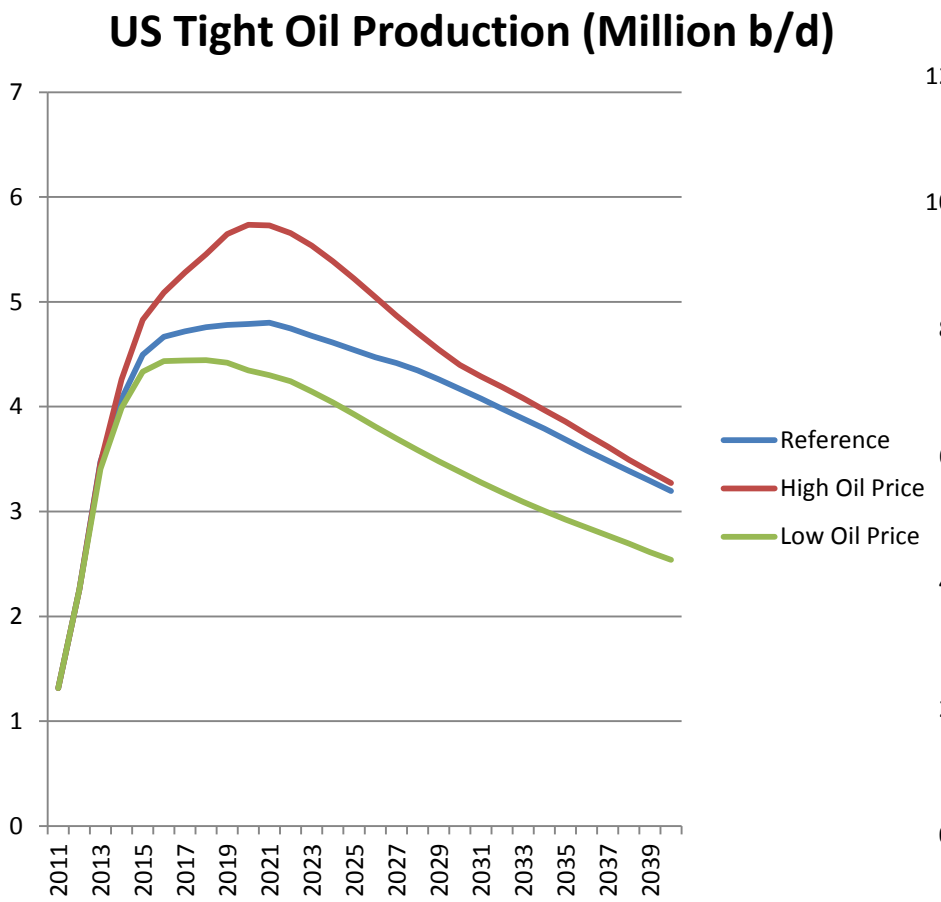
Source: EIA

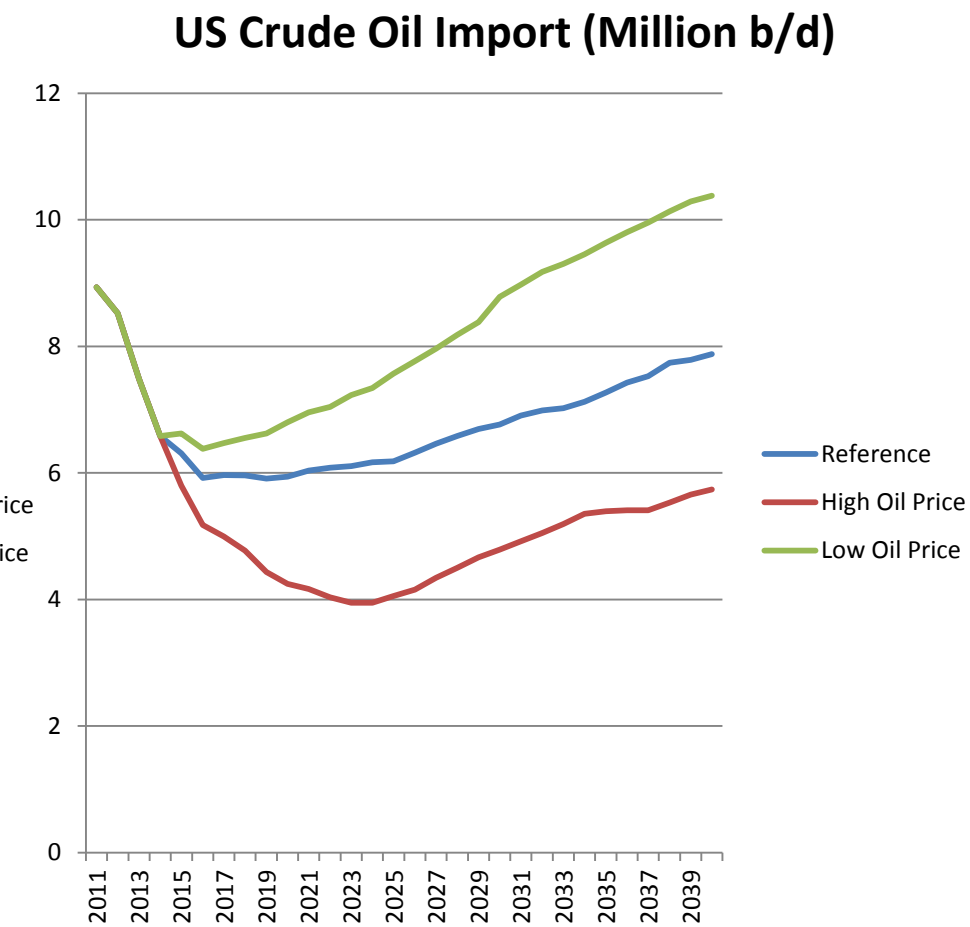
The US is producing increasingly light oil from shale, driving down total imports. By 2016, net imports will equal only one quarter of US oil consumption.



Source: EIA, DrillingInfo, Colorado DNR, Texas RRC.

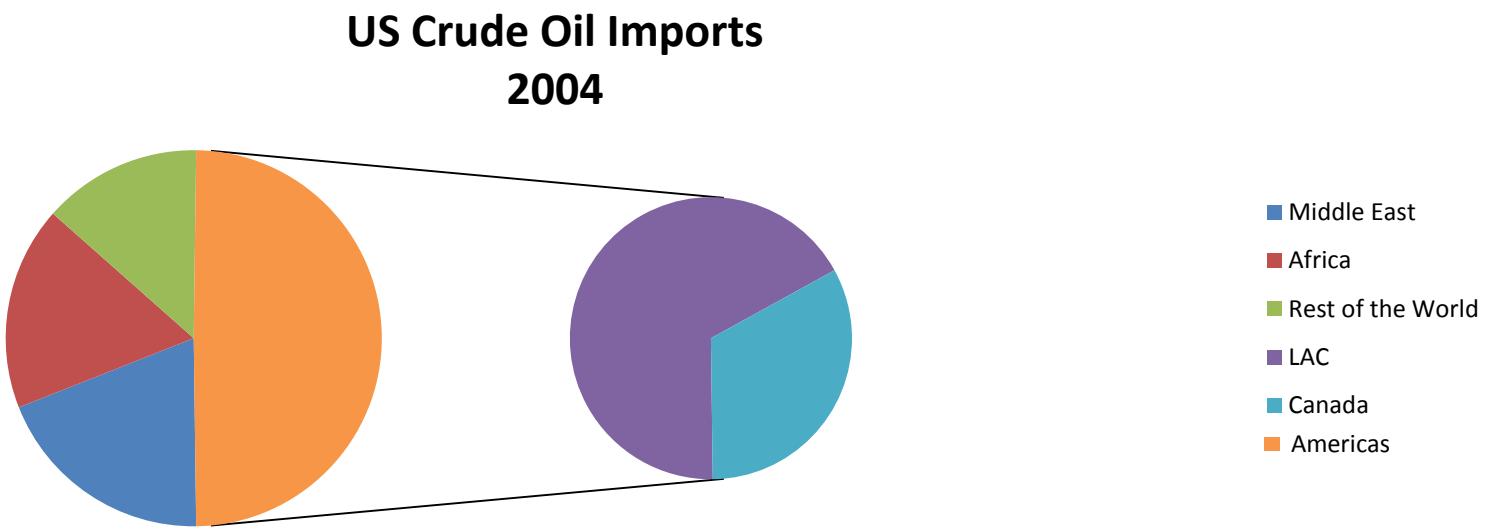
Imports are projected to decline in the near to medium term but then rise as tight oil production tapers off. Oil prices are a key variable.



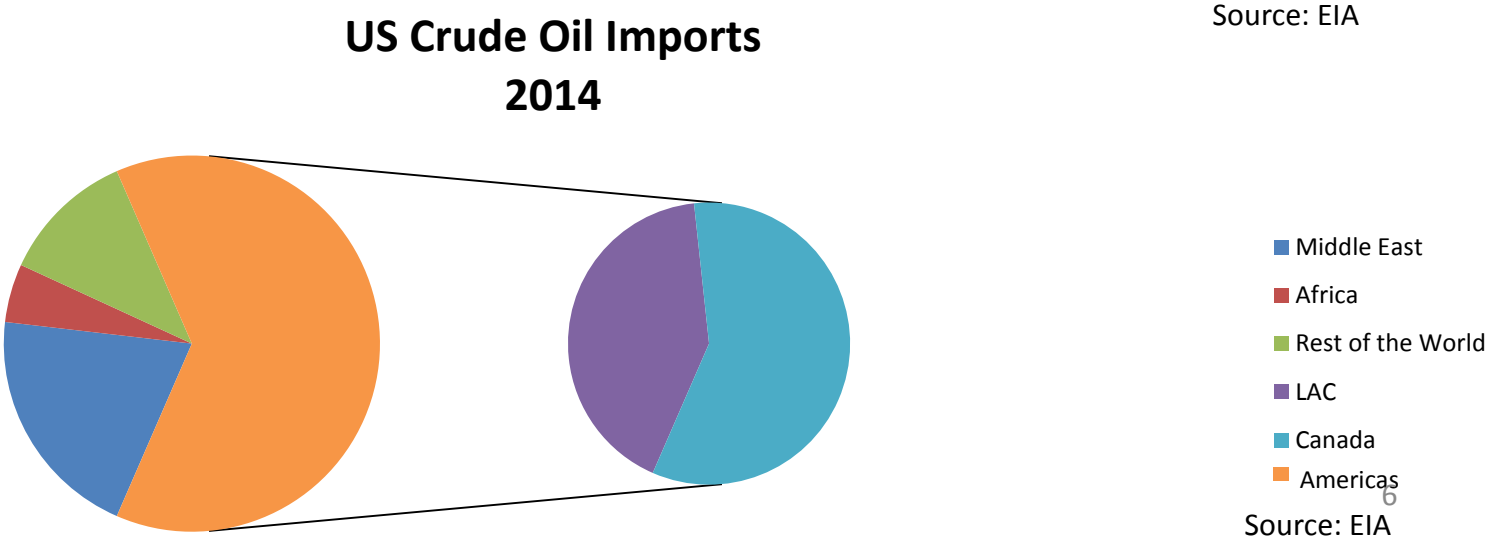


Source: EIA

The share of heavy crude imports from the Americas, particularly Canada, has increased significantly since 2004.

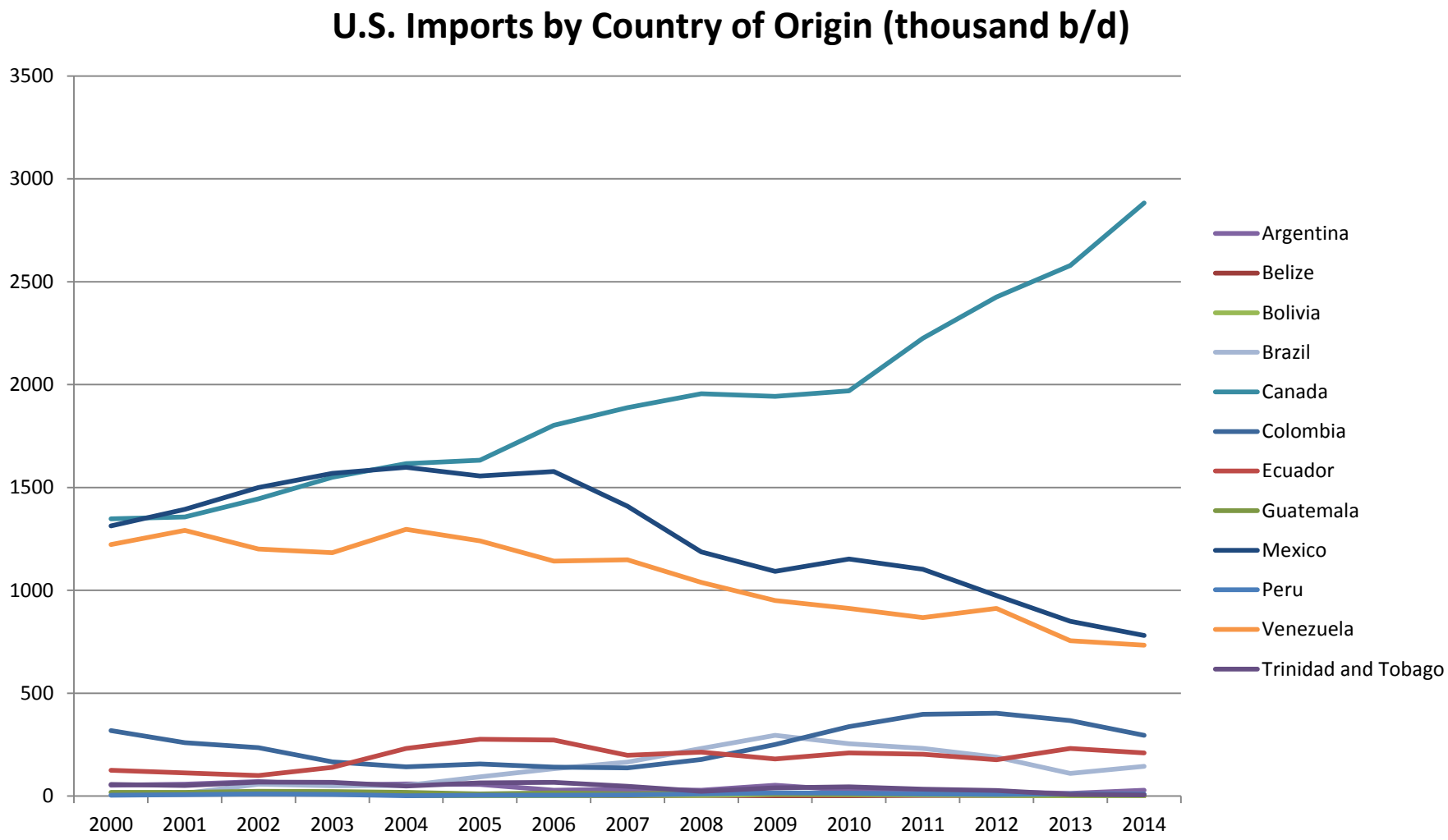


Source: EIA



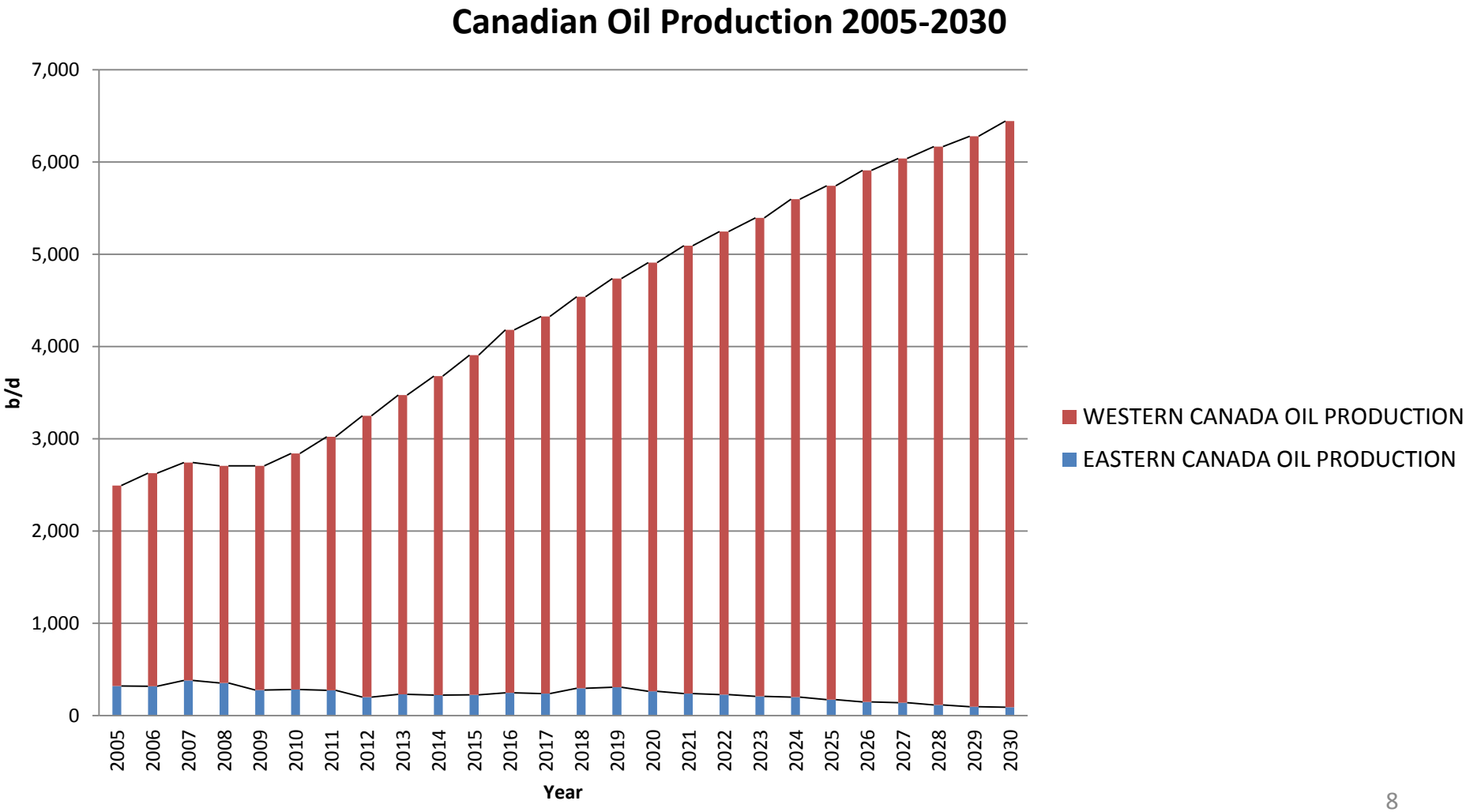
Source: EIA

Within the Americas, crude imports from Canada have spiked while imports from Venezuela and Mexico have dropped.



Source: EIA

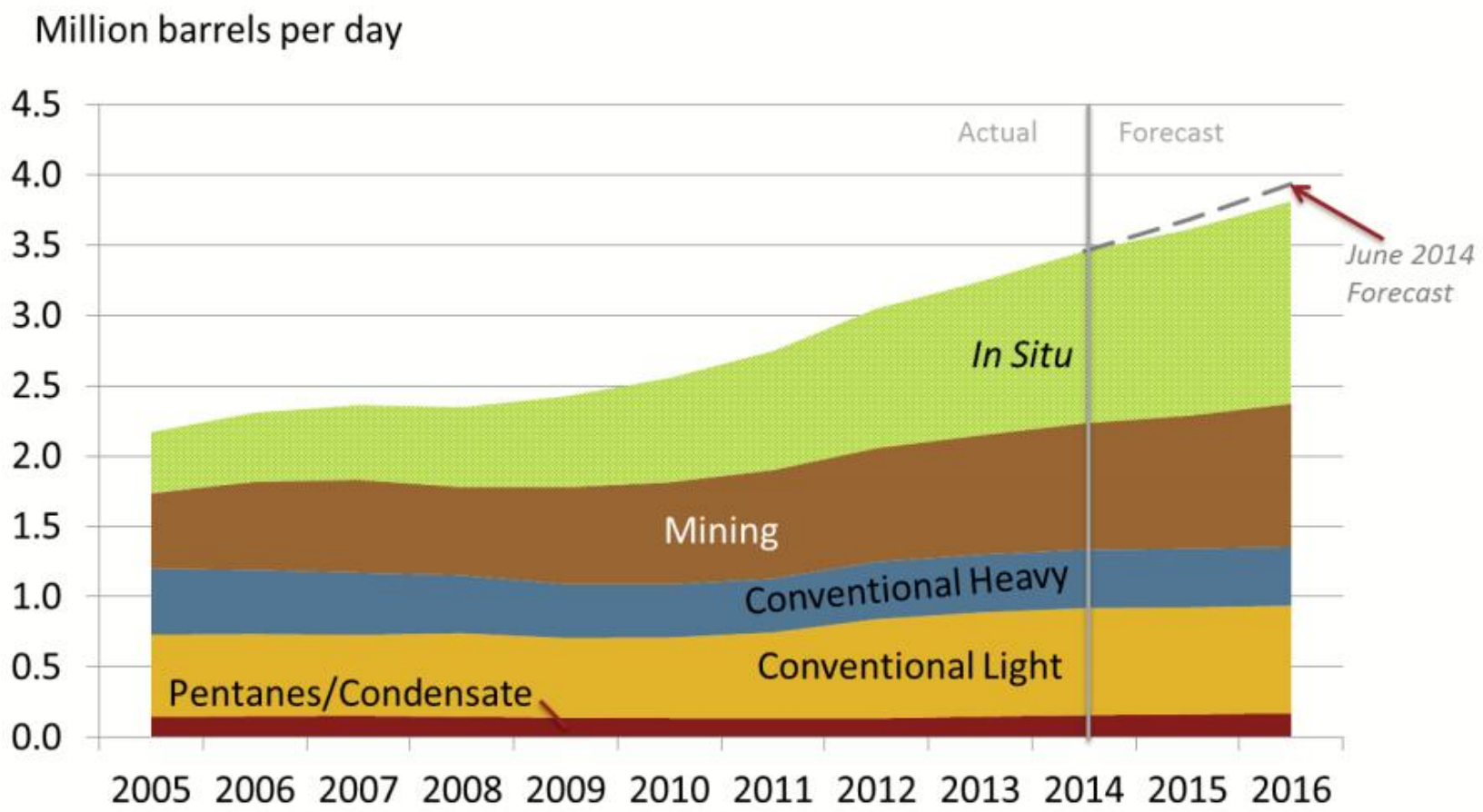
The Canadian Association of Petroleum Producers projects significant increases in unconventional crude production from Western Canada.



Source: CAPP 2014 Crude Oil Forecast, Markets and Transportation

However, Canada's oil production is particularly vulnerable to price fluctuations. Short term projections for production growth have been revised down since prices collapsed.

Canadian oil sands and conventional production



Source: CAPP

Canada also plans to build some 3Mb/d of new oil pipelines, including Keystone XL, to transport oil sands output to US refining markets and export terminals.

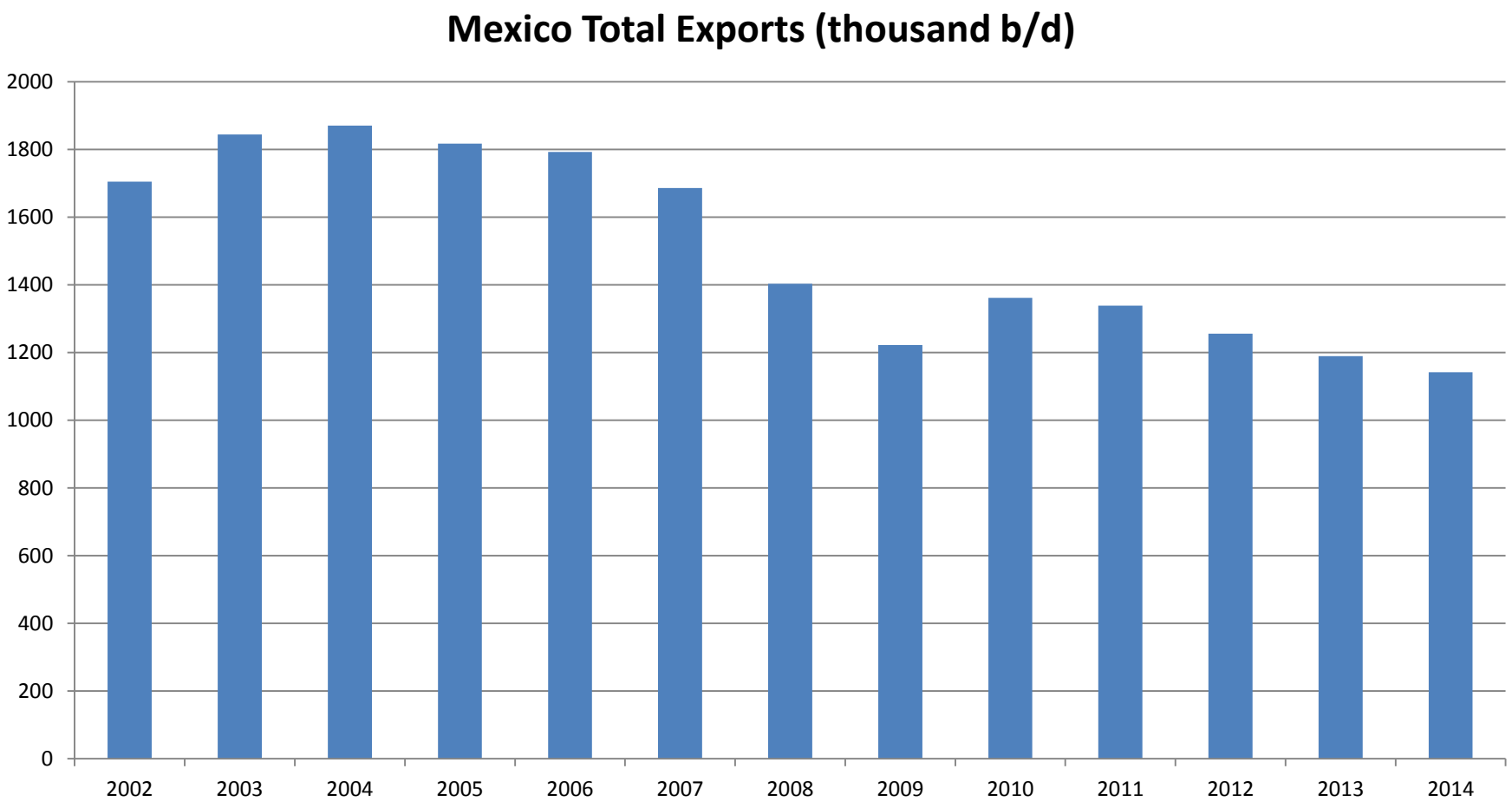
Source: CAPP 2014 Crude Oil Forecast, Markets and Transportation

By 2018, Canada plans to add 2.87 million b/d of pipeline capacity to its existing 3.67 million b/d of capacity.

Pipeline	Capacity (thousand b/d)	Target In-Service
Enbridge Mainline	2,500	Operating since 1950
Enbridge Alberta Clipper Expansion (Construction started June 2013)	+350	Q3 2015
Kinder Morgan Trans Mountain	300	Operating since 1953
Trans Mountain Expansion (Scheduled to begin 2015-2016)	+590	Q4 2017
Spectra Express *downstream Platte operating since 1952	280	Operating since 1997*
TransCanada Keystone	591	Operating since 2010
TransCanada Keystone XL **assuming approval by end of 2014 Gulf Coast Pipeline construction started 2012	+830	2017**
Total Existing Capacity		3,671
Proposed Additional Capacity		1,770

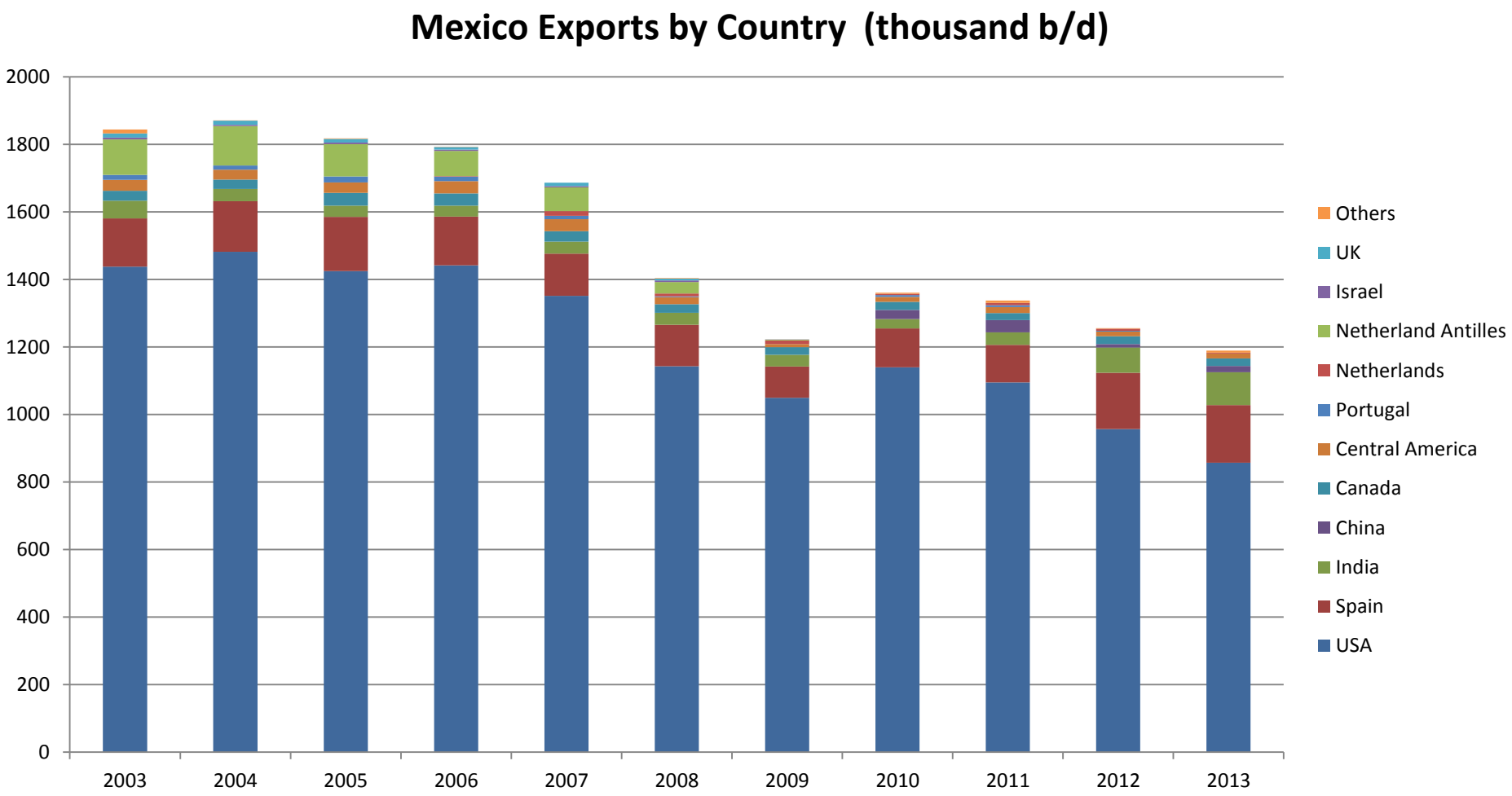
Source: CAPP 2014 Crude Oil Forecast, Markets and Transportation

In contrast to Canada, Mexico's exports have decreased significantly over the past decade.



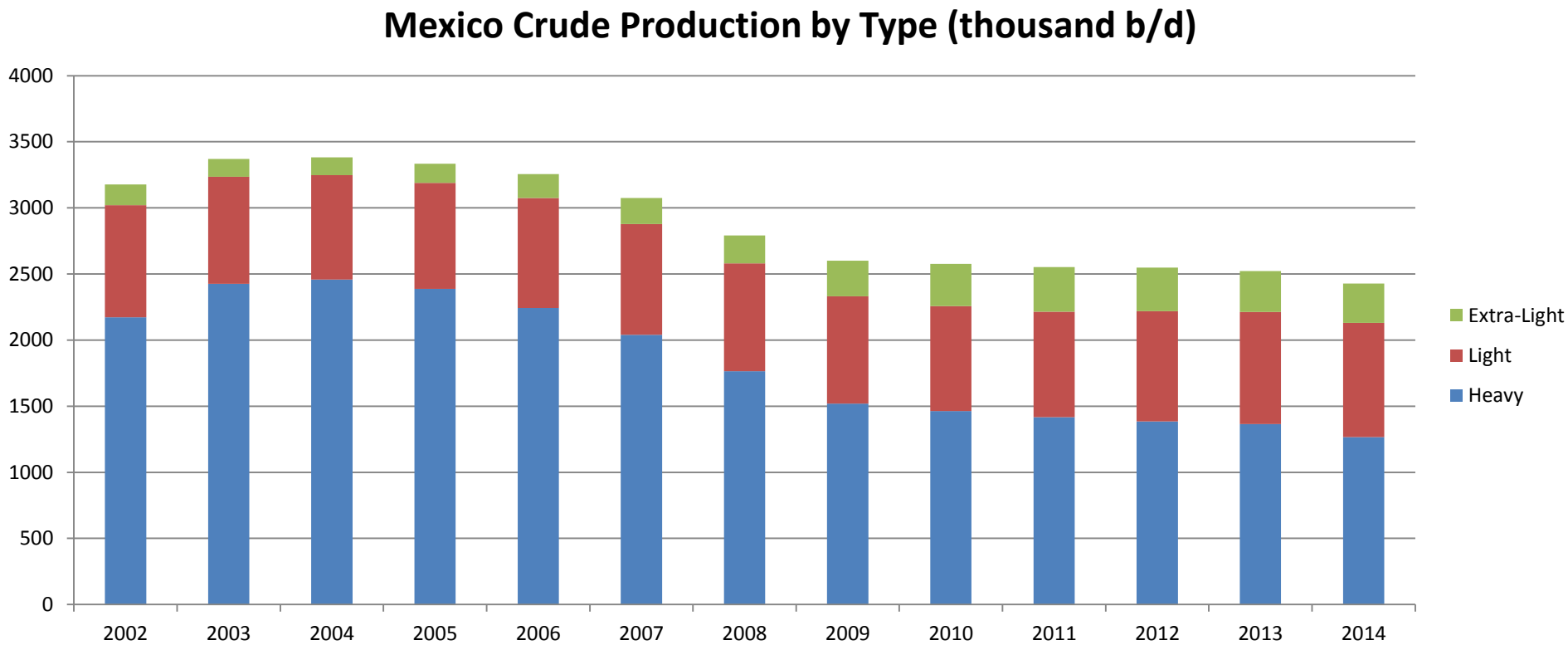
Source: Pemex

The US absorbs the majority of Mexico's crude oil exports, but it is gradually diversifying its markets.



Source: Pemex

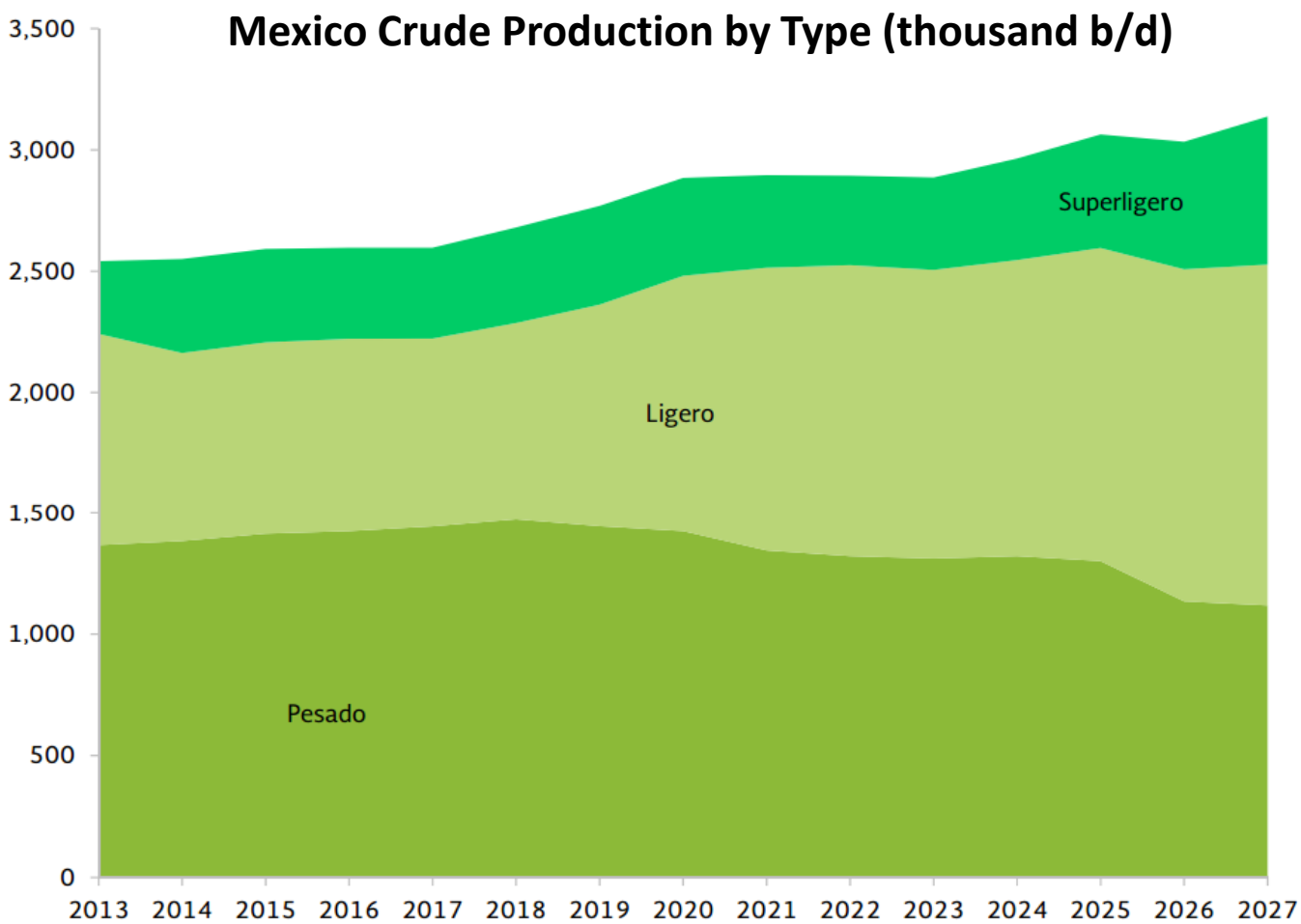
Production of heavy crude has declined while light crude production has increased slightly .



	Maya	Istmo	Olmeca
ºAPI	21.0-22.0	32.0-33.0	38.0-39.0

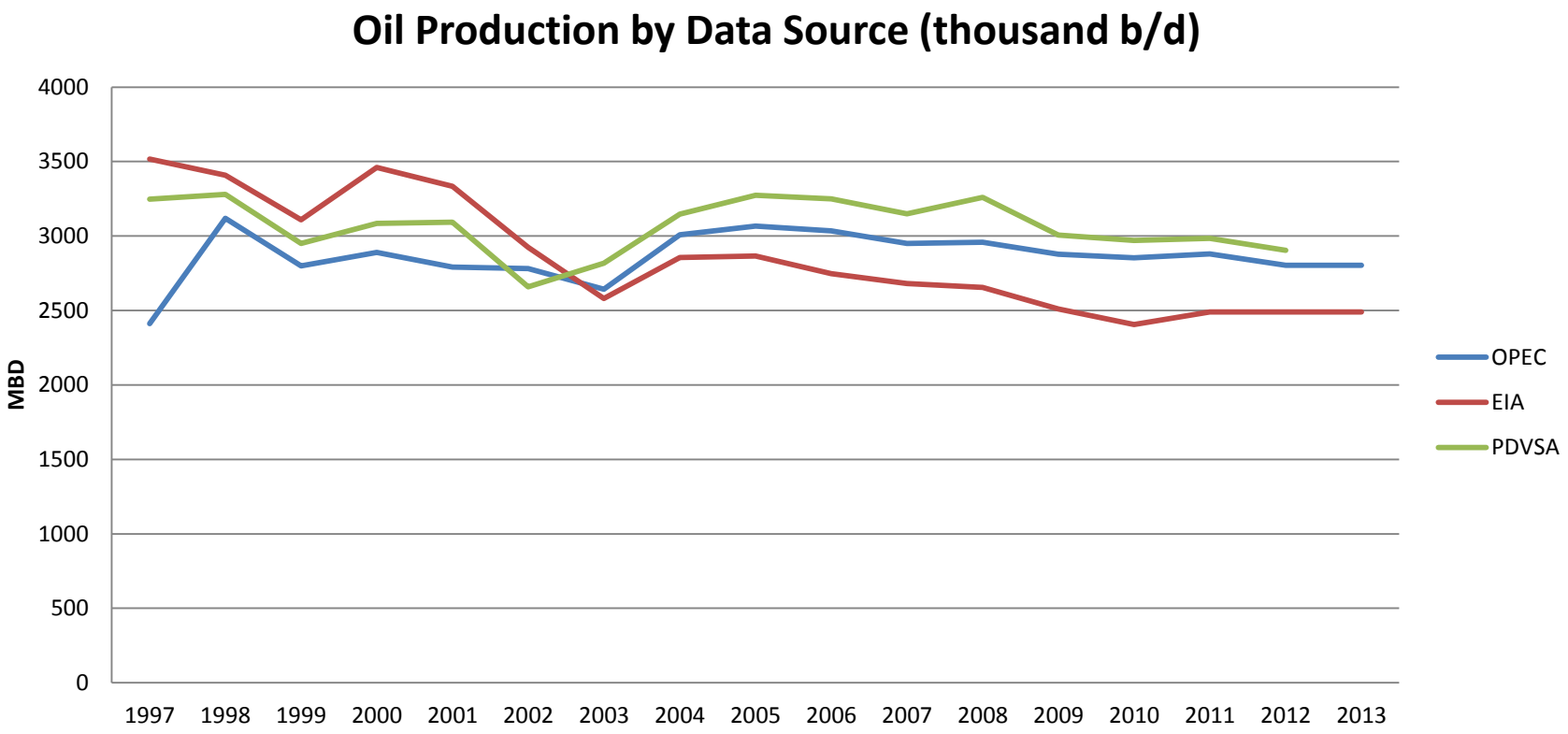
Source: Pemex

Pemex projects that Mexico's total crude production will increase following the energy reform. Light oil production will rise significantly.



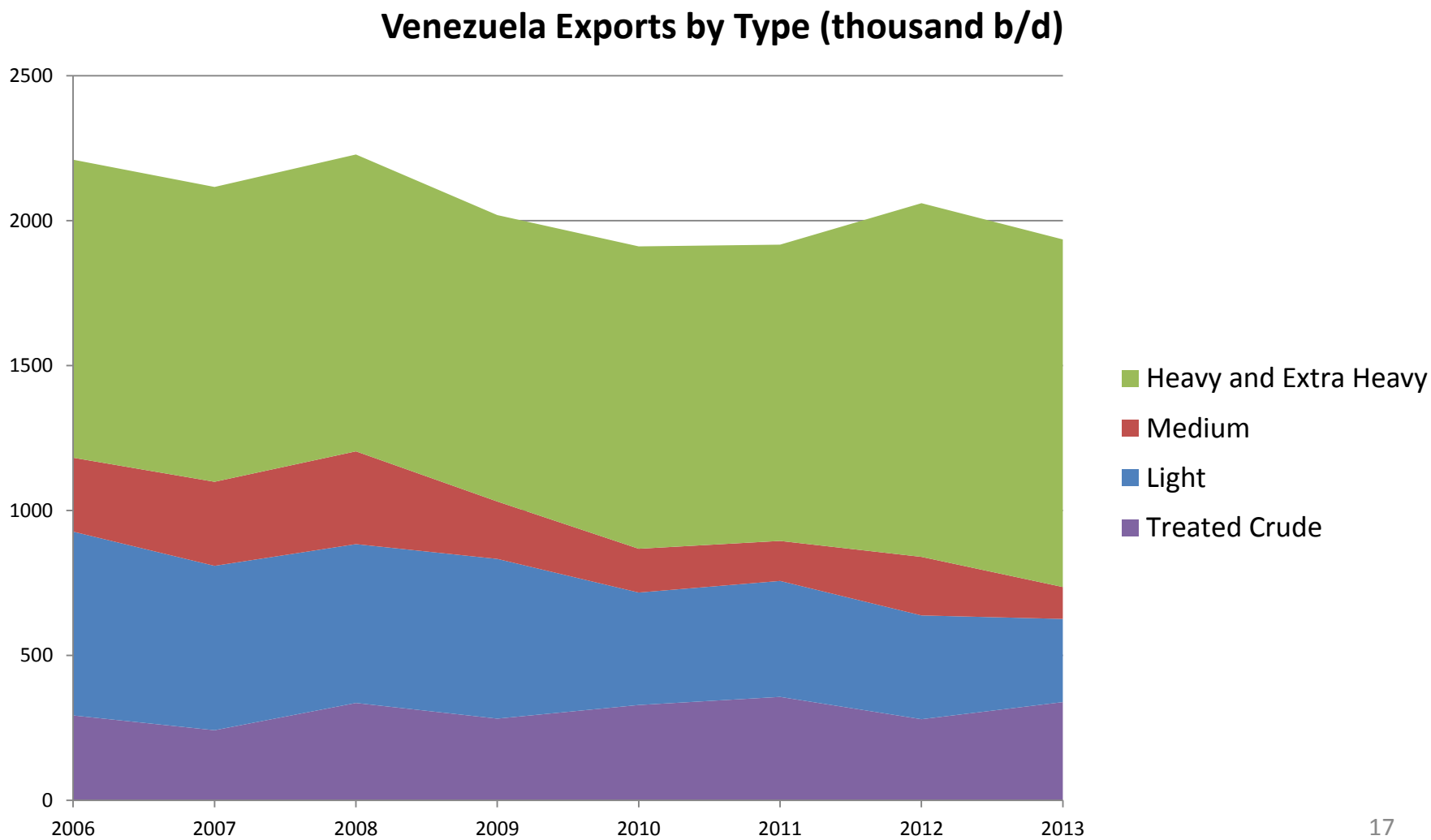
Source: Pemex

In Venezuela, oil production appears to be declining gradually, though estimates vary.



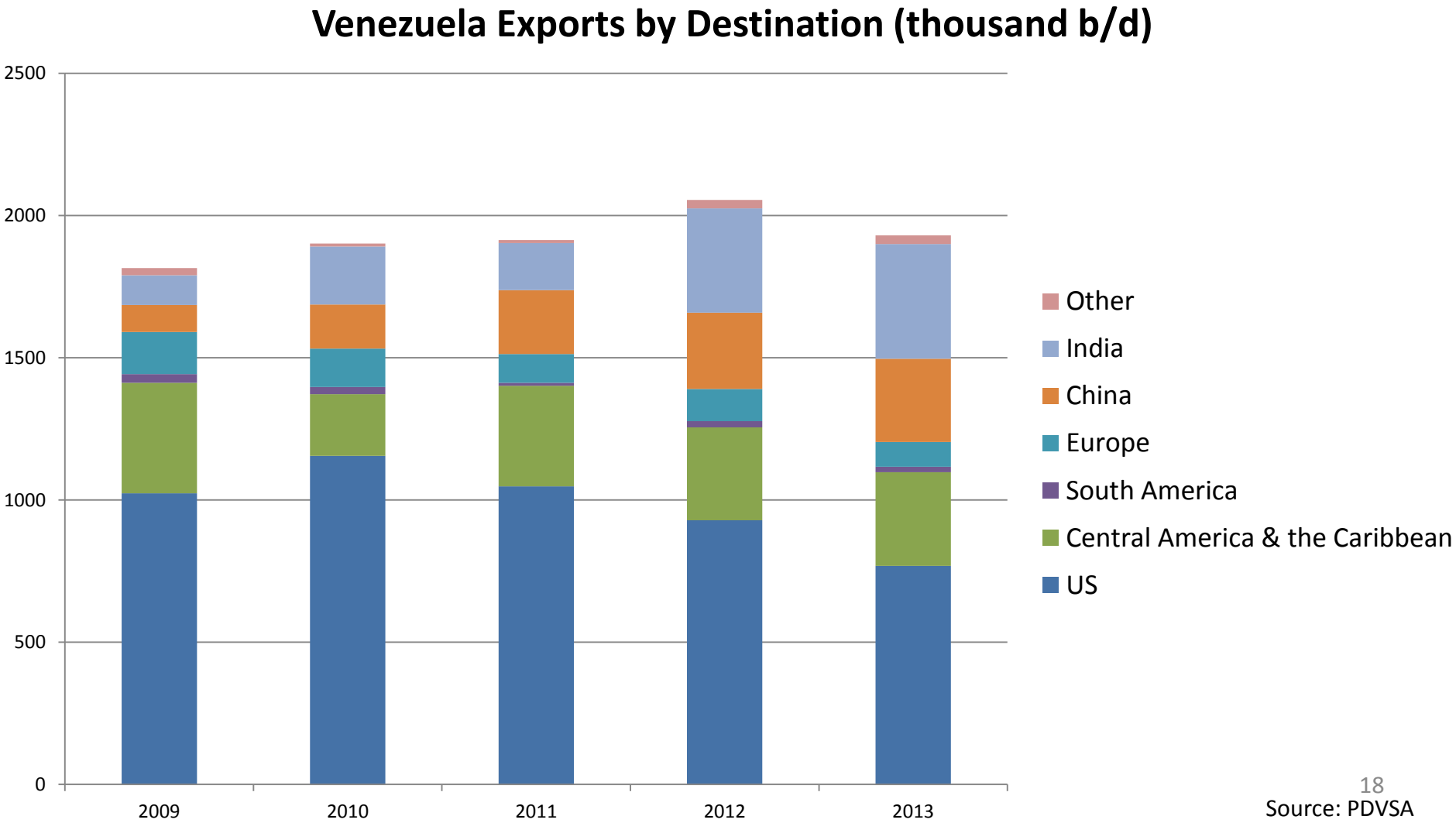
Source: PDVSA

Venezuela's total exports have not dropped as rapidly as the decline in exports to the US.



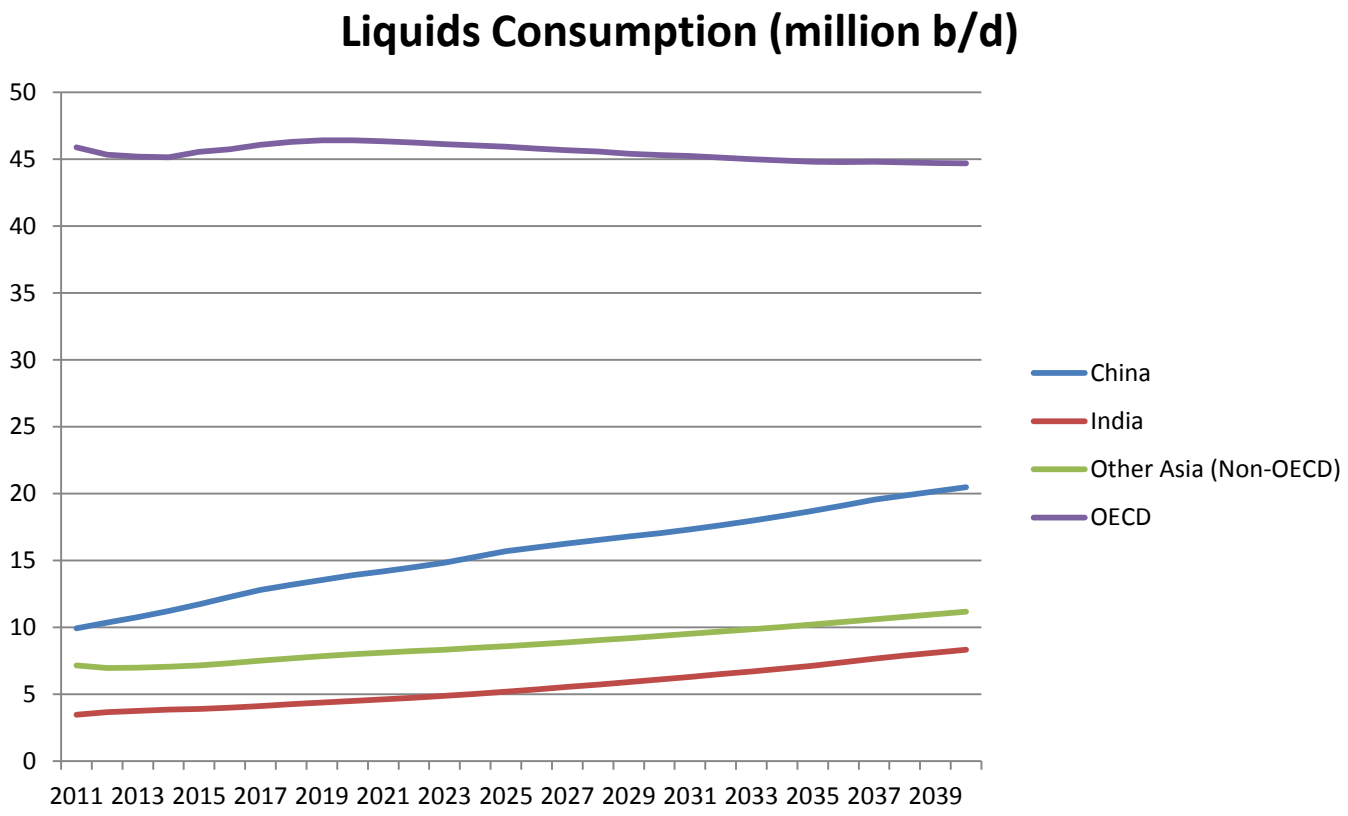
Source: PDVSA

Venezuela has expanded oil exports to new markets, particularly India and China.



Source: PDVSA

Globally, the rise in oil demand will be driven by China, India and other Asian countries.



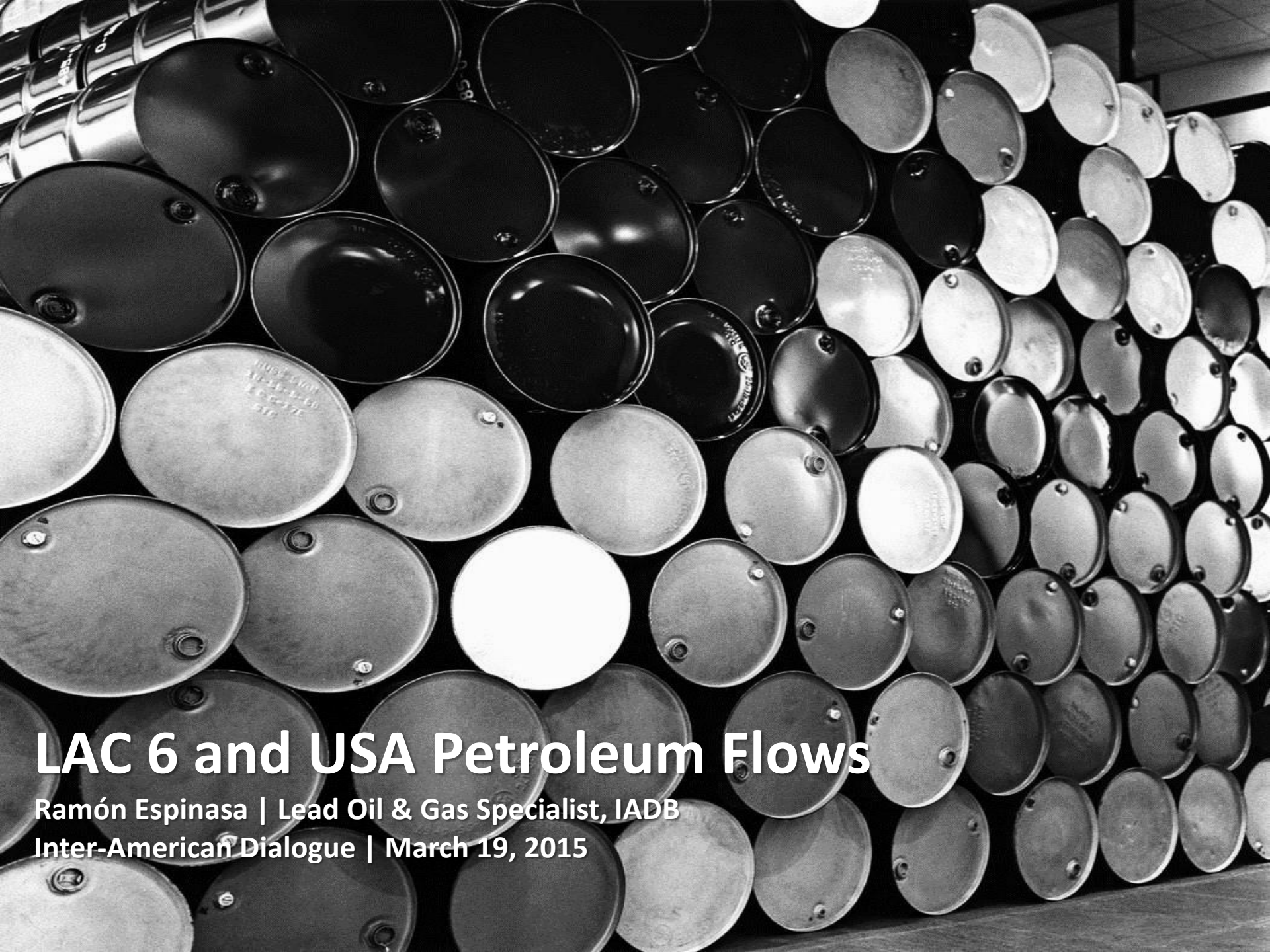
Source: EIA

Questions for Discussion

Crude Oil Market Trends
Will the trend toward declining Latin American exports to the US continue?
How does the recent oil price collapse impact crude oil flows in the Americas?
How would the construction of Keystone XL affect Mexican and Venezuelan oil exports to the US?

New Markets for Latin American Heavy Crude
Should Latin American countries do more to diversify crude exports?
Where are the new market opportunities for Latin American crude producers?
What can Latin American countries do to tap new markets?

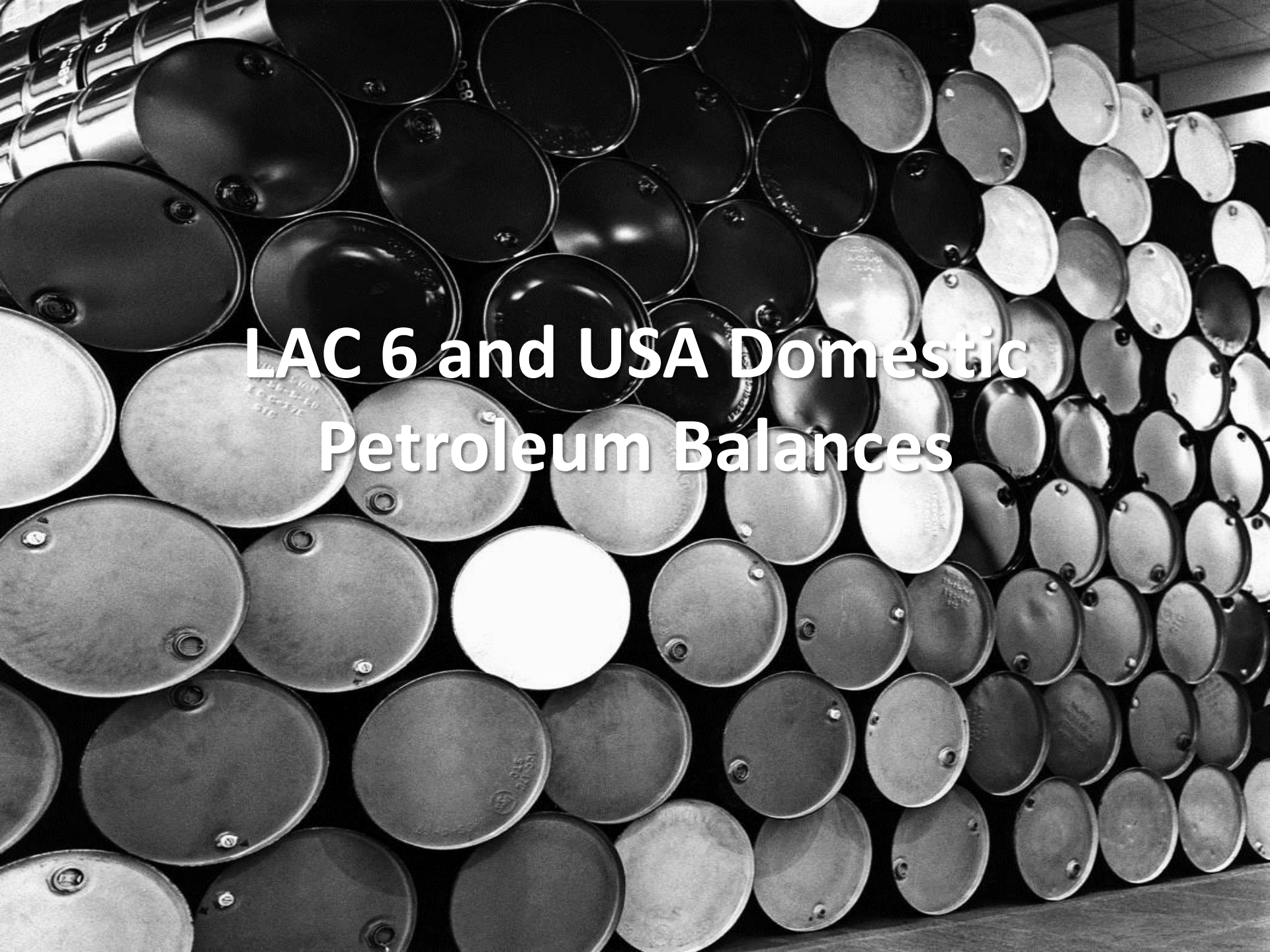
Geopolitical Implications
What are the geopolitical implications of reduced US crude imports from Mexico and Venezuela?
How will this impact bilateral relations with the US, China and other countries?



LAC 6 and USA Petroleum Flows

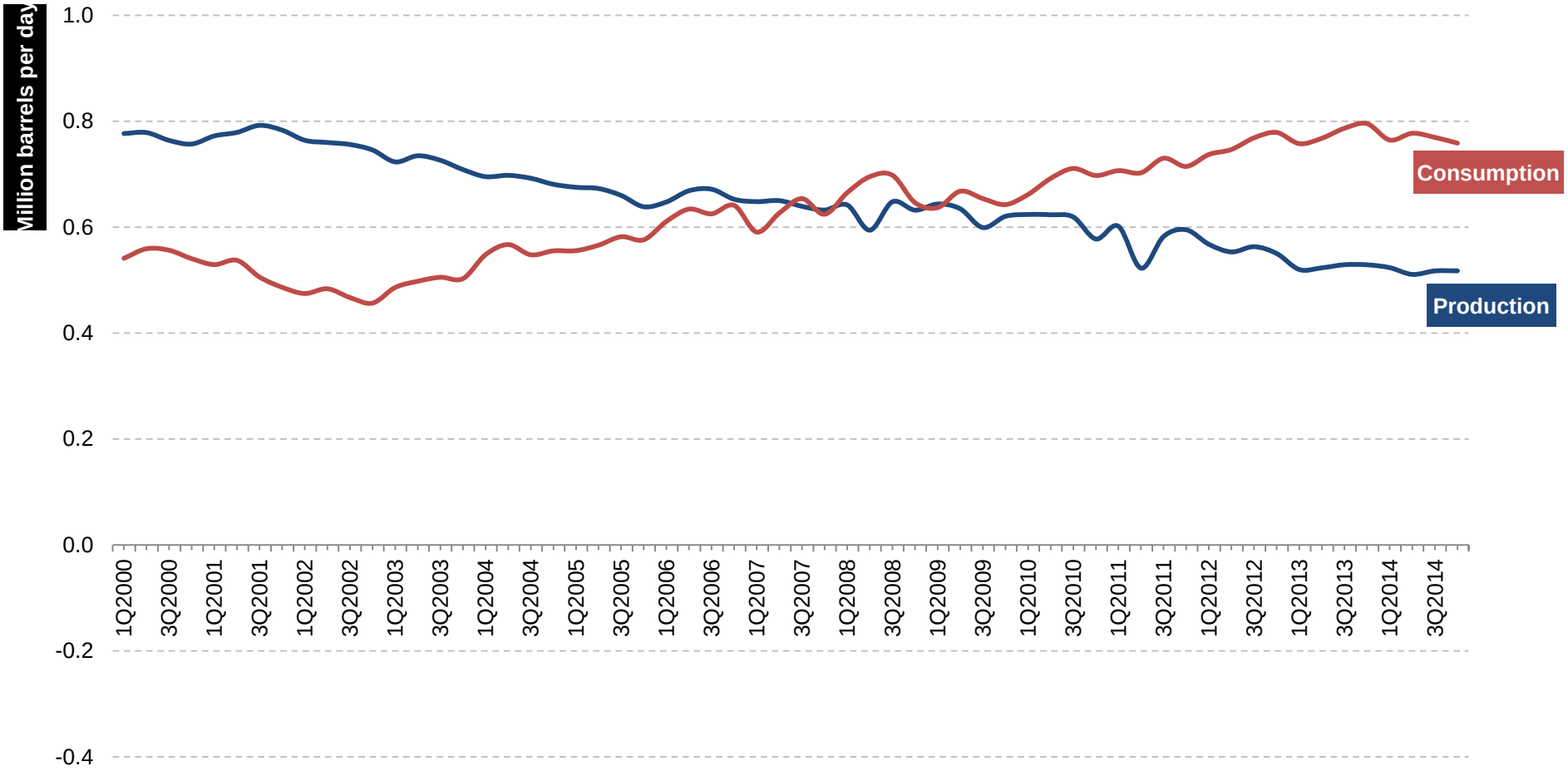
Ramón Espinasa | Lead Oil & Gas Specialist, IADB

Inter-American Dialogue | March 19, 2015



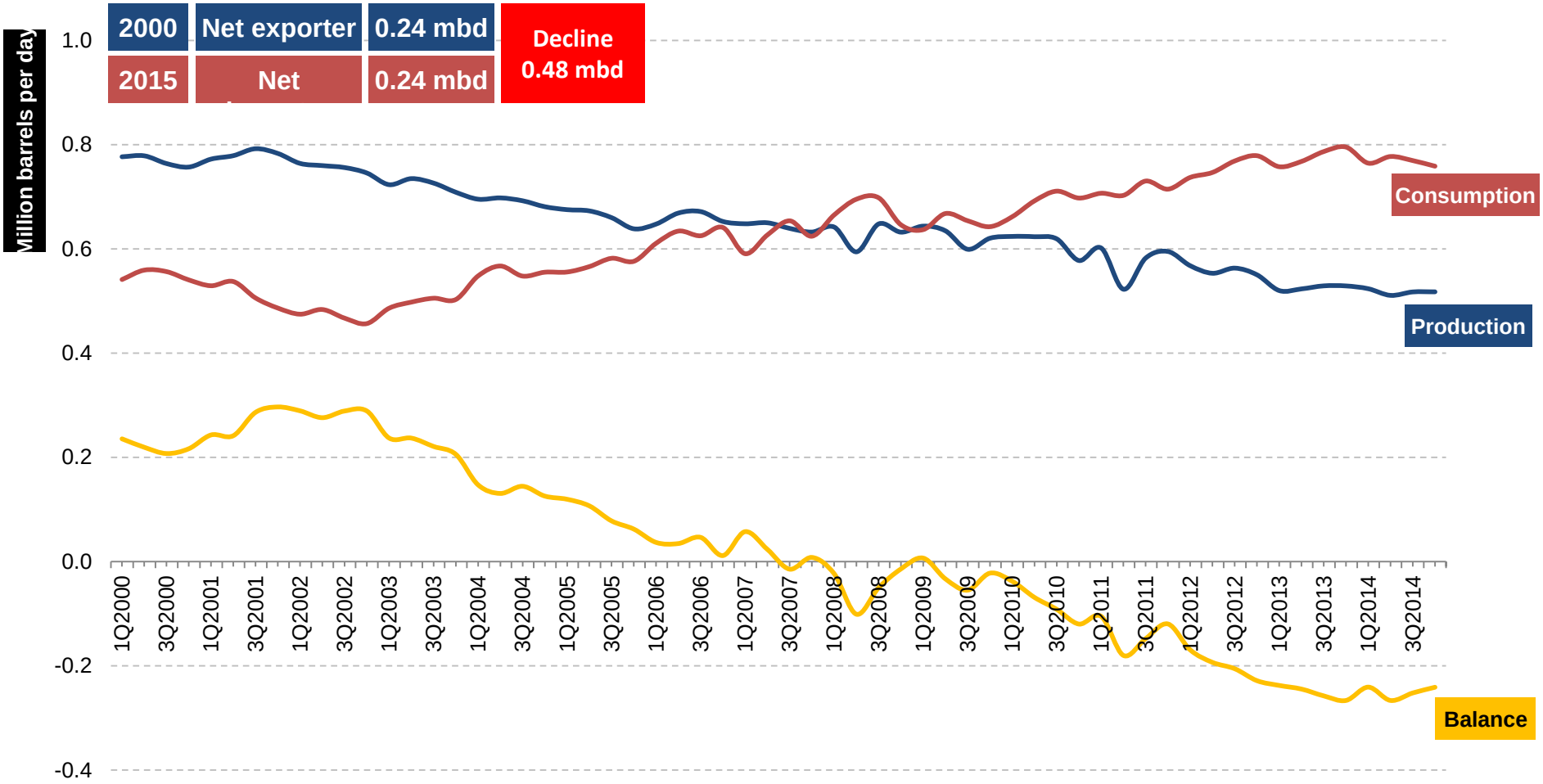
LAC 6 and USA Domestic Petroleum Balances

Domestic Market: Argentina



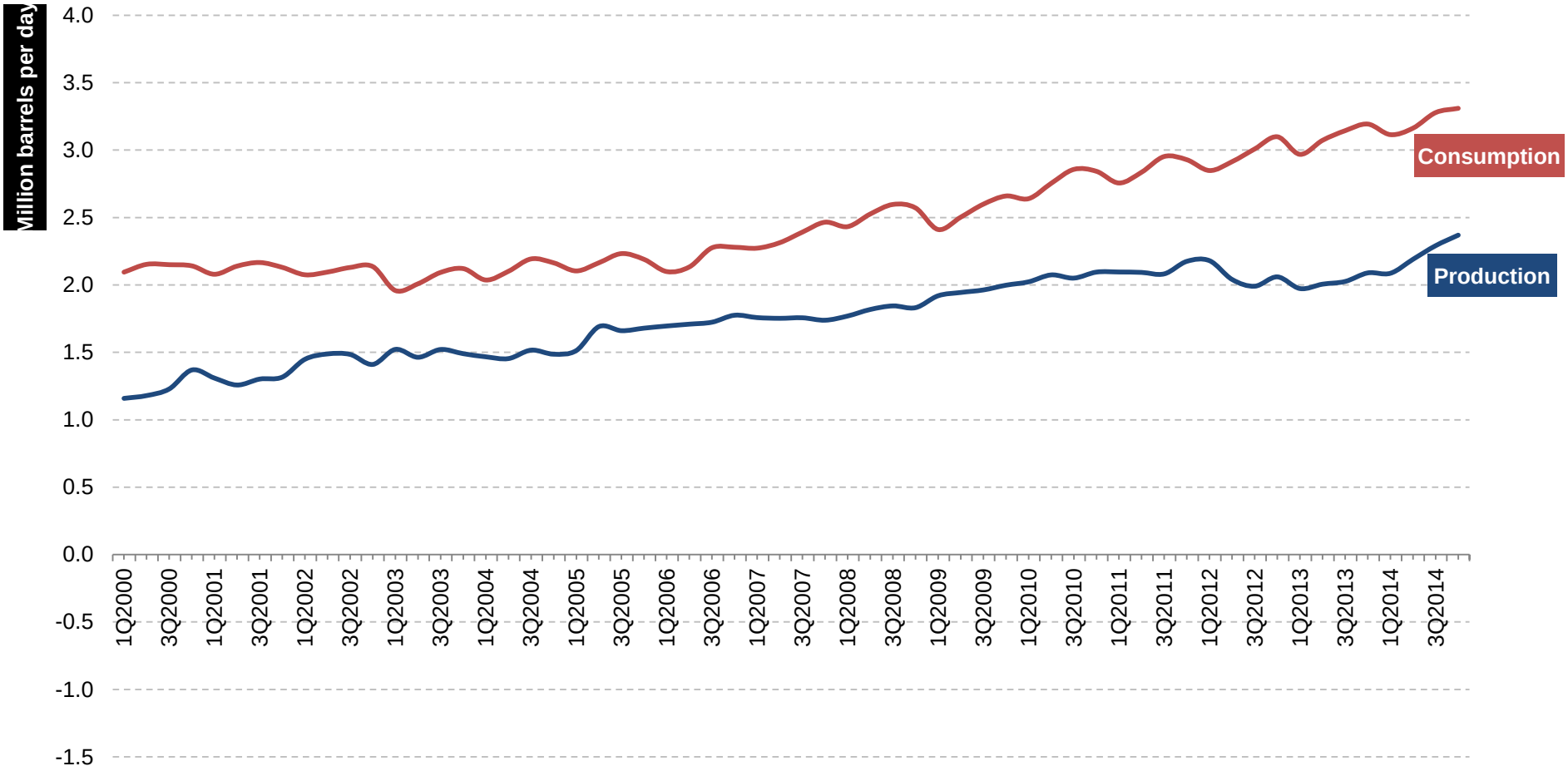
Source: International Energy Agency

Domestic Market: Argentina



Source: International Energy Agency

Domestic Market: Brazil



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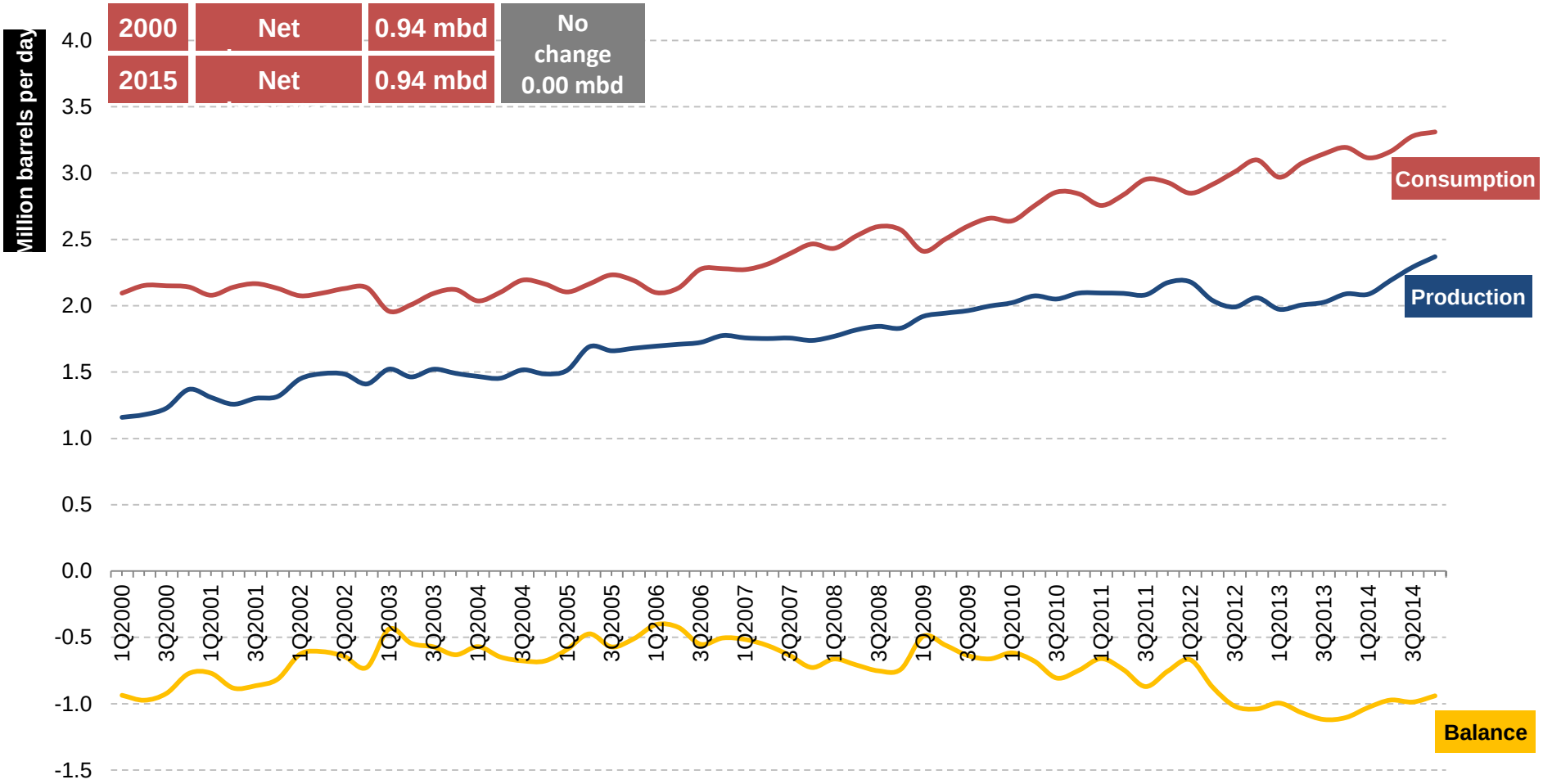
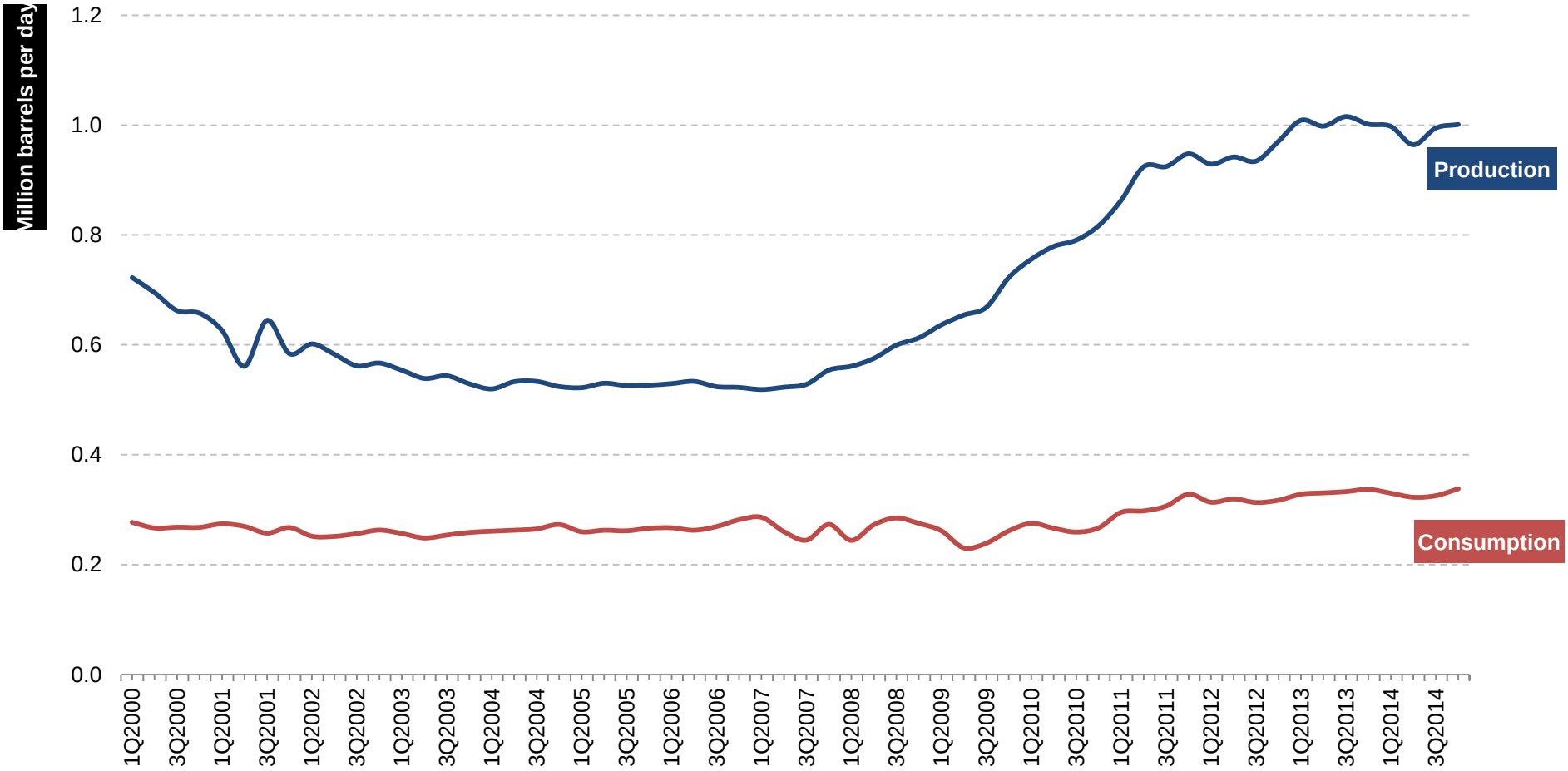
Domestic Market: Brazil



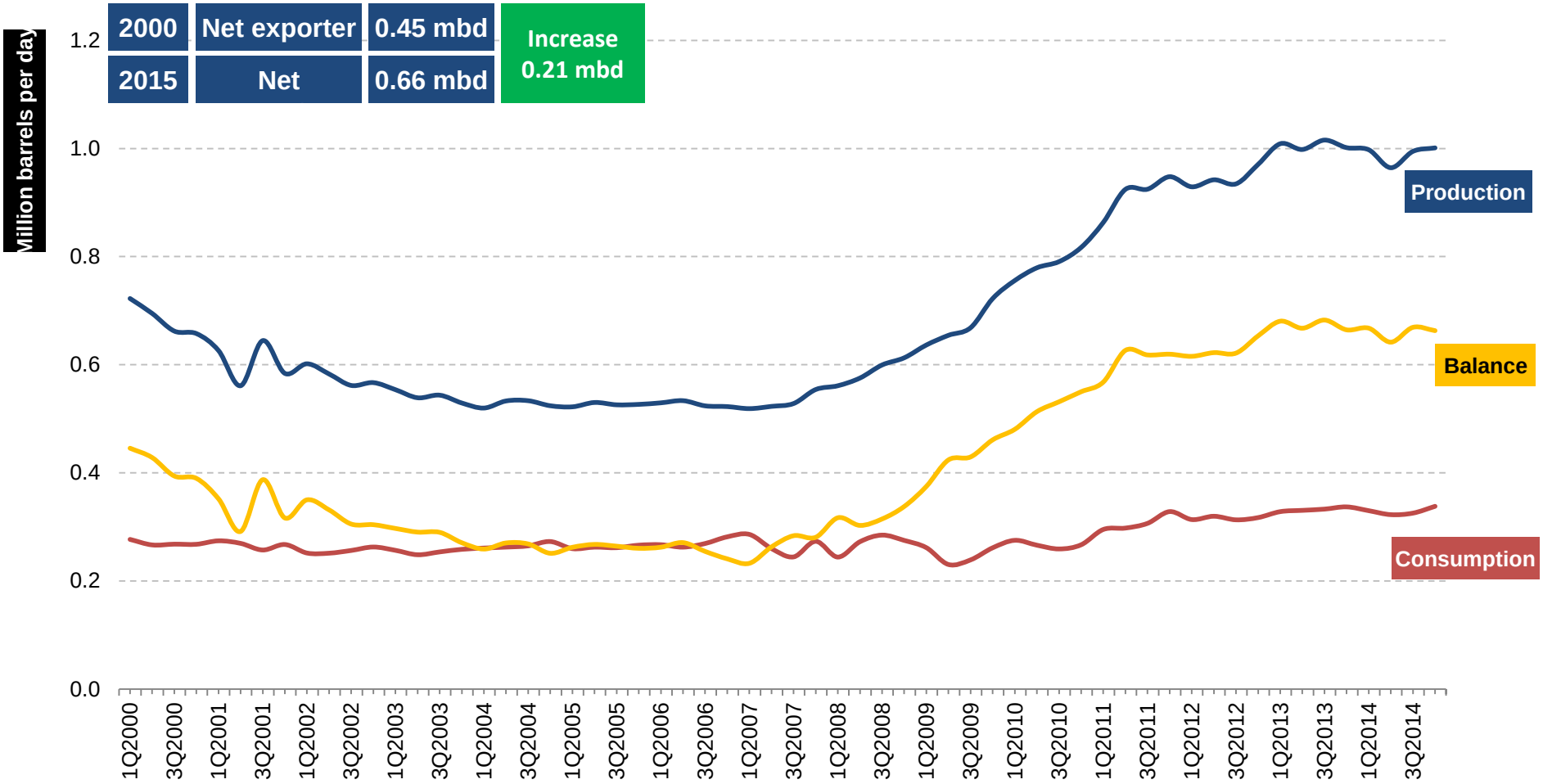
Source: International Energy Agency

Domestic Market: Colombia



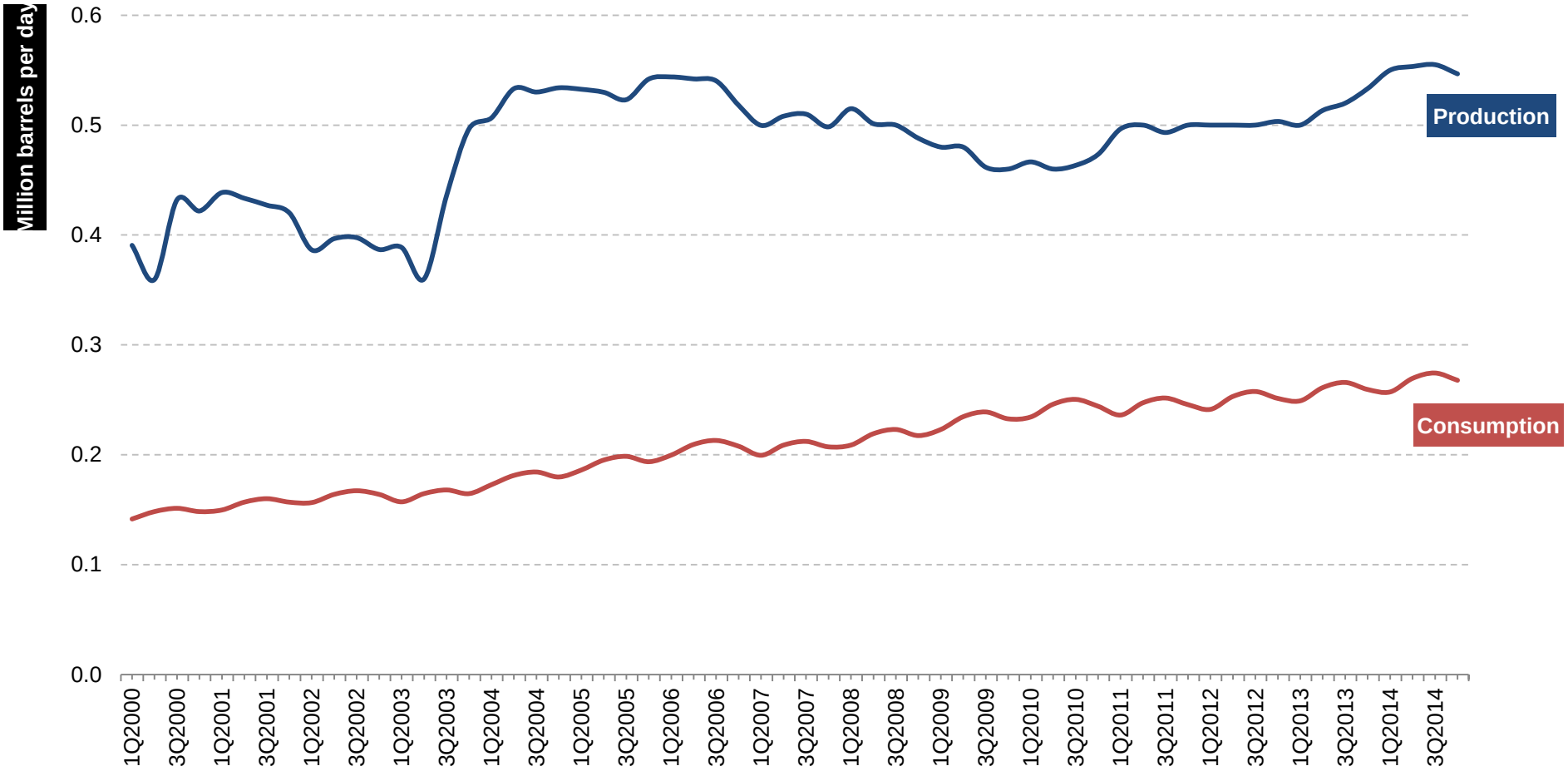
Source: International Energy Agency

Domestic Market: Colombia



Source: International Energy Agency

Domestic Market: Ecuador



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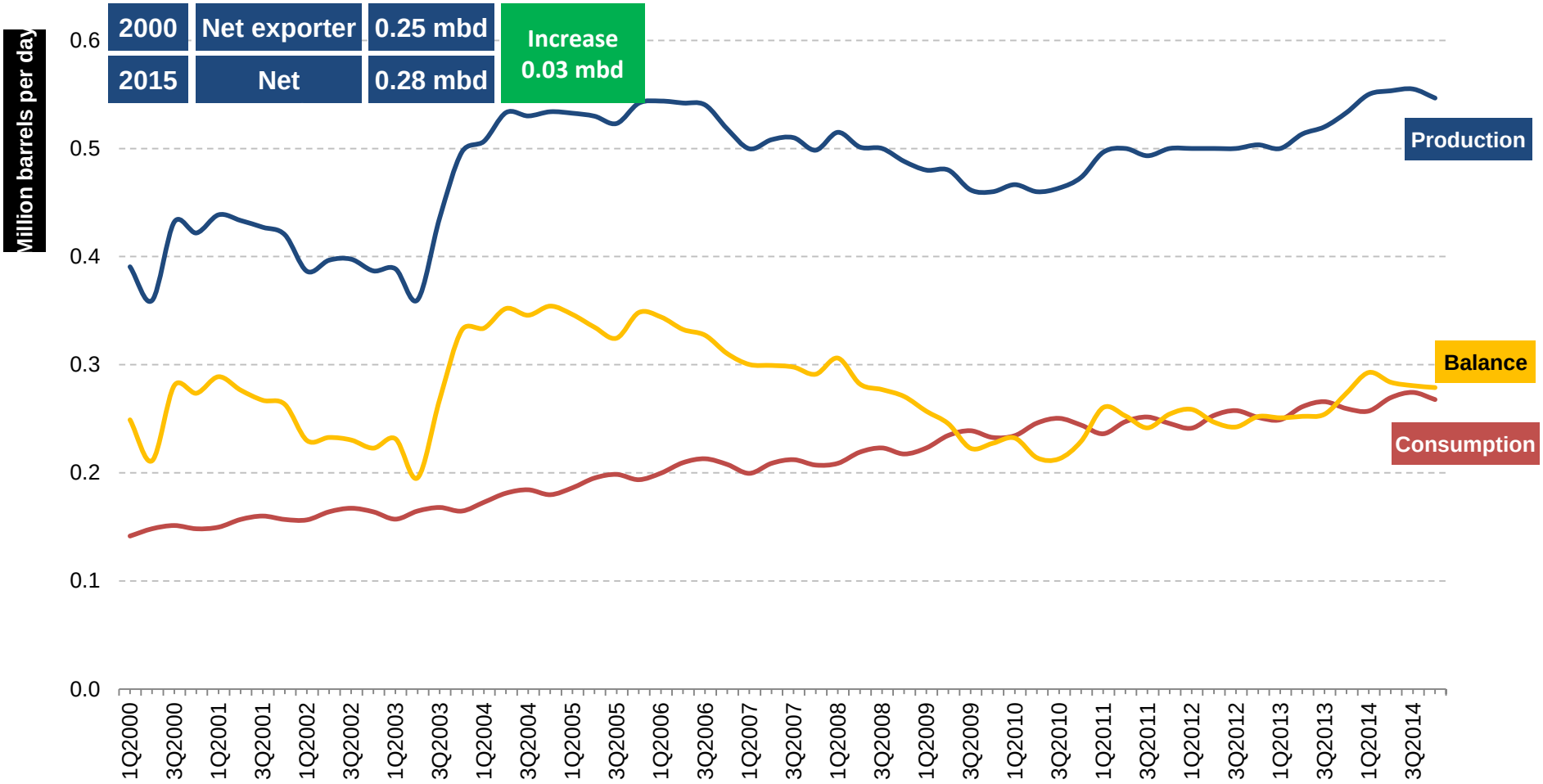
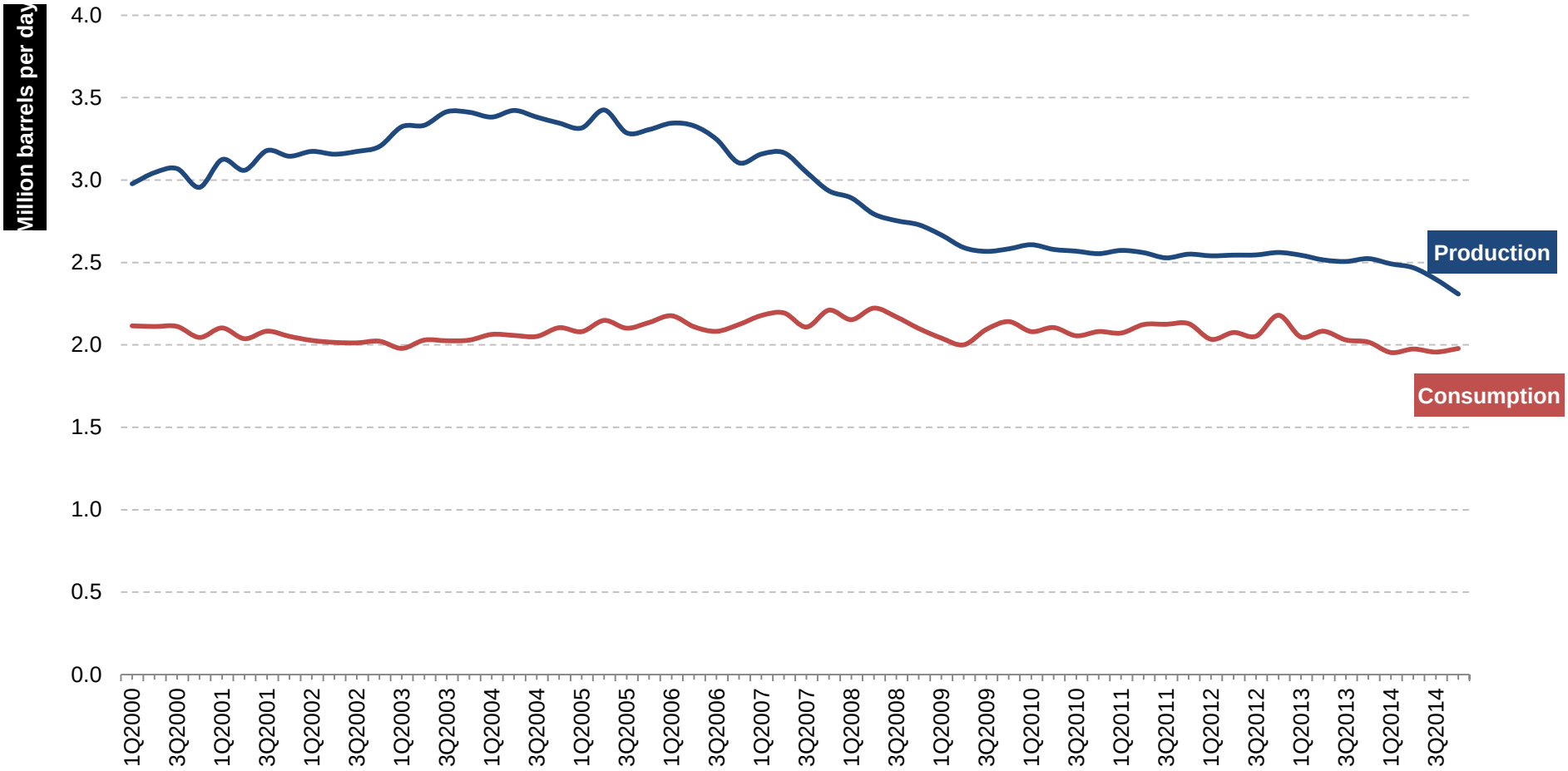
Domestic Market: Ecuador



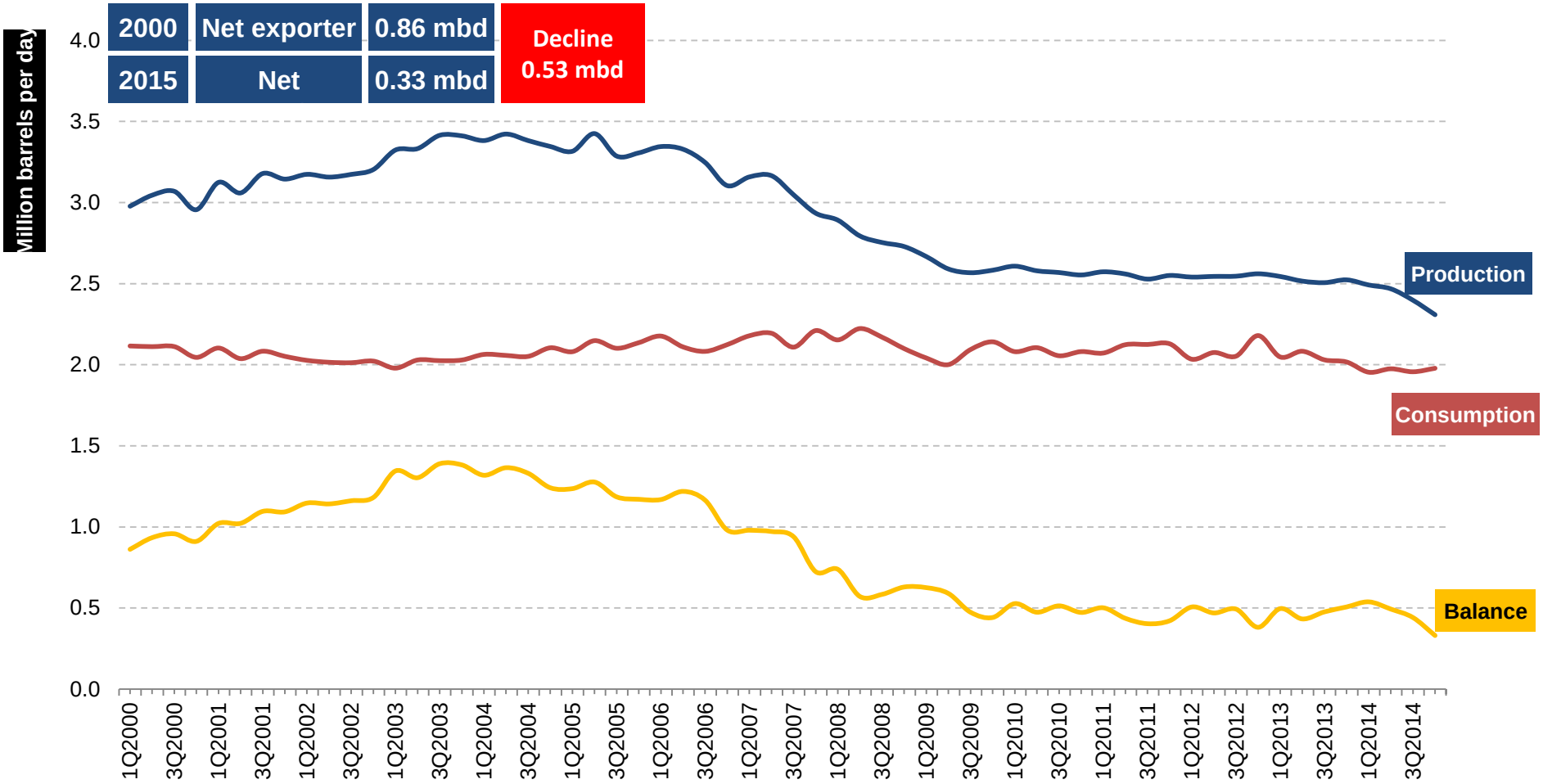
Source: International Energy Agency

Domestic Market: Mexico



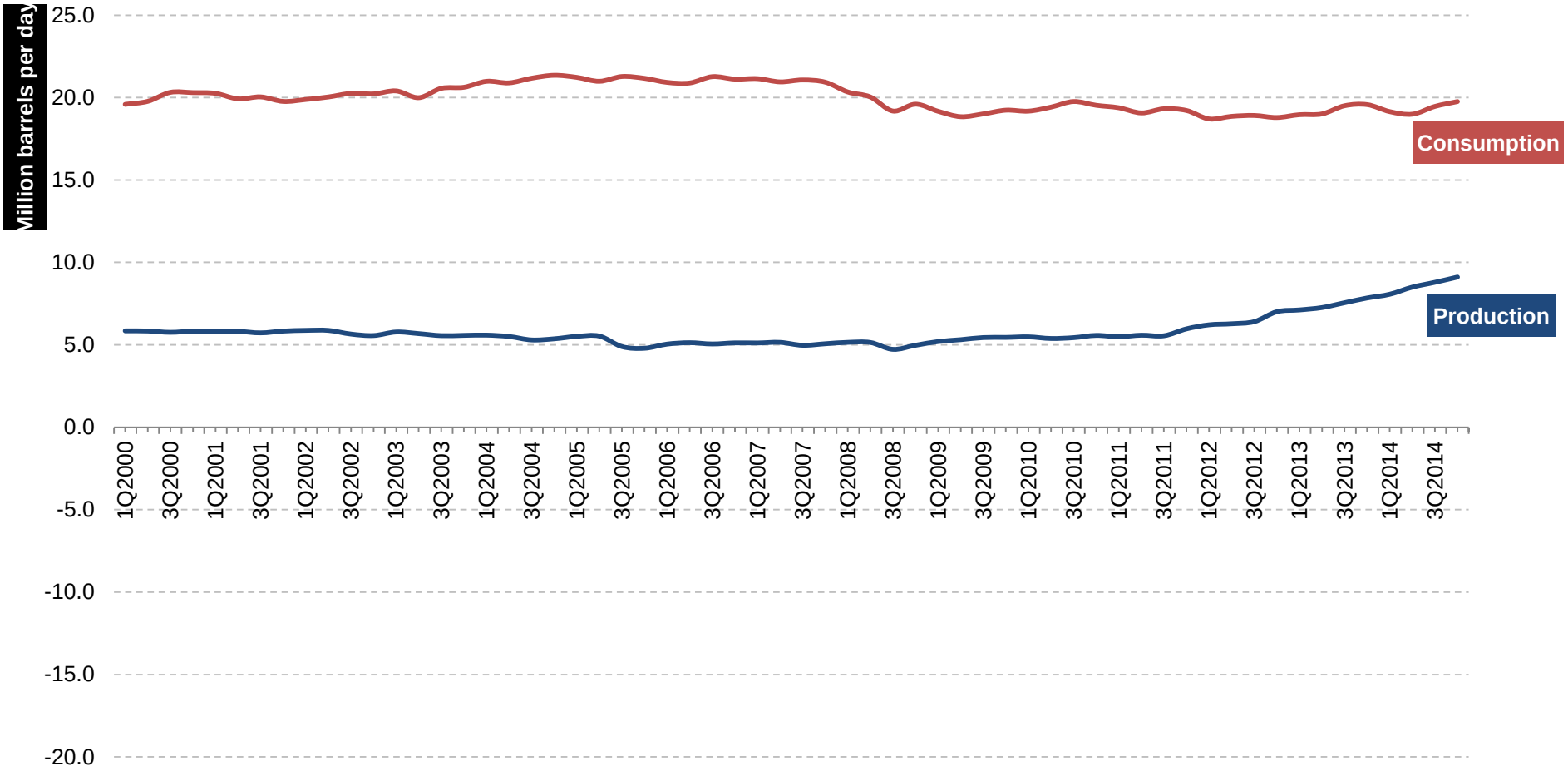
Source: International Energy Agency

Domestic Market: Mexico



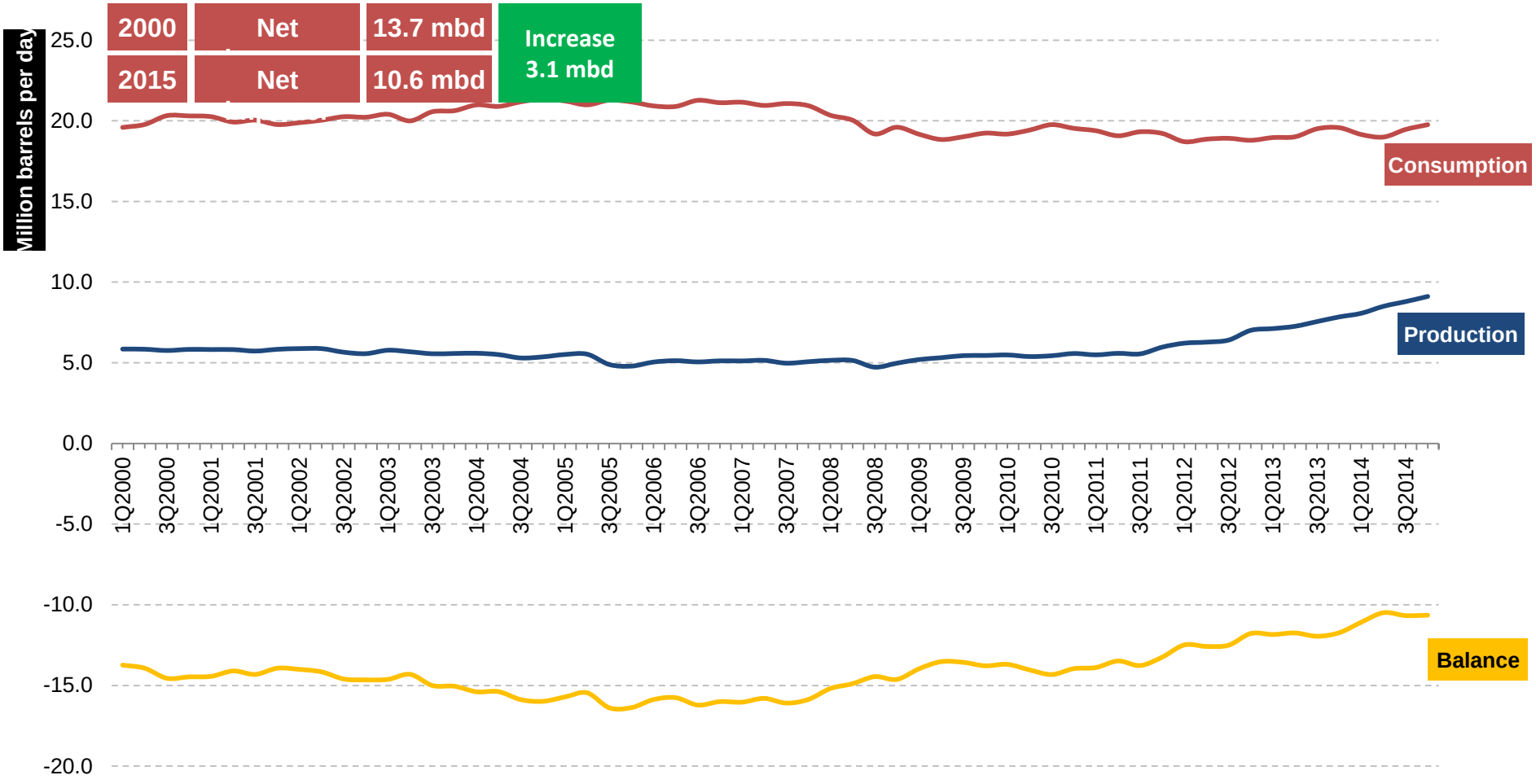
Source: International Energy Agency

Domestic Market: USA



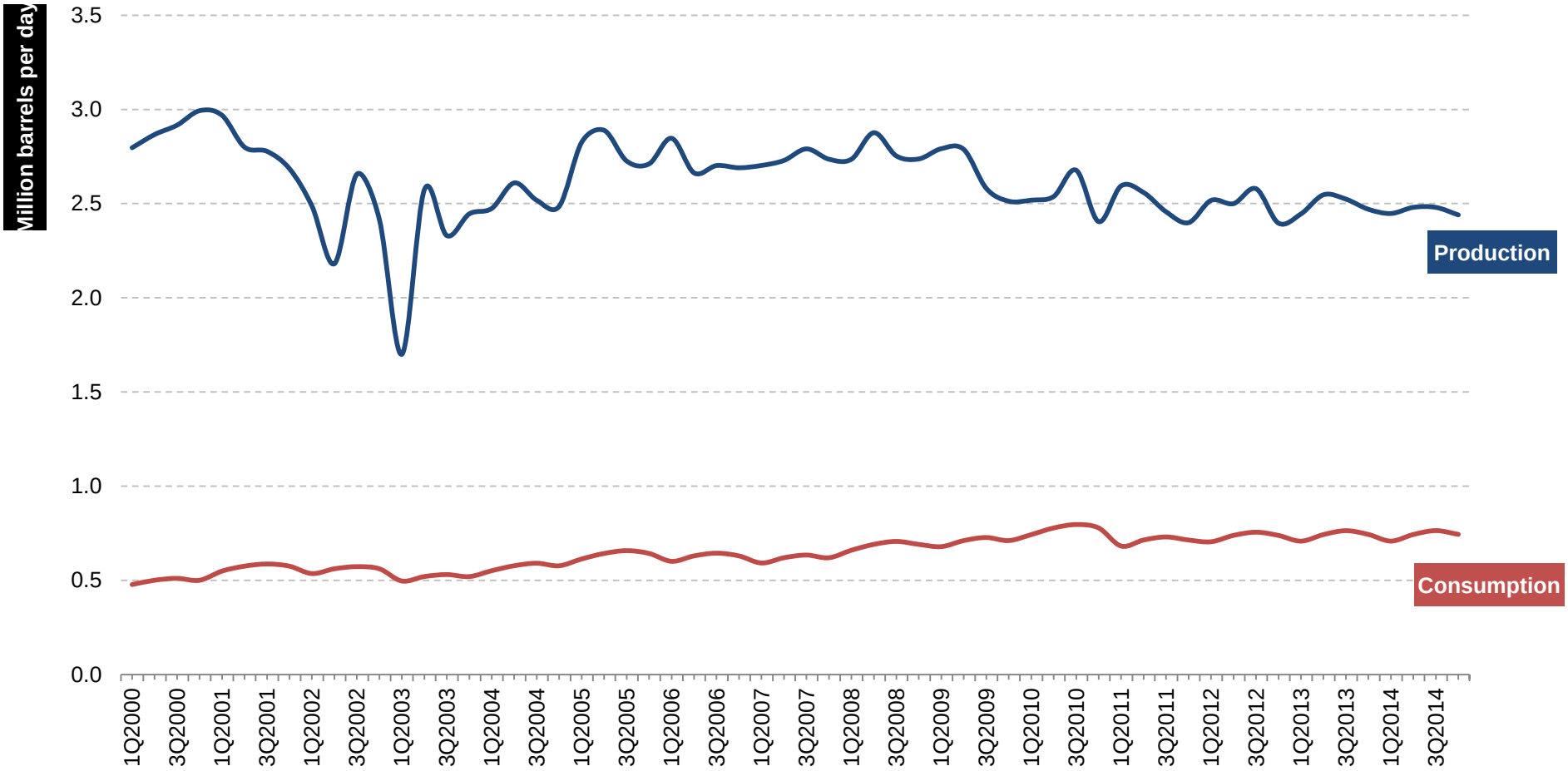
Source: International Energy Agency

Domestic Market: USA



Source: International Energy Agency

Domestic Market: Venezuela



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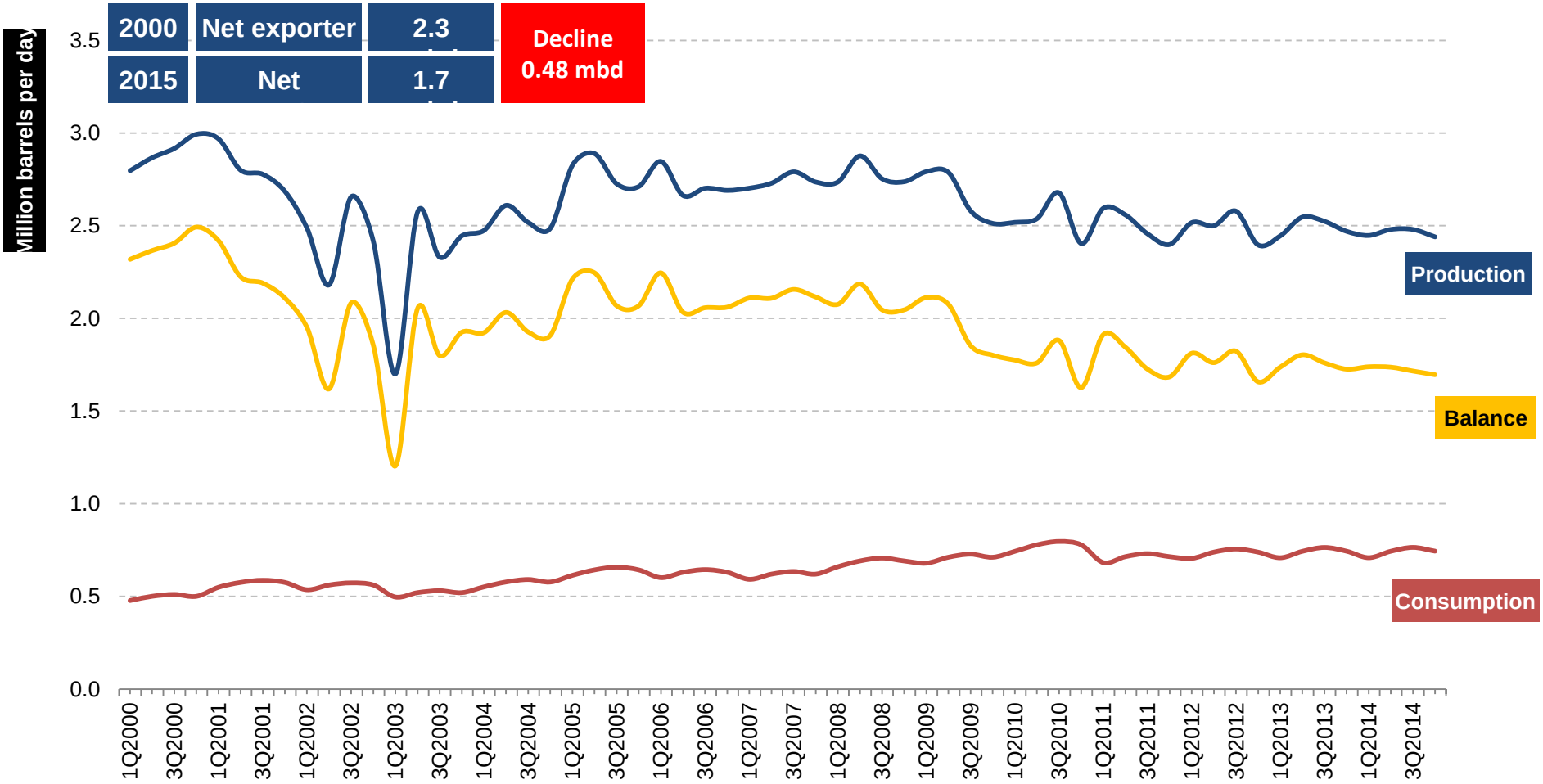
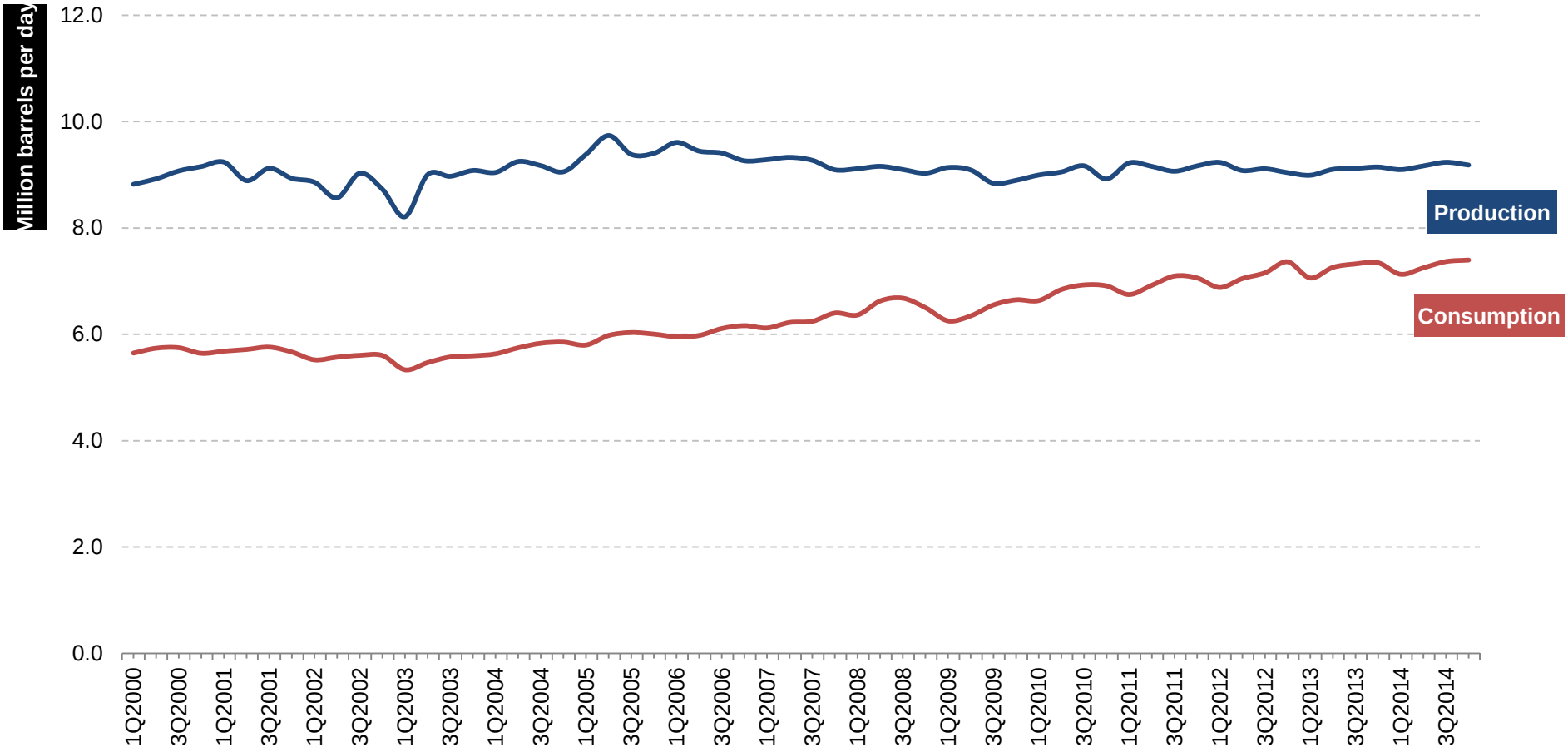
Domestic Market: Venezuela



Source: International Energy Agency

Domestic Market: LAC-6



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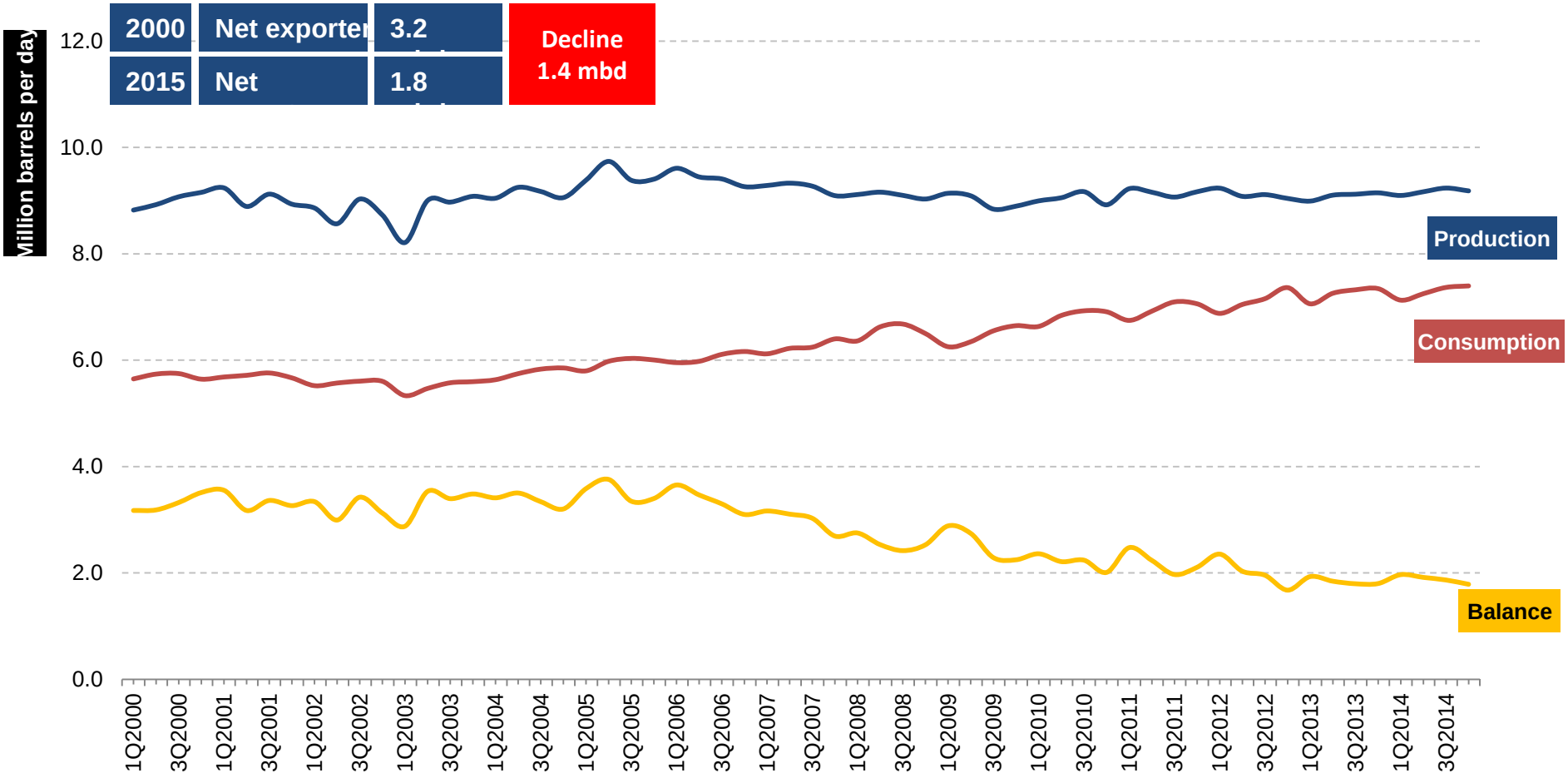
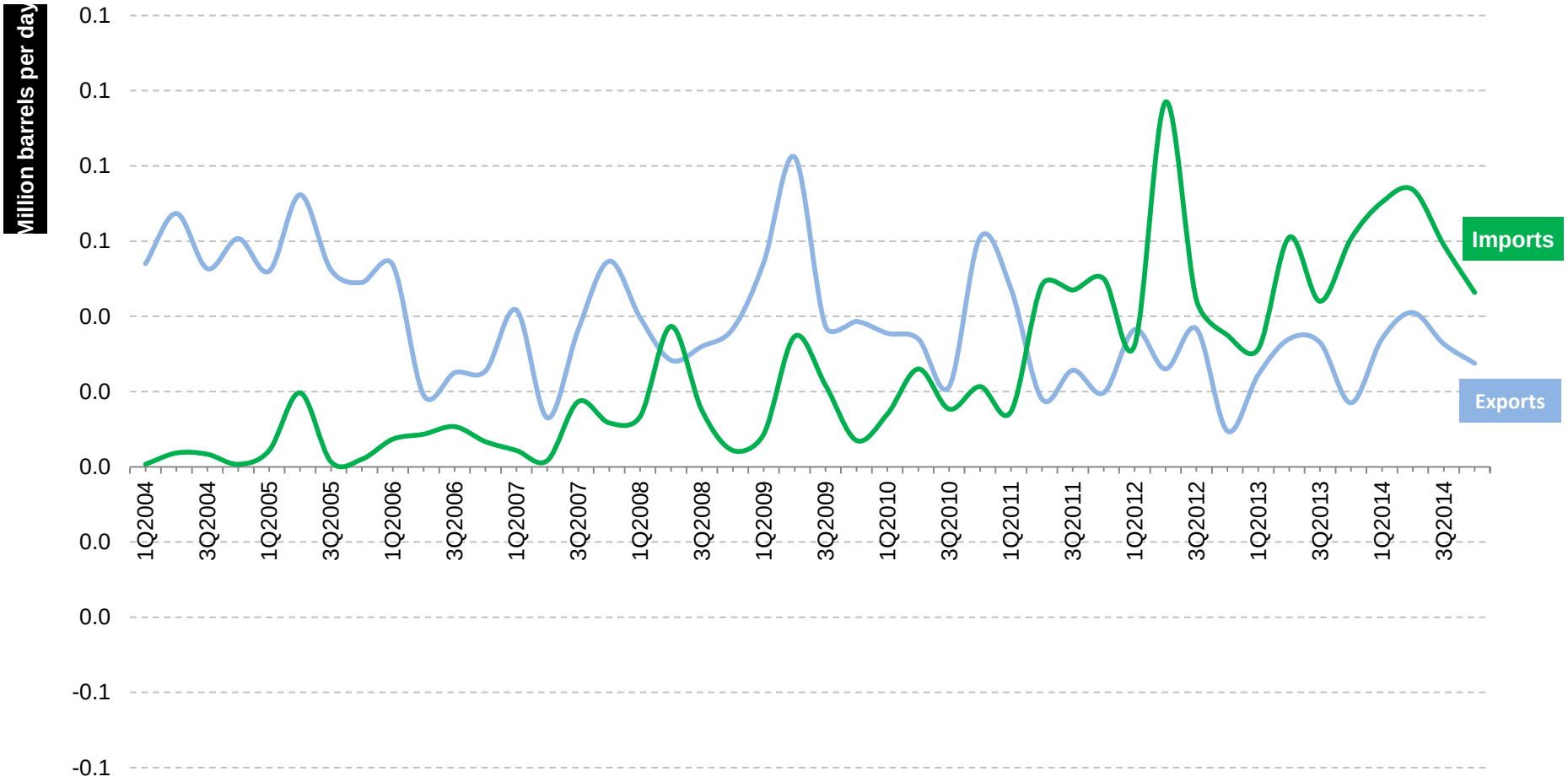
Domestic Market: LAC-6



Source: International Energy Agency

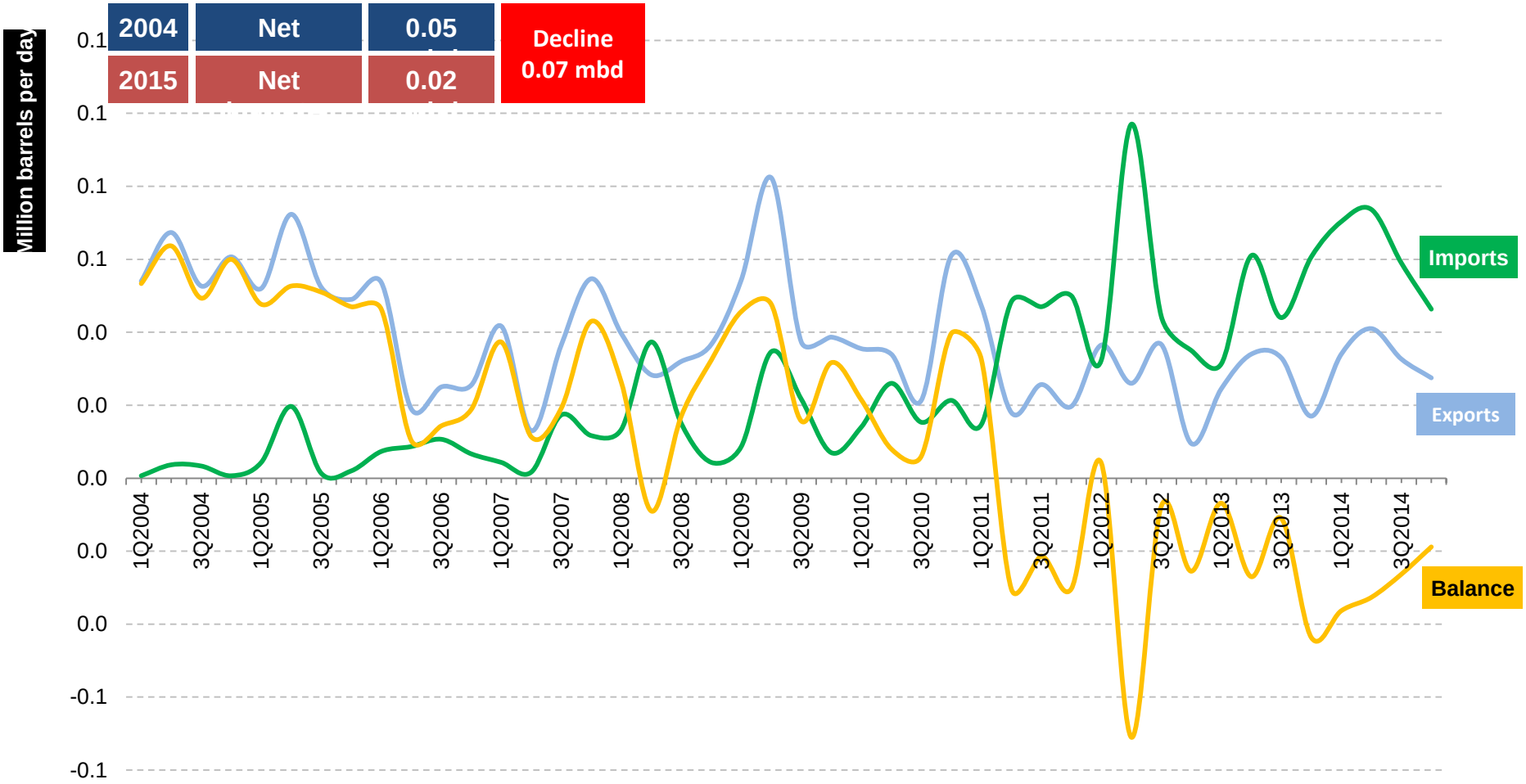
Bilateral LAC 6 and USA Petroleum Trade

Oil Trade: Argentina & USA



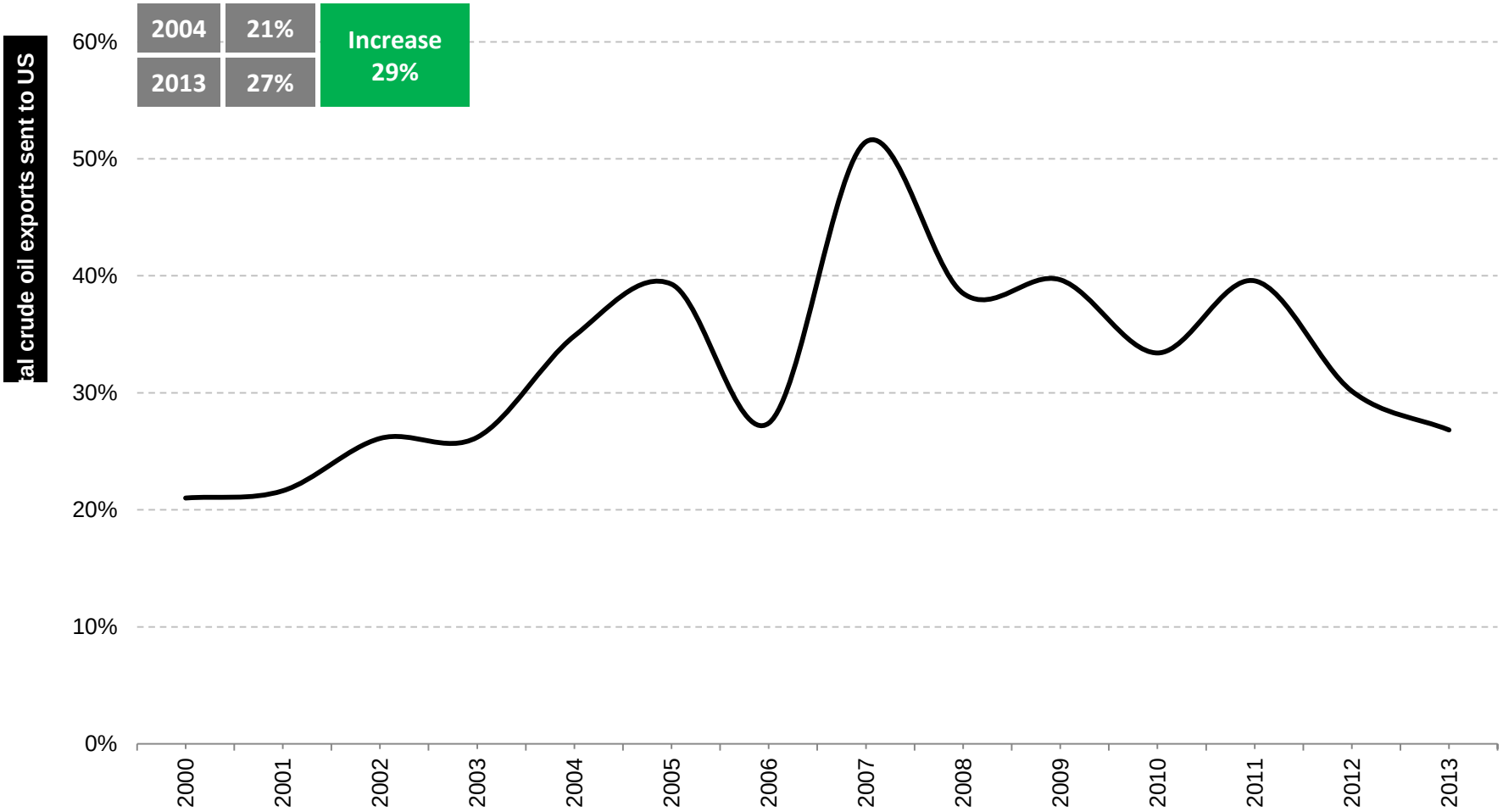
Source: Energy Information Administration

Oil Trade: Argentina & USA



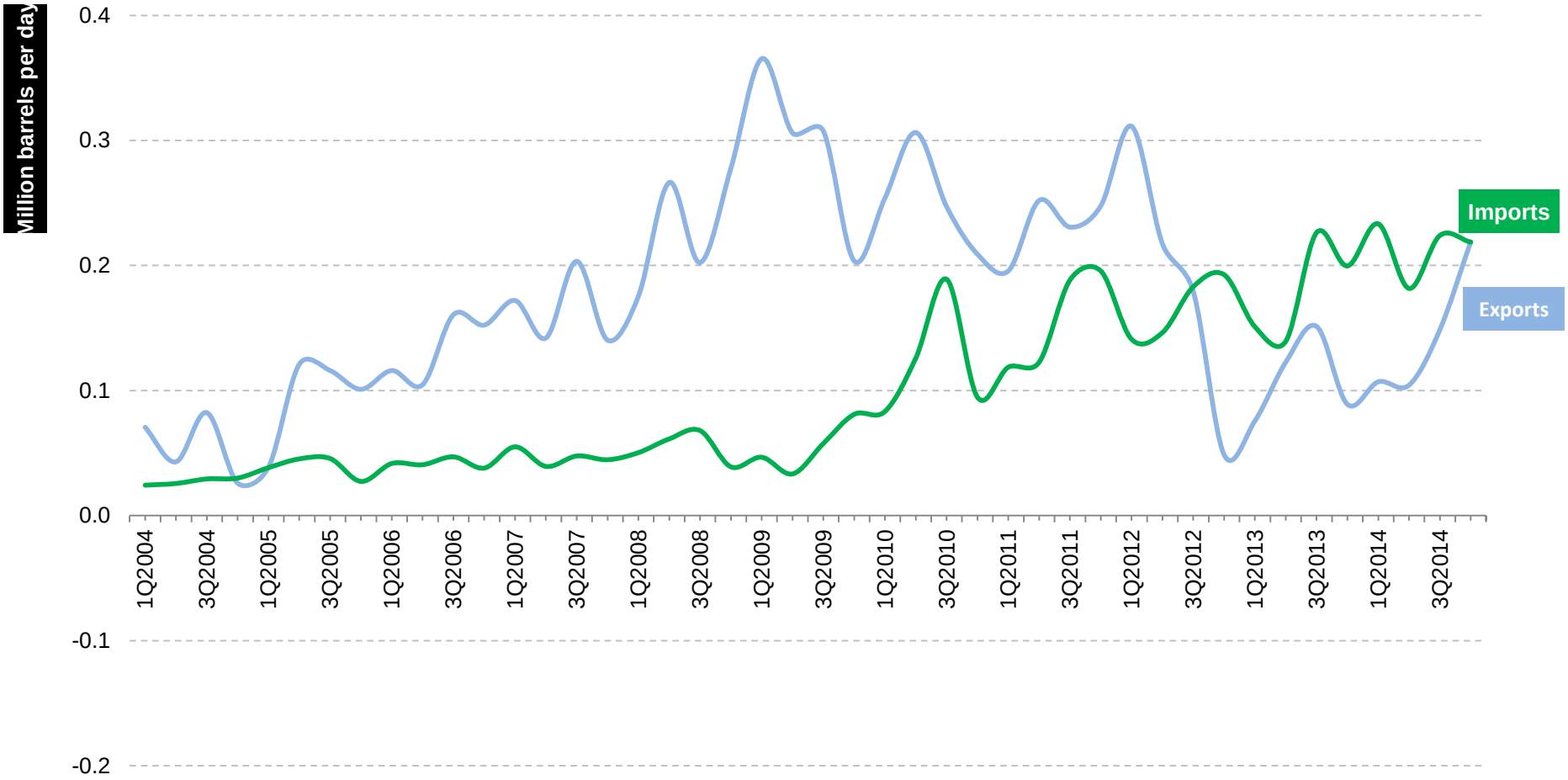
Source: Energy Information Administration

Oil Trade: Argentina & USA



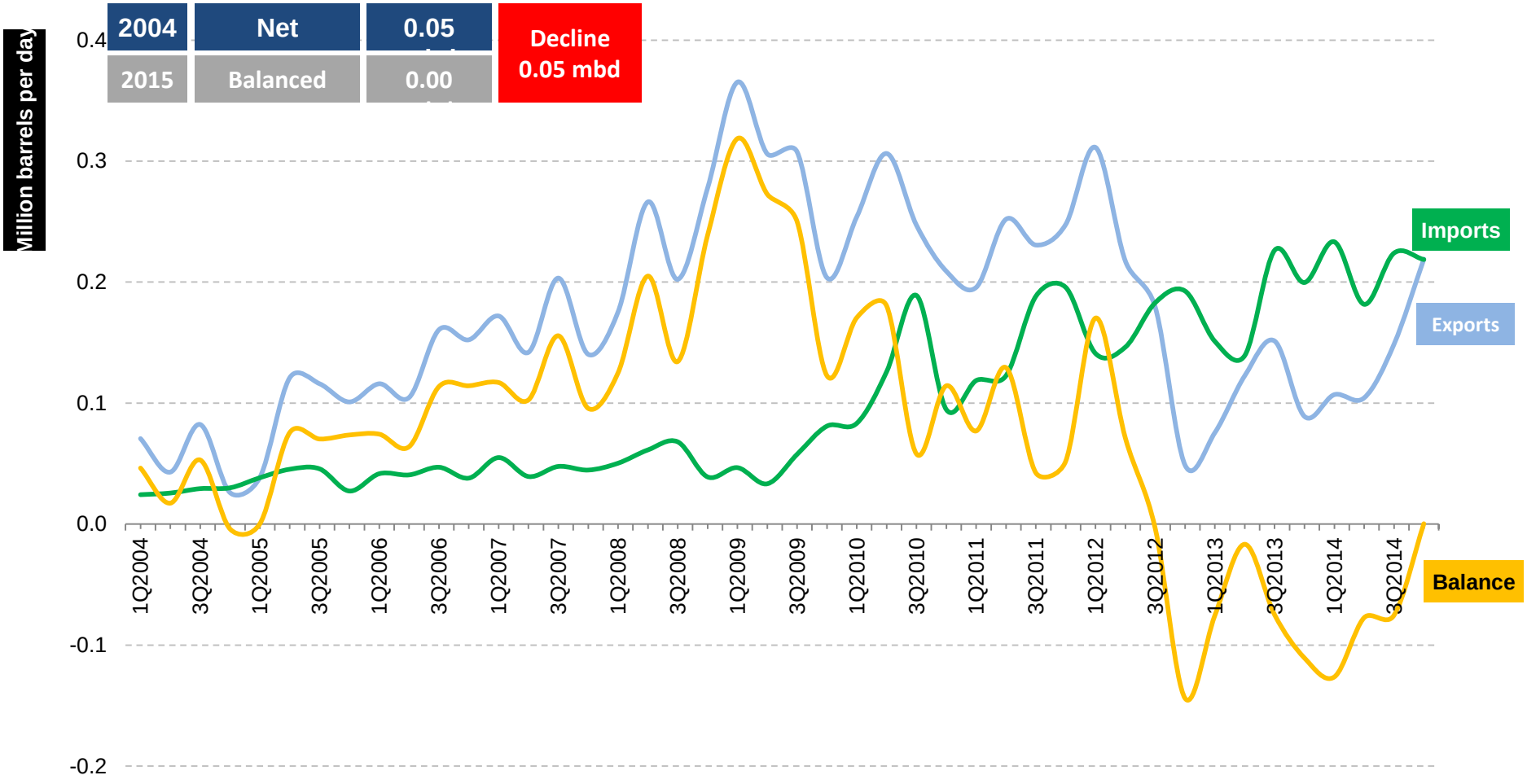
Source: UN Comtrade

Oil Trade: Brazil & USA



Source: Energy Information Administration

Oil Trade: Brazil & USA



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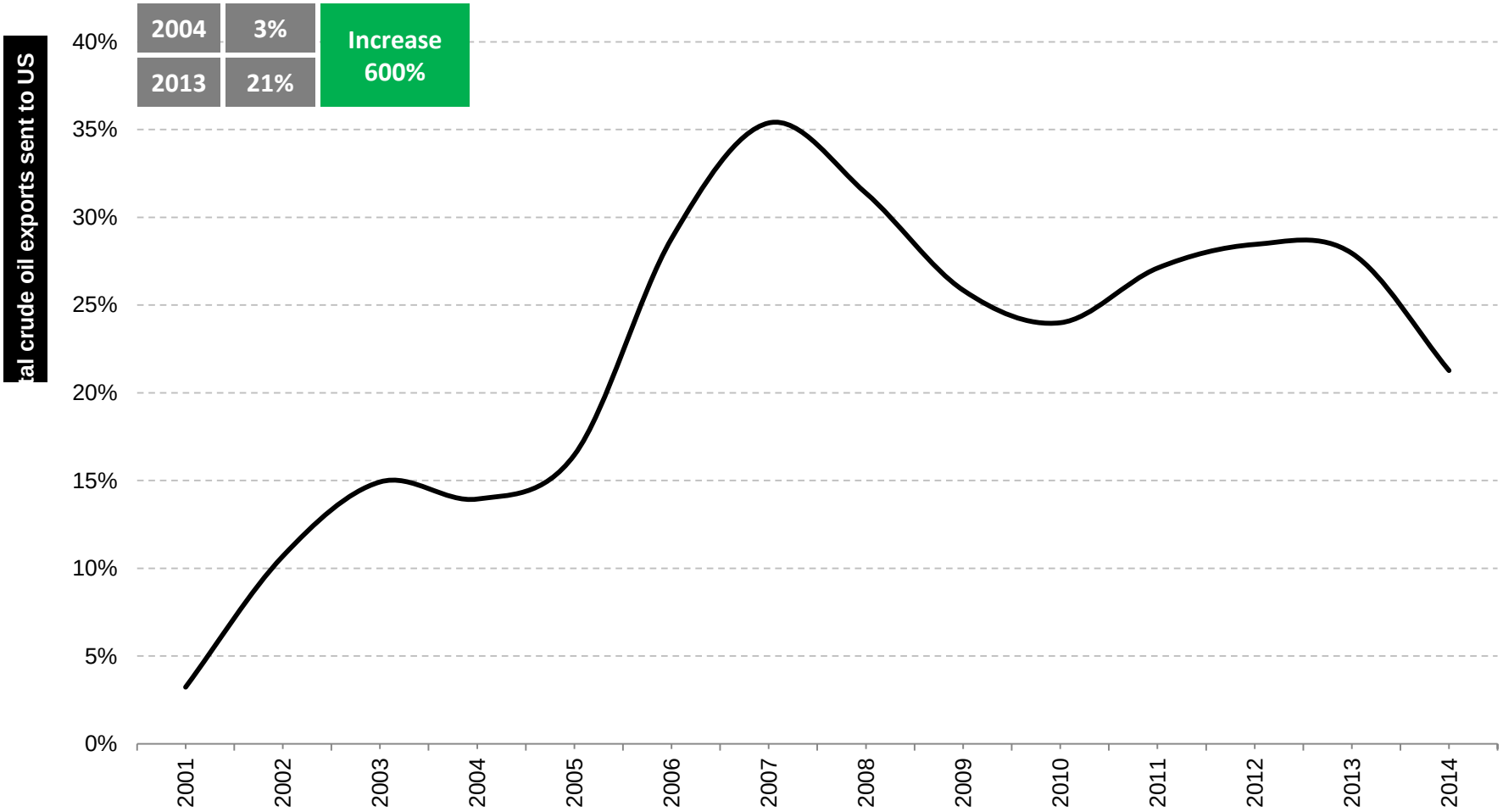
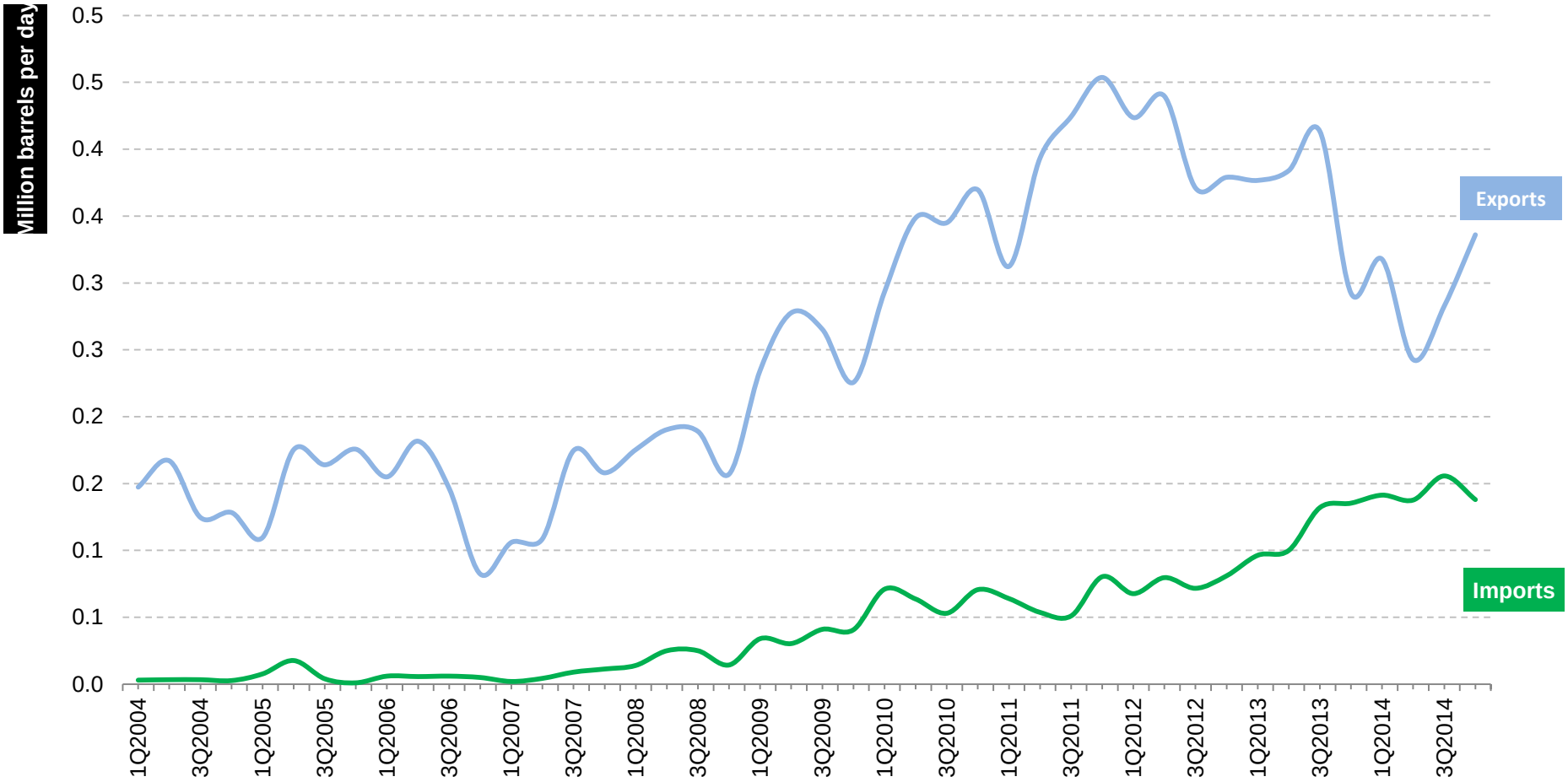
Oil Trade: Brazil & USA



Source: UN Comtrade

Oil Trade: Colombia & USA



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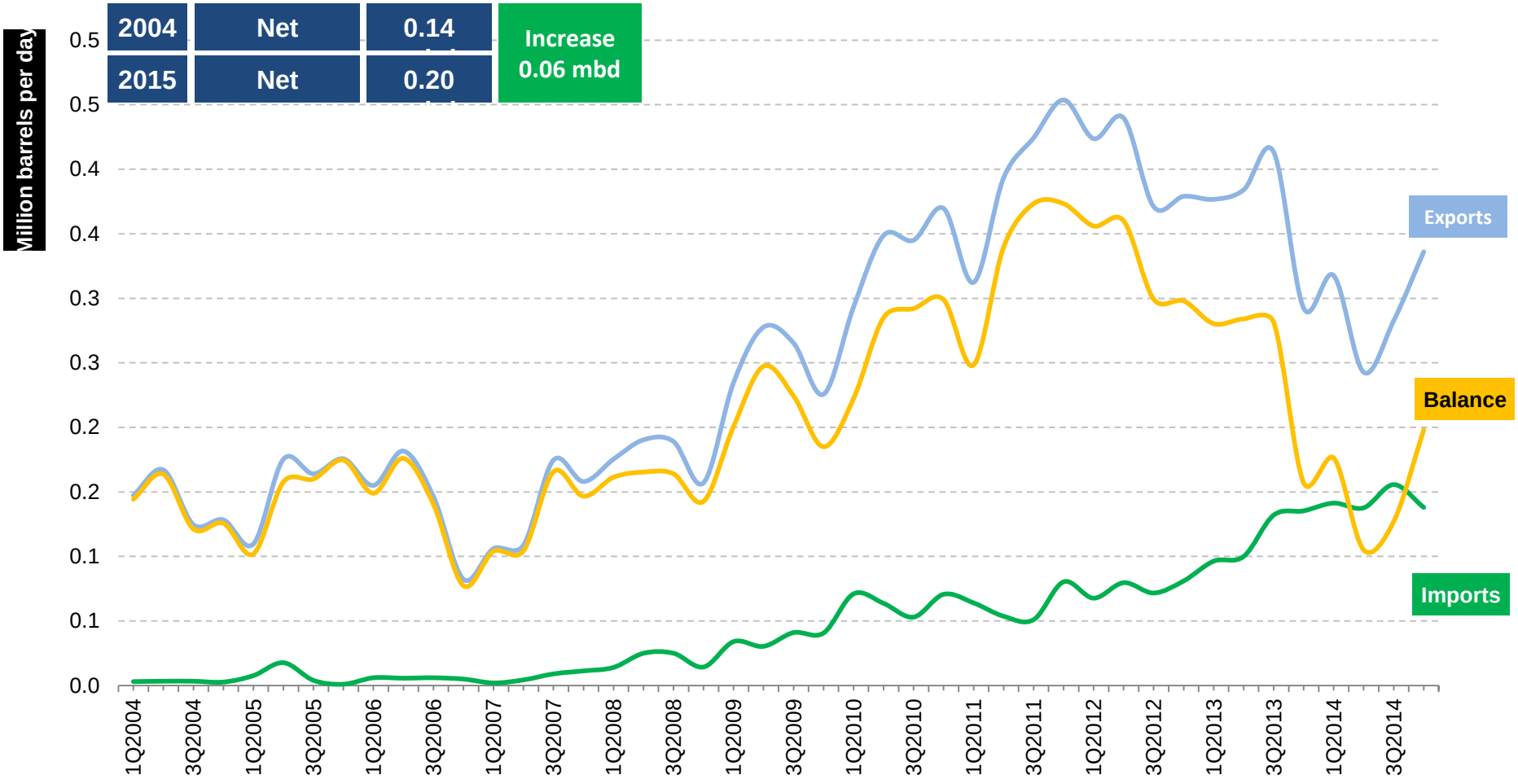
Oil Trade: Colombia & USA



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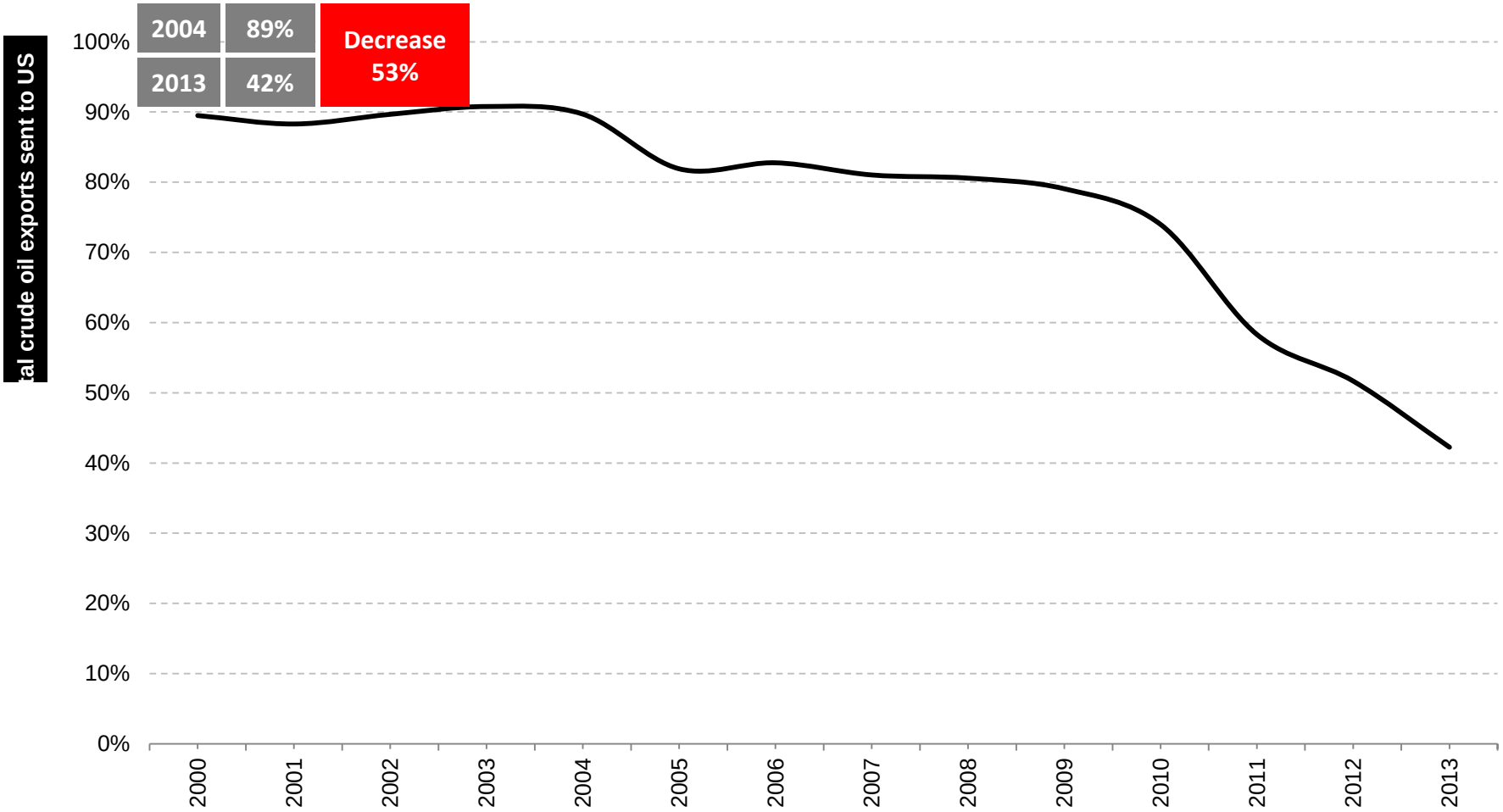
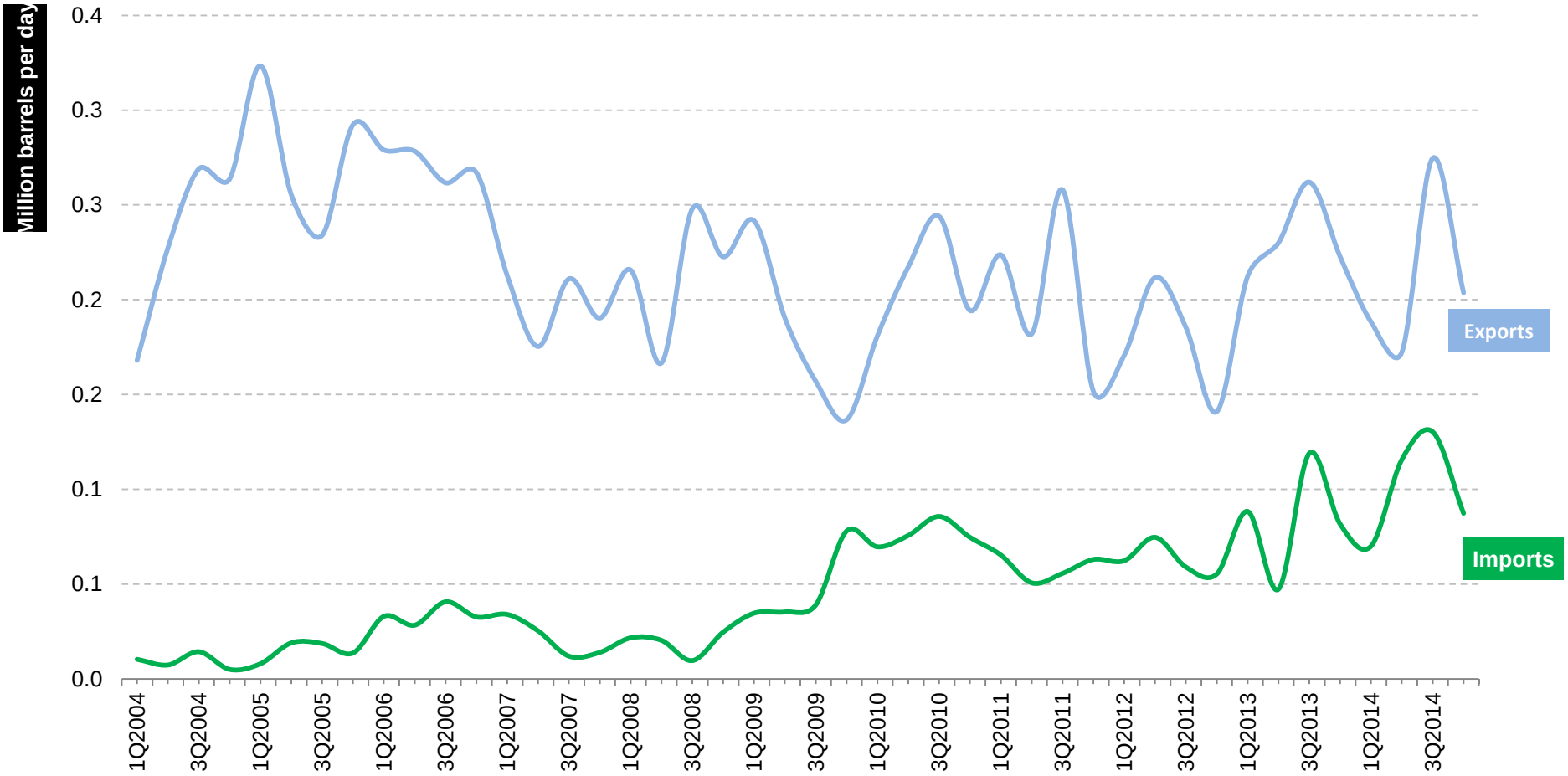
Oil Trade: Colombia & USA



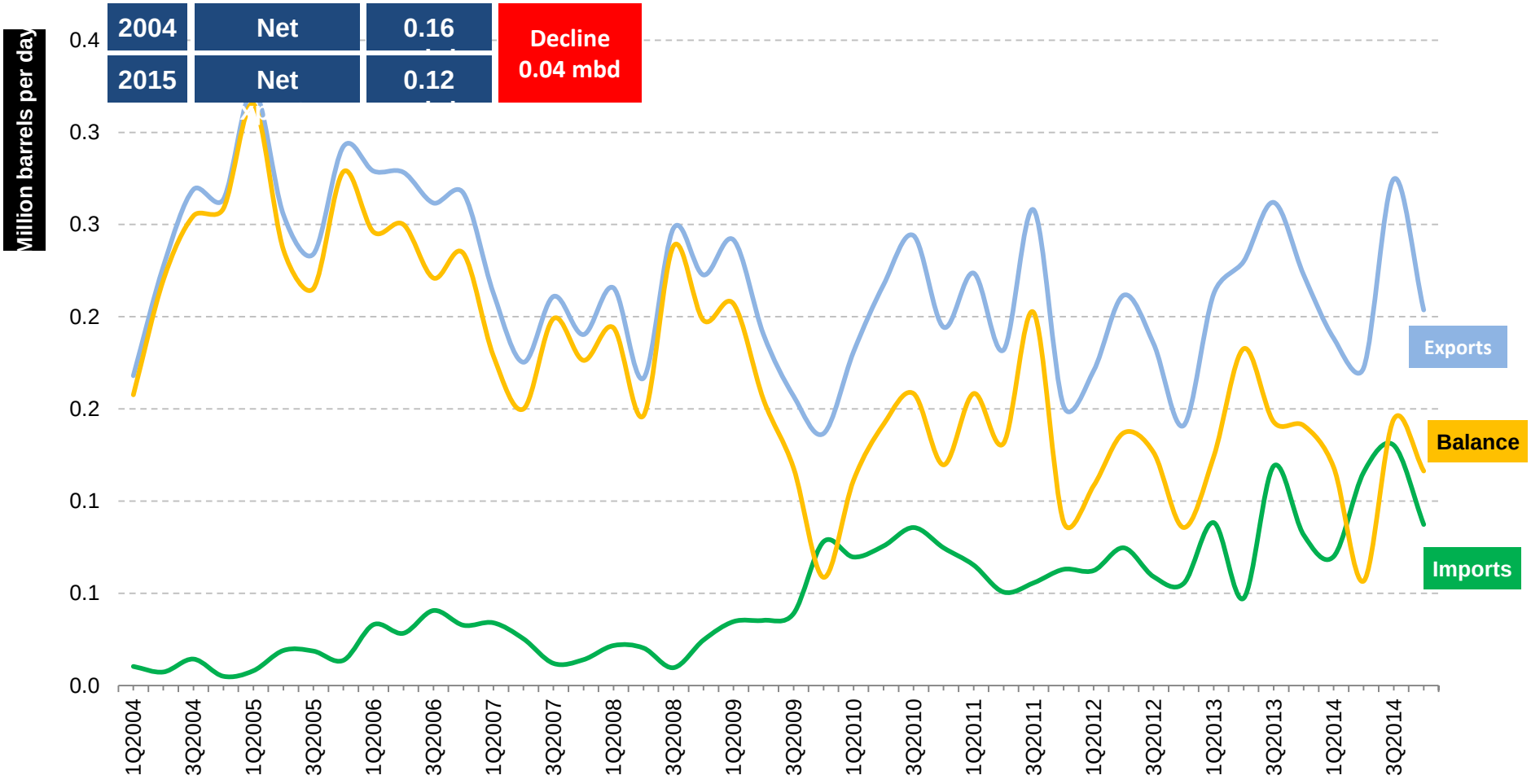
Source: UN Comtrade

Oil Trade: Ecuador & USA



Source: Energy Information Administration

Oil Trade: Ecuador & USA



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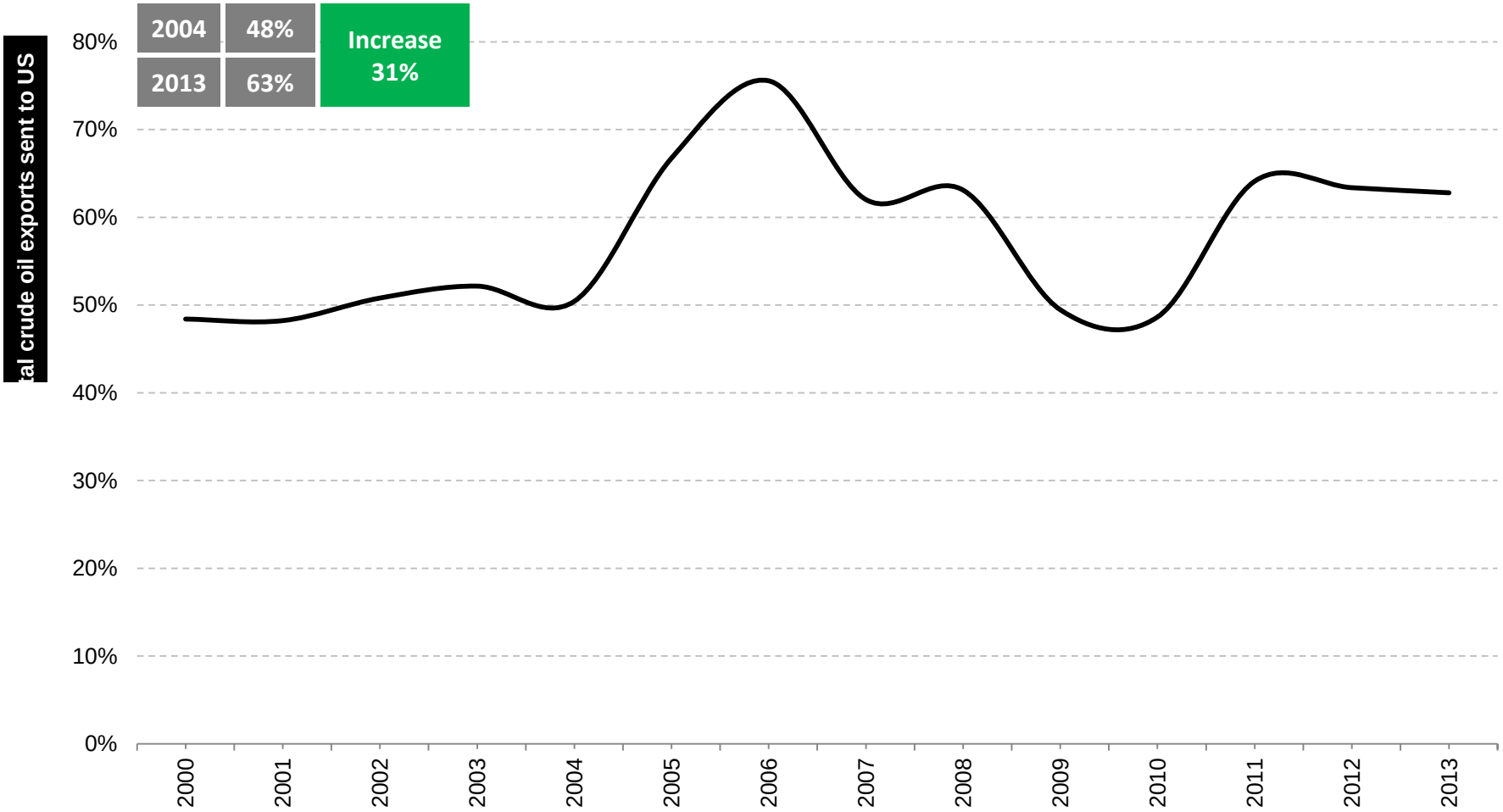
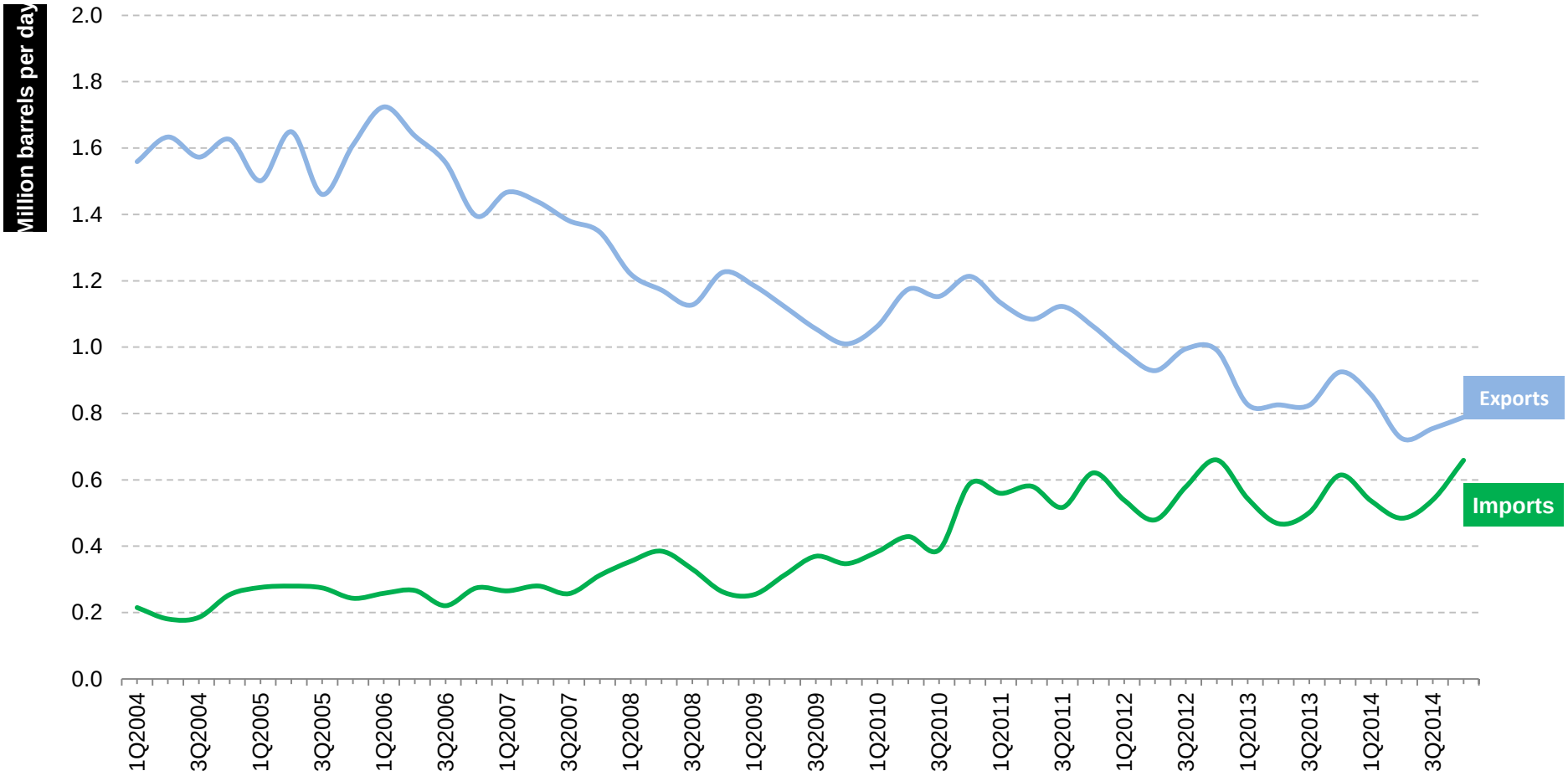
Oil Trade: Ecuador & USA



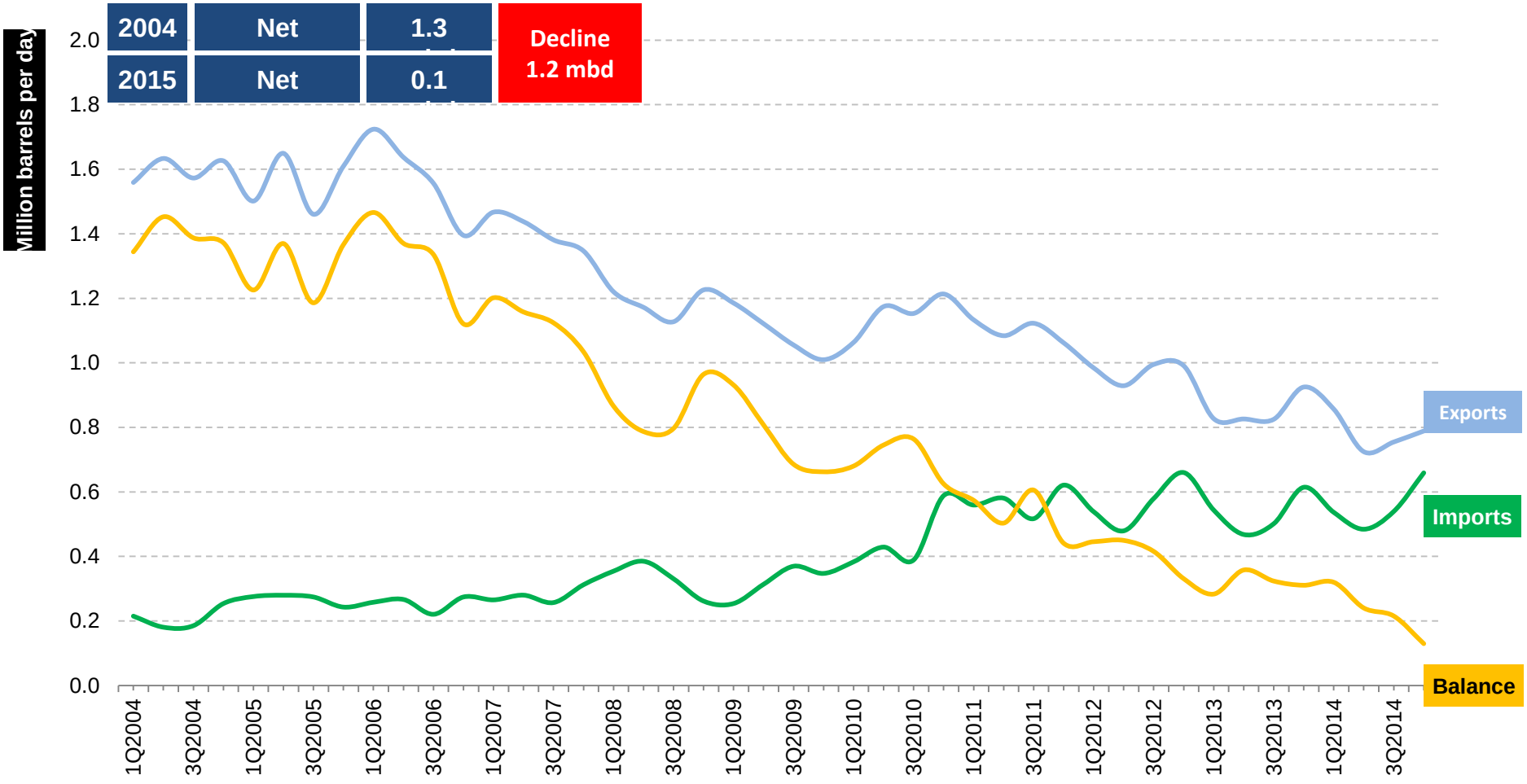
Source: UN Comtrade

Oil Trade: Mexico & USA



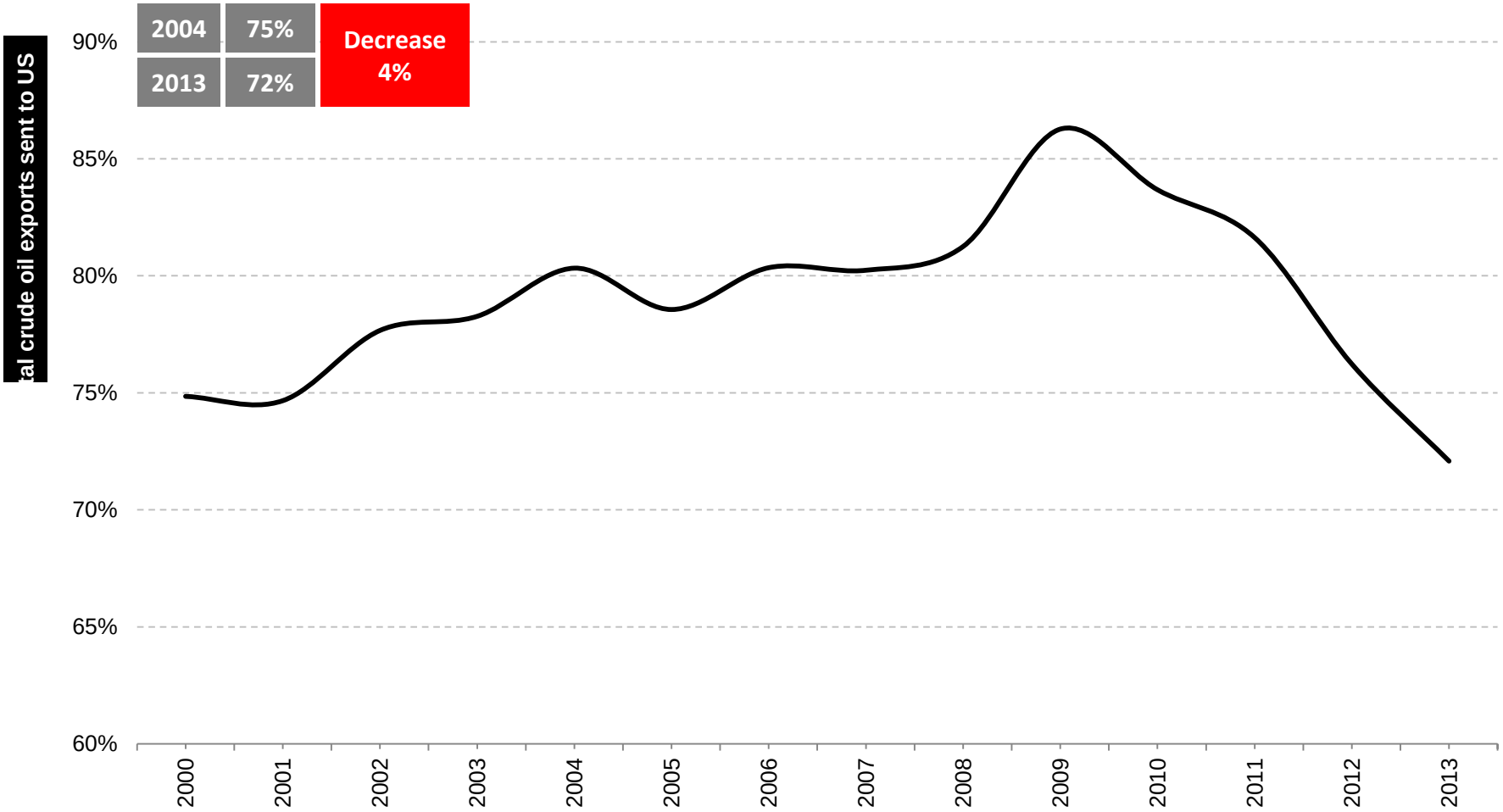
Source: Energy Information Administration

Oil Trade: Mexico & USA



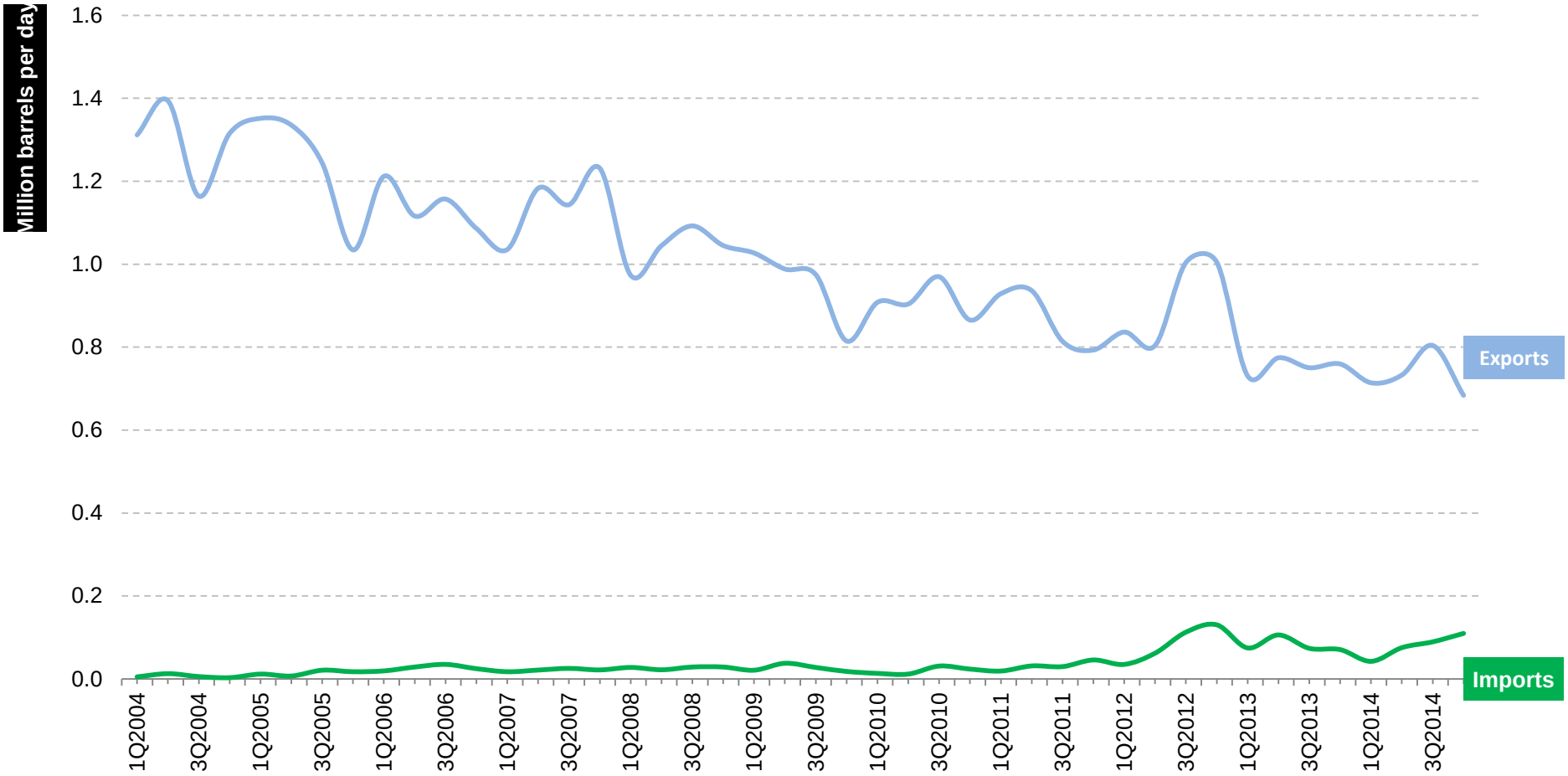
Source: Energy Information Administration

Oil Trade: Mexico & USA



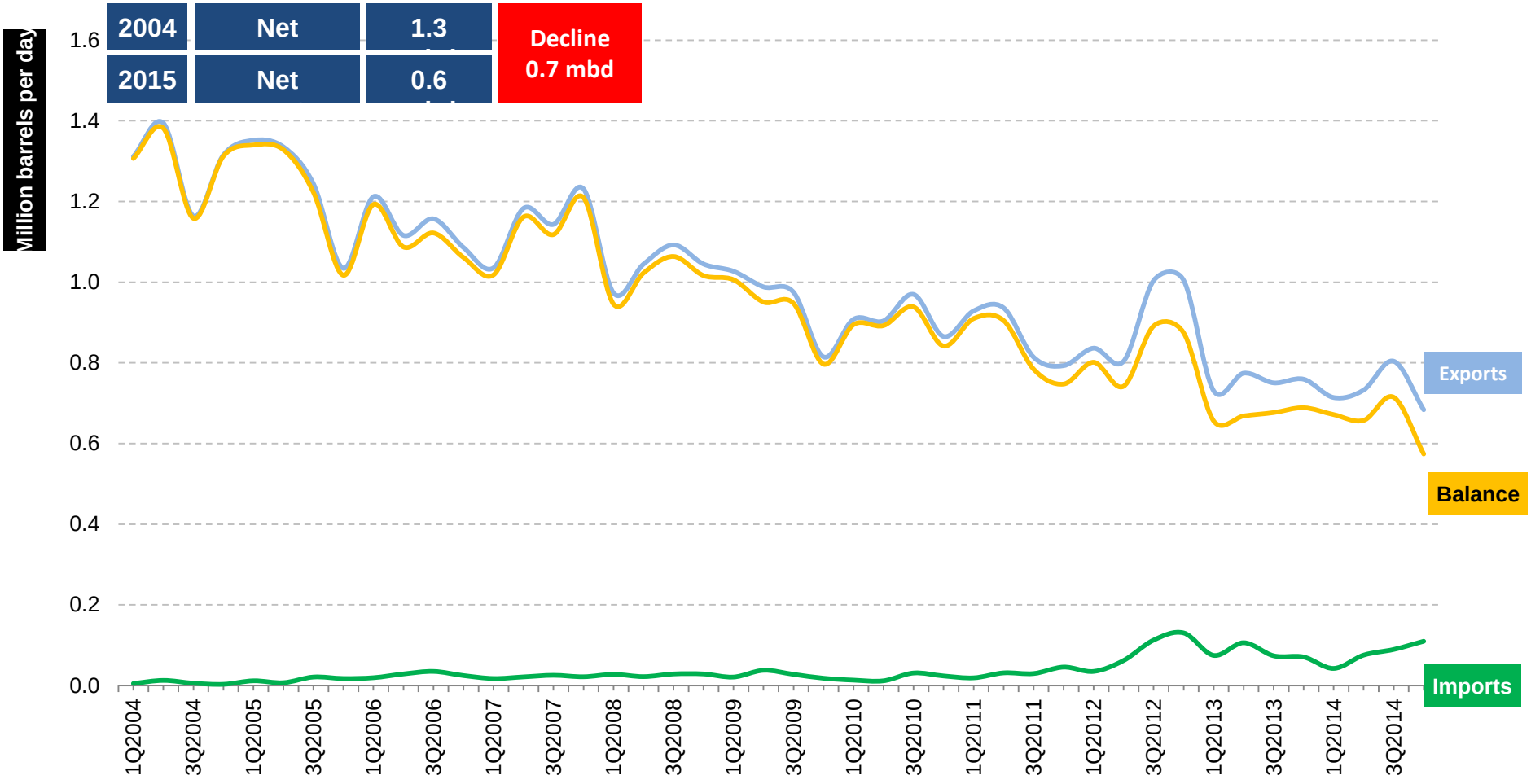
Source: UN Comtrade

Oil Trade: Venezuela & USA



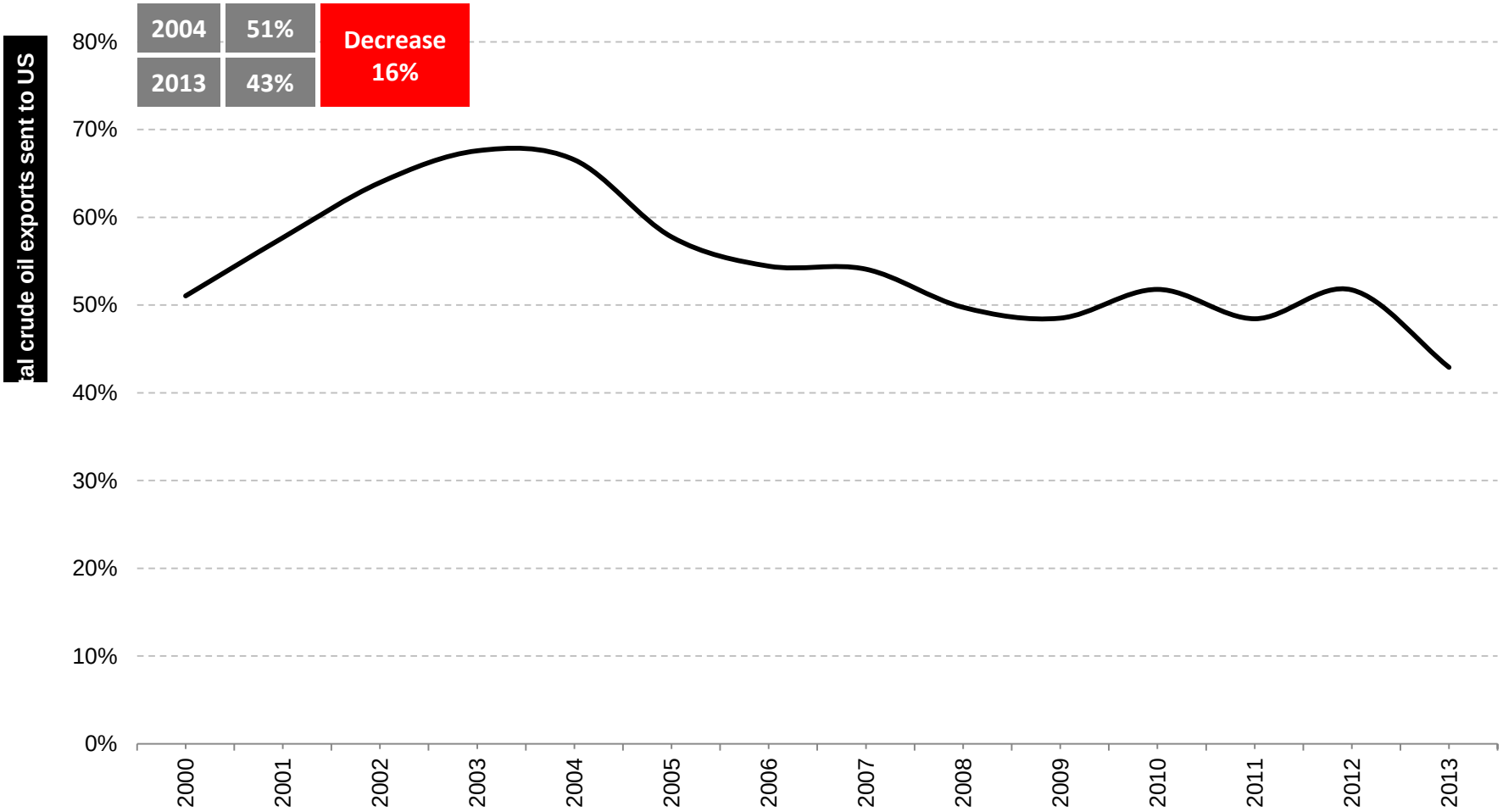
Source: Energy Information Administration

Oil Trade: Venezuela & USA



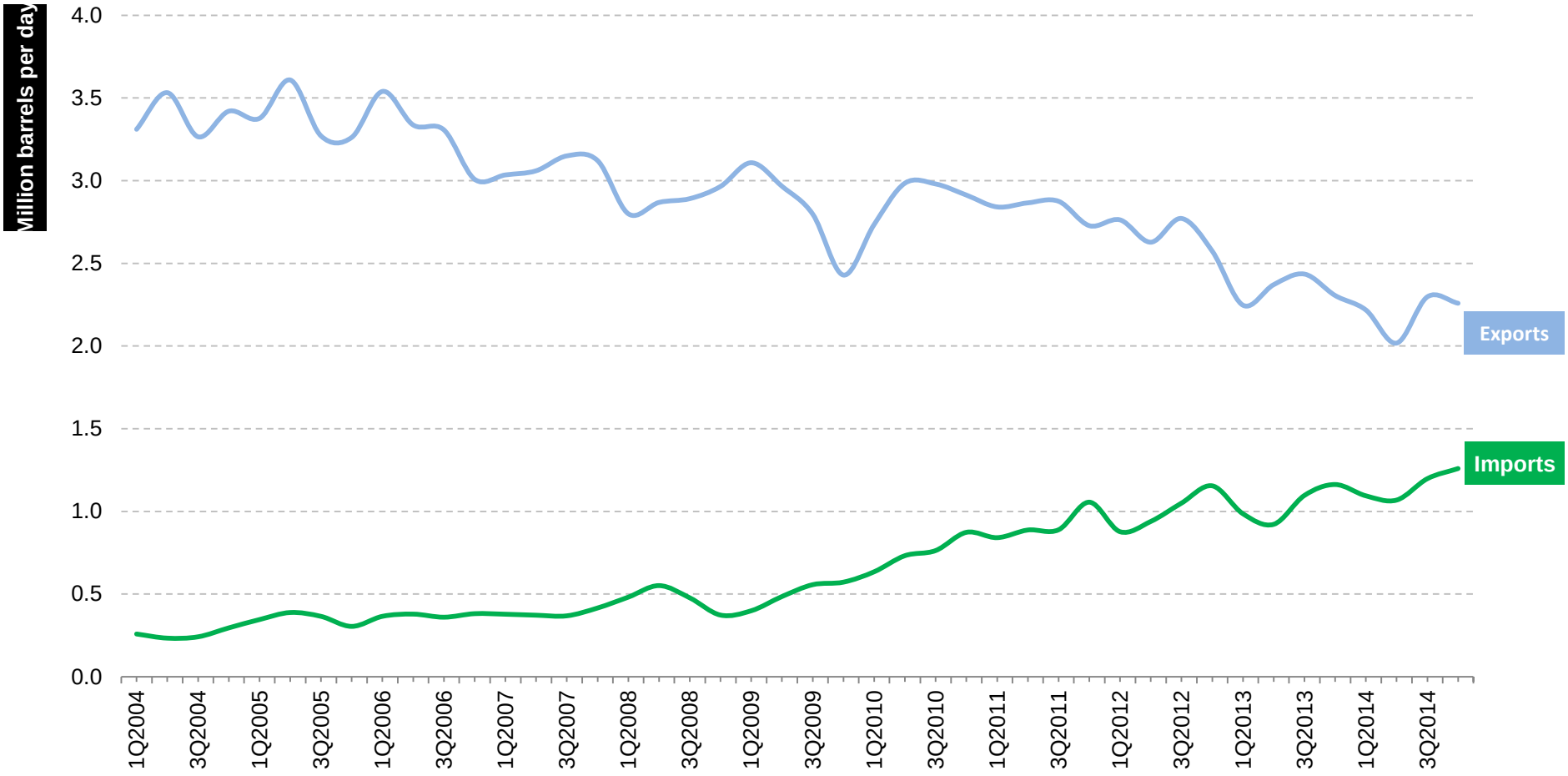
Source: Energy Information Administration

Oil Trade: Venezuela & USA



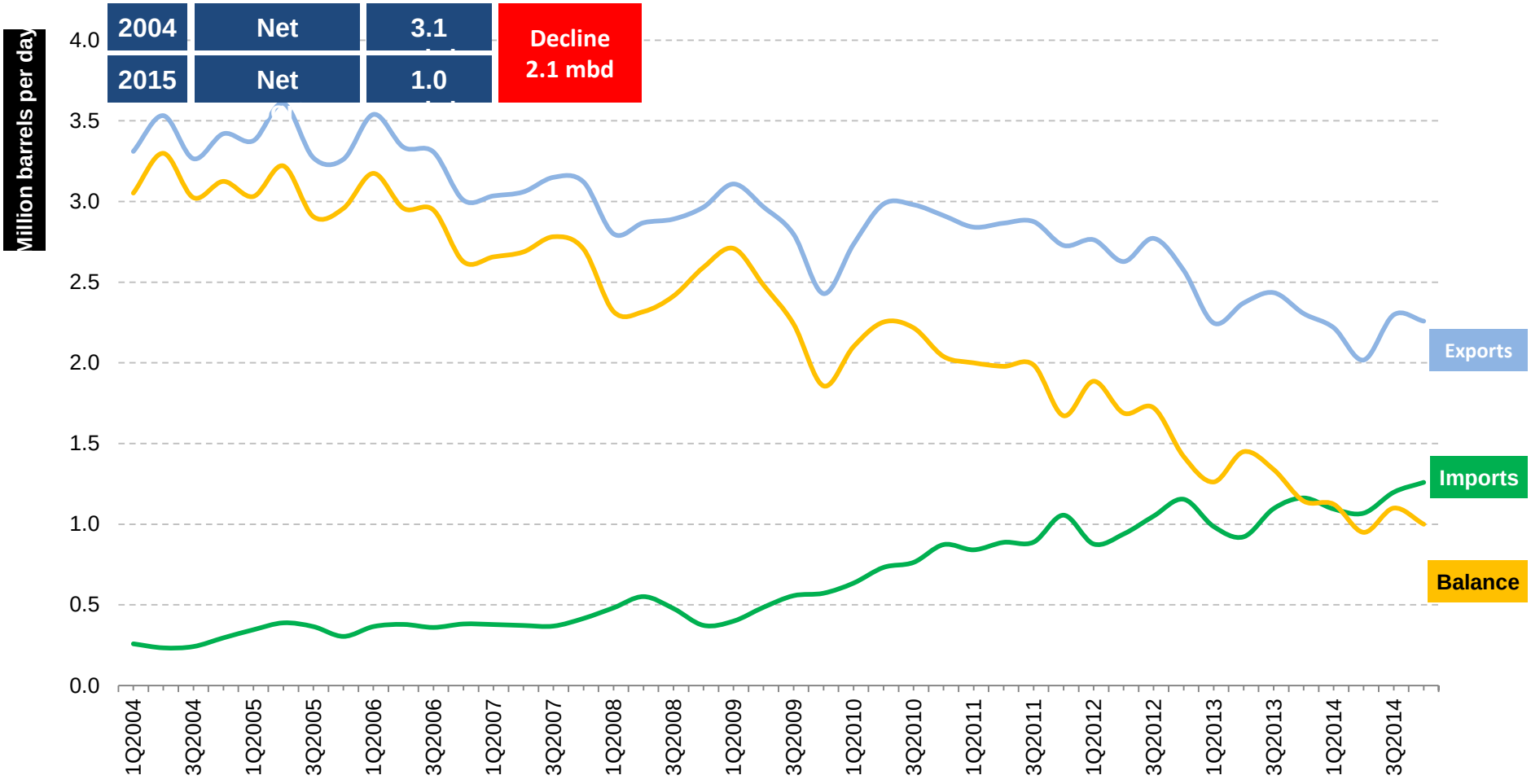
Source: UN Comtrade

Oil Trade: LAC-6 & USA



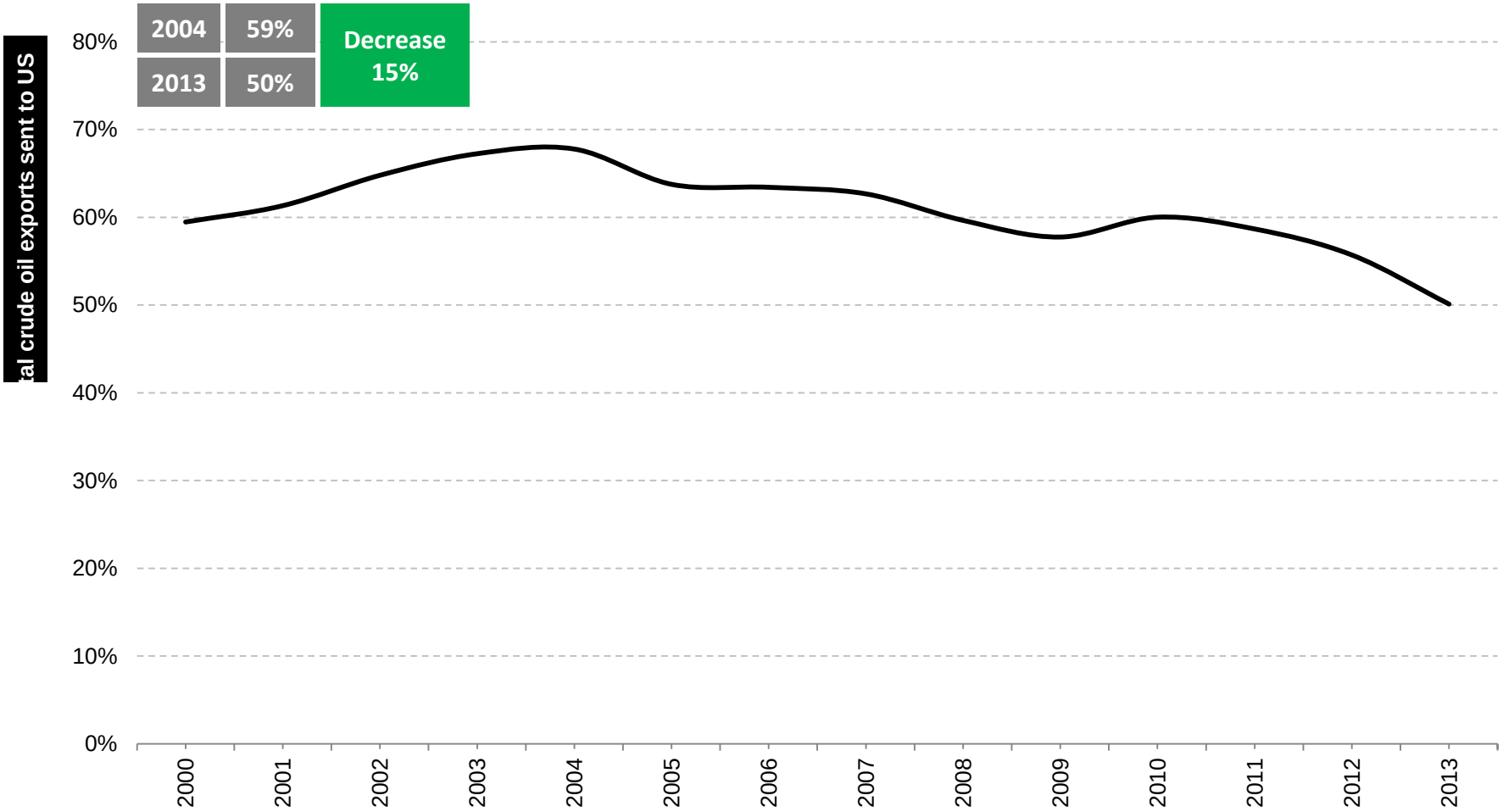
Source: Energy Information Administration

Oil Trade: LAC-6 & USA



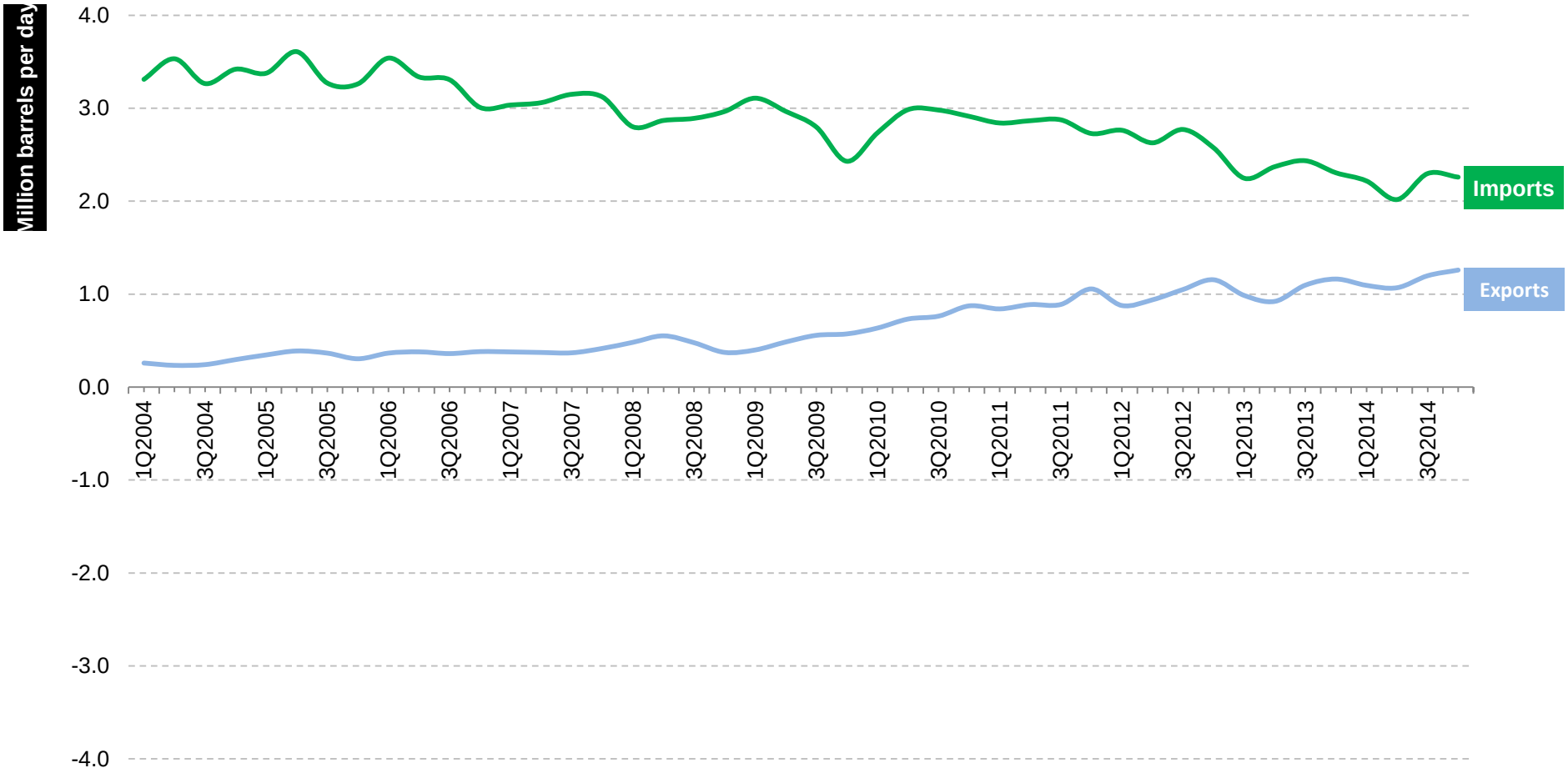
Source: Energy Information Administration

Oil Trade: LAC-6 & USA



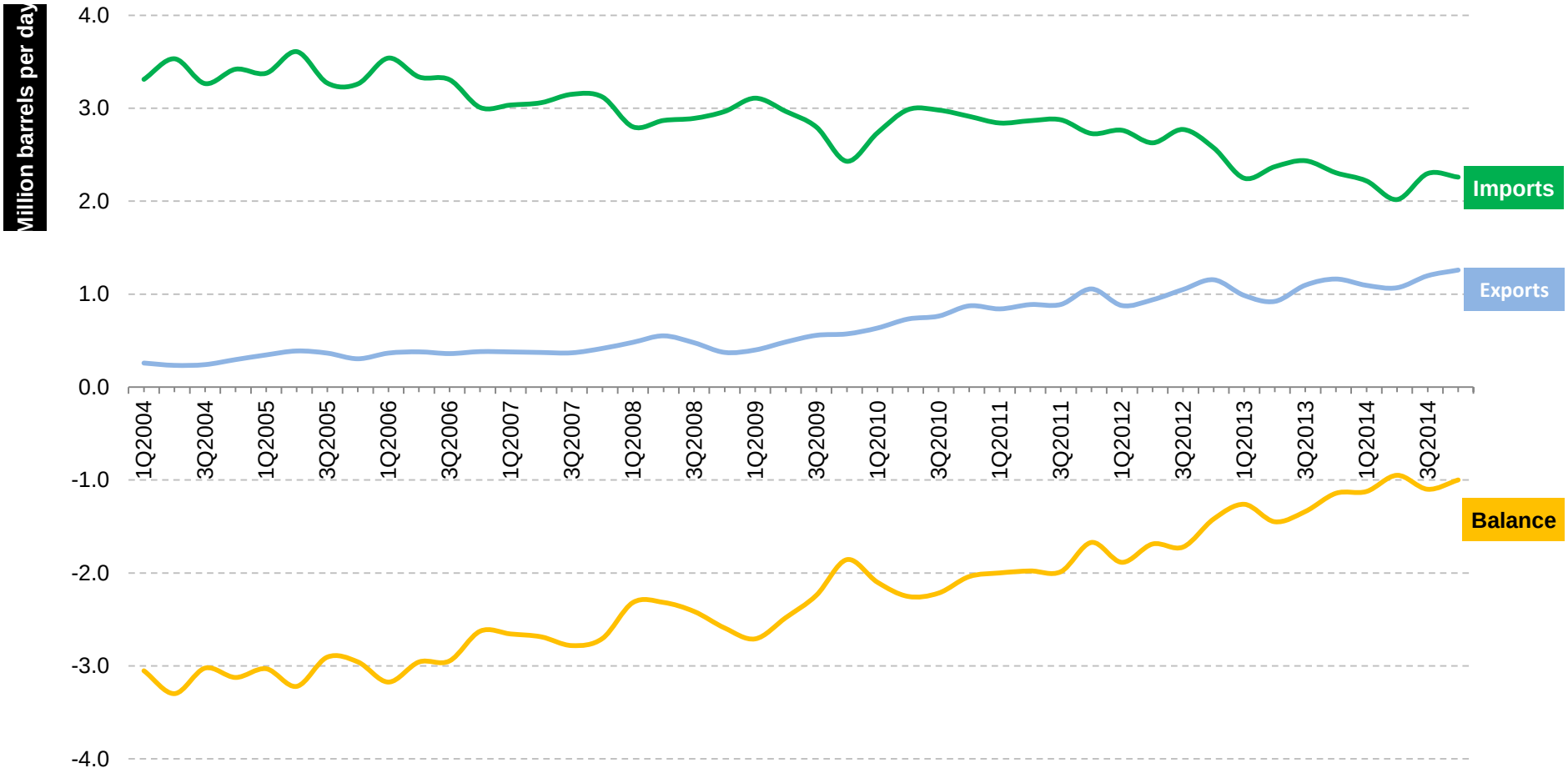
Source: UN Comtrade

Oil Trade: USA & LAC-6



Source: Energy Information Administration

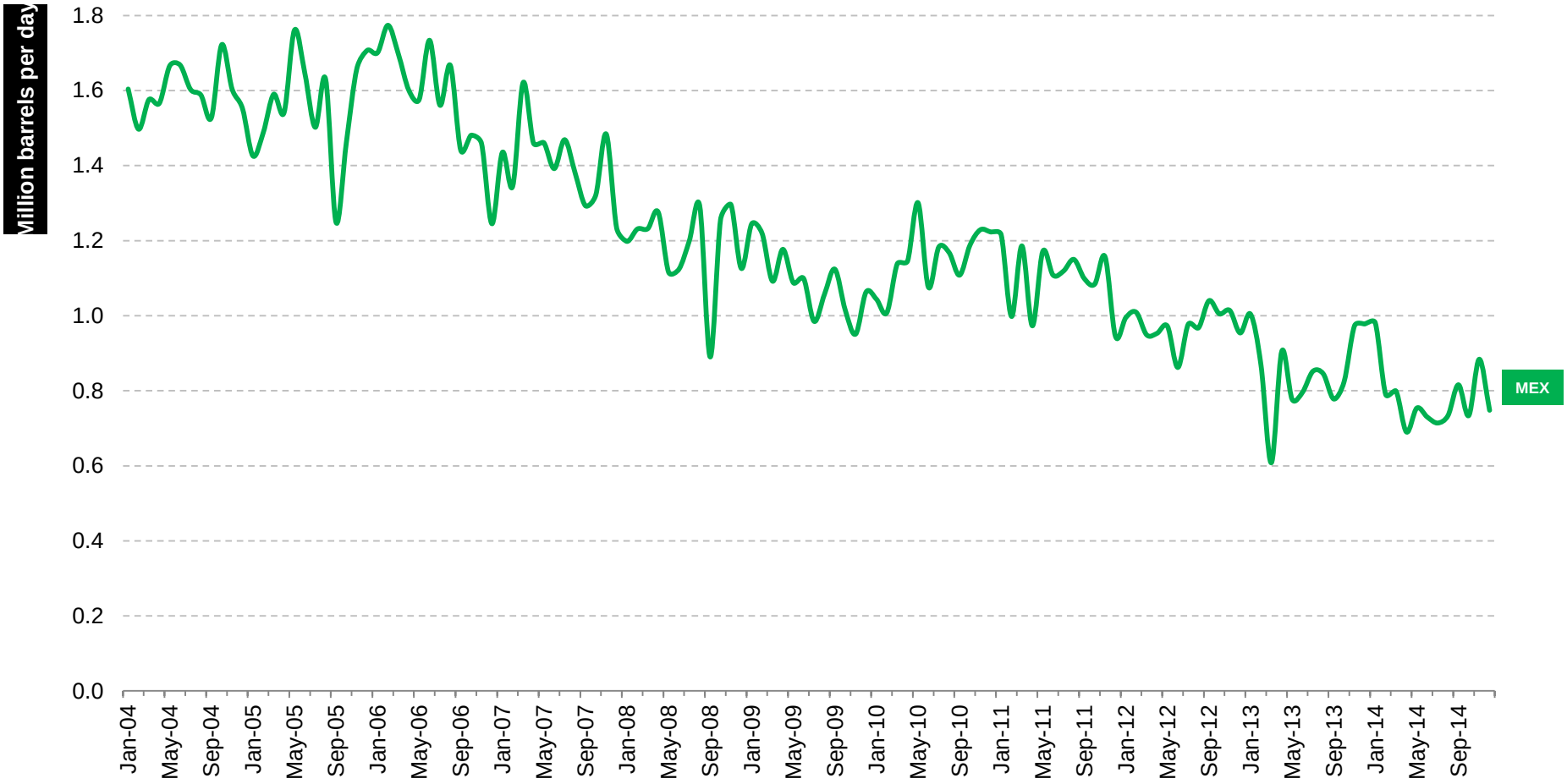
Oil Trade: USA & LAC-6



Source: Energy Information Administration

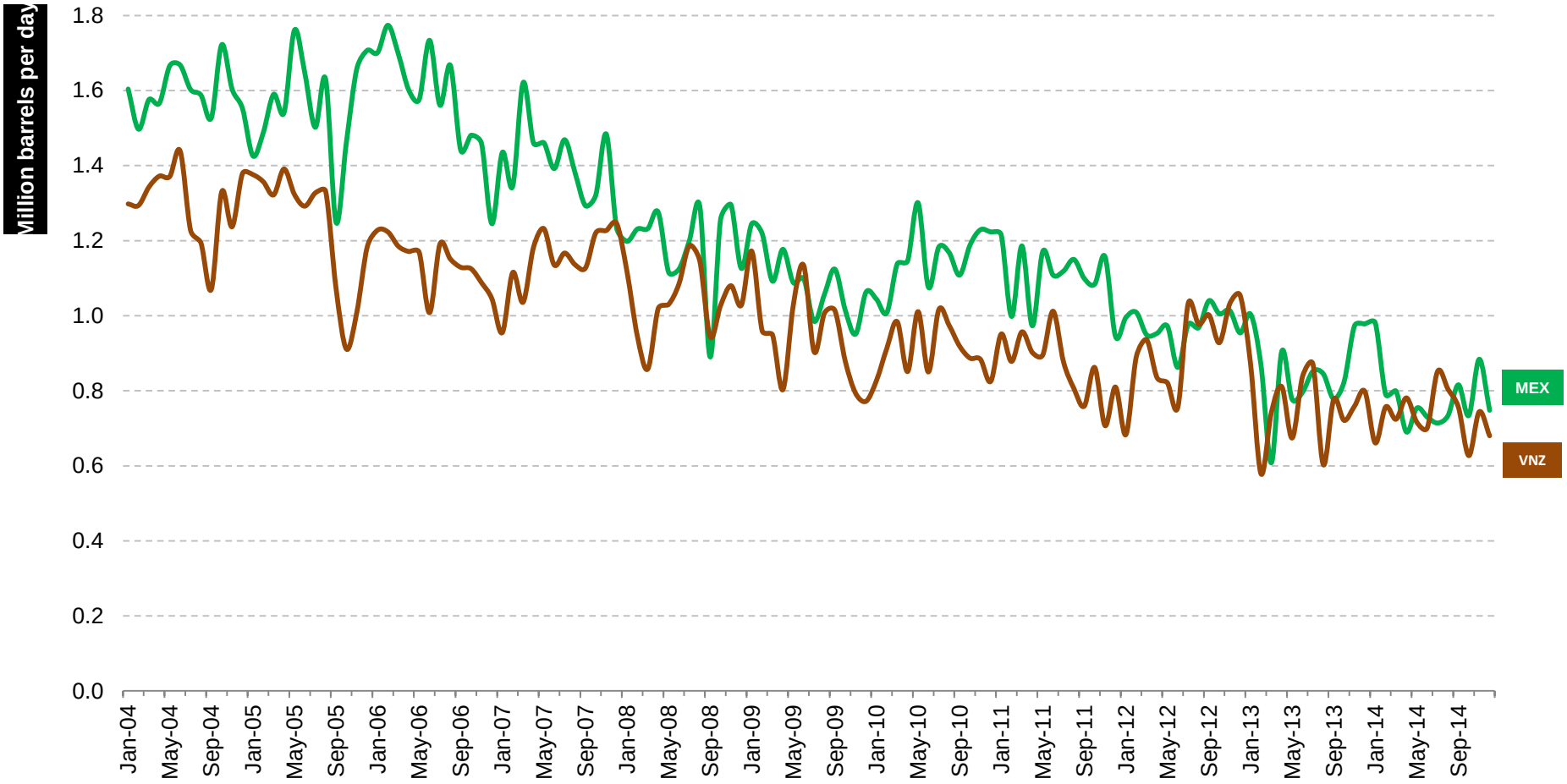
LAC 6 and USA Imports and Exports

Oil Trade: USA Imports from LAC-6



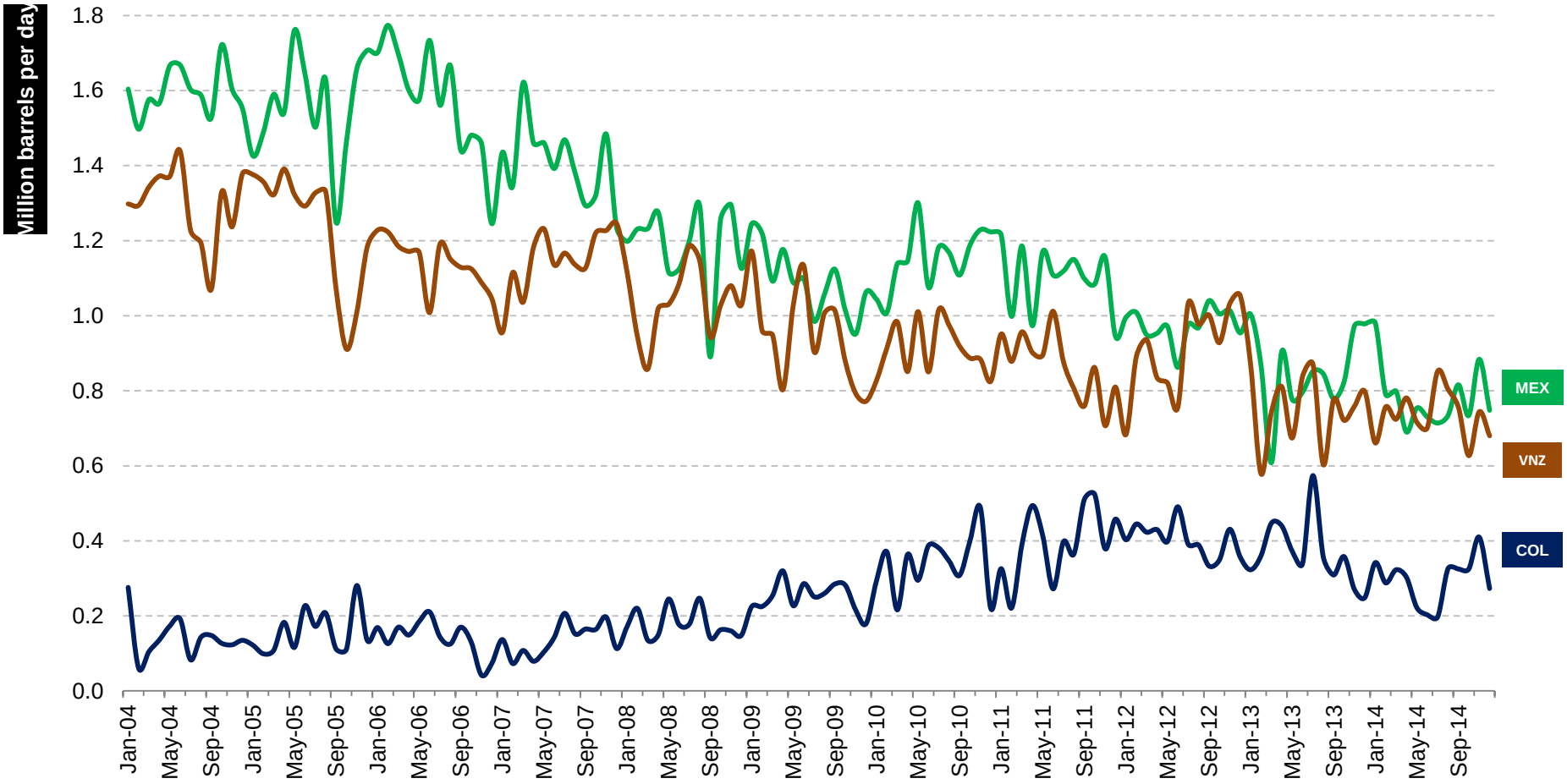
Source: Energy Information Administration

Oil Trade: USA Imports from LAC-6



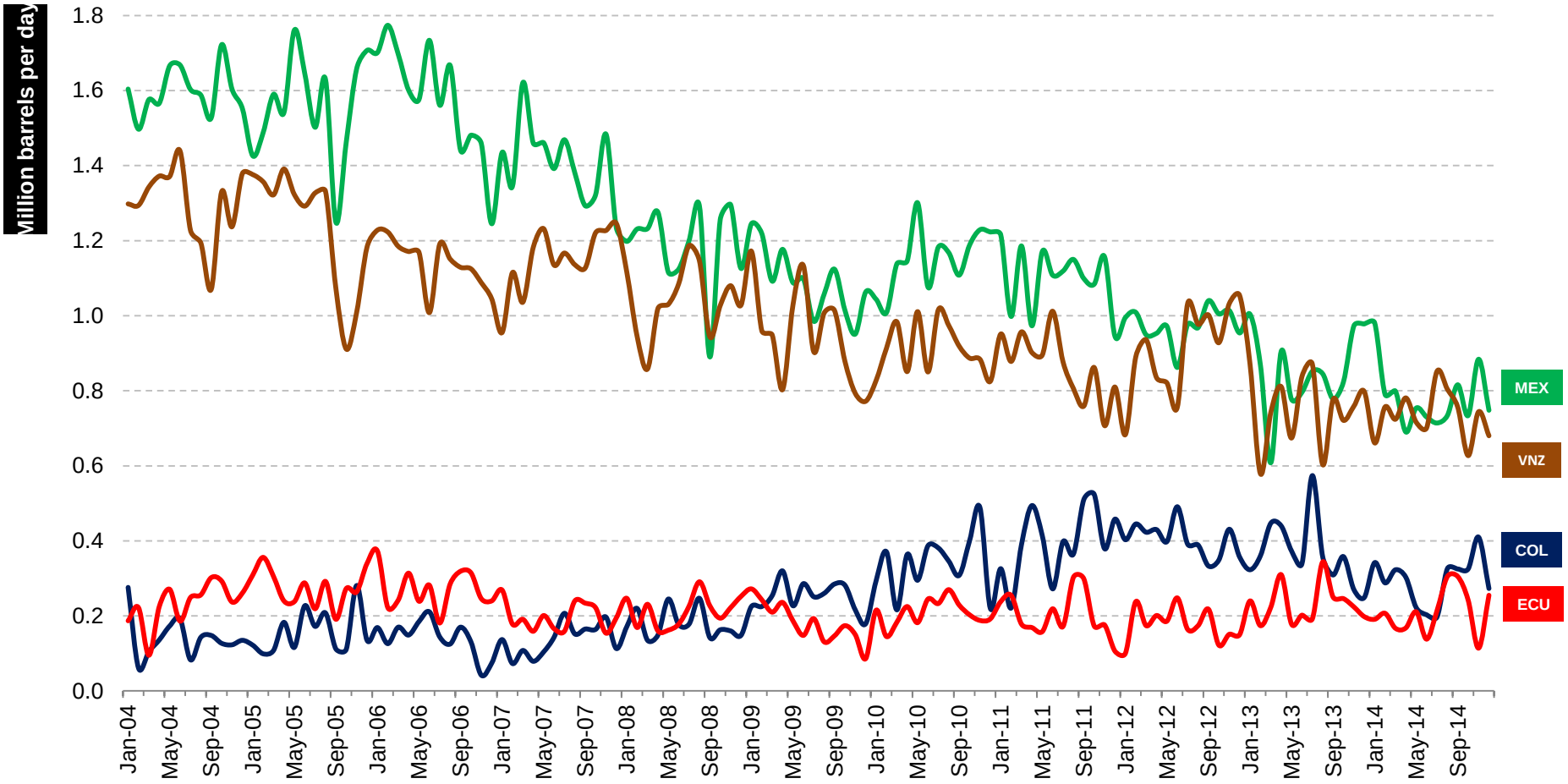
Source: Energy Information Administration

Oil Trade: USA Imports from LAC-6



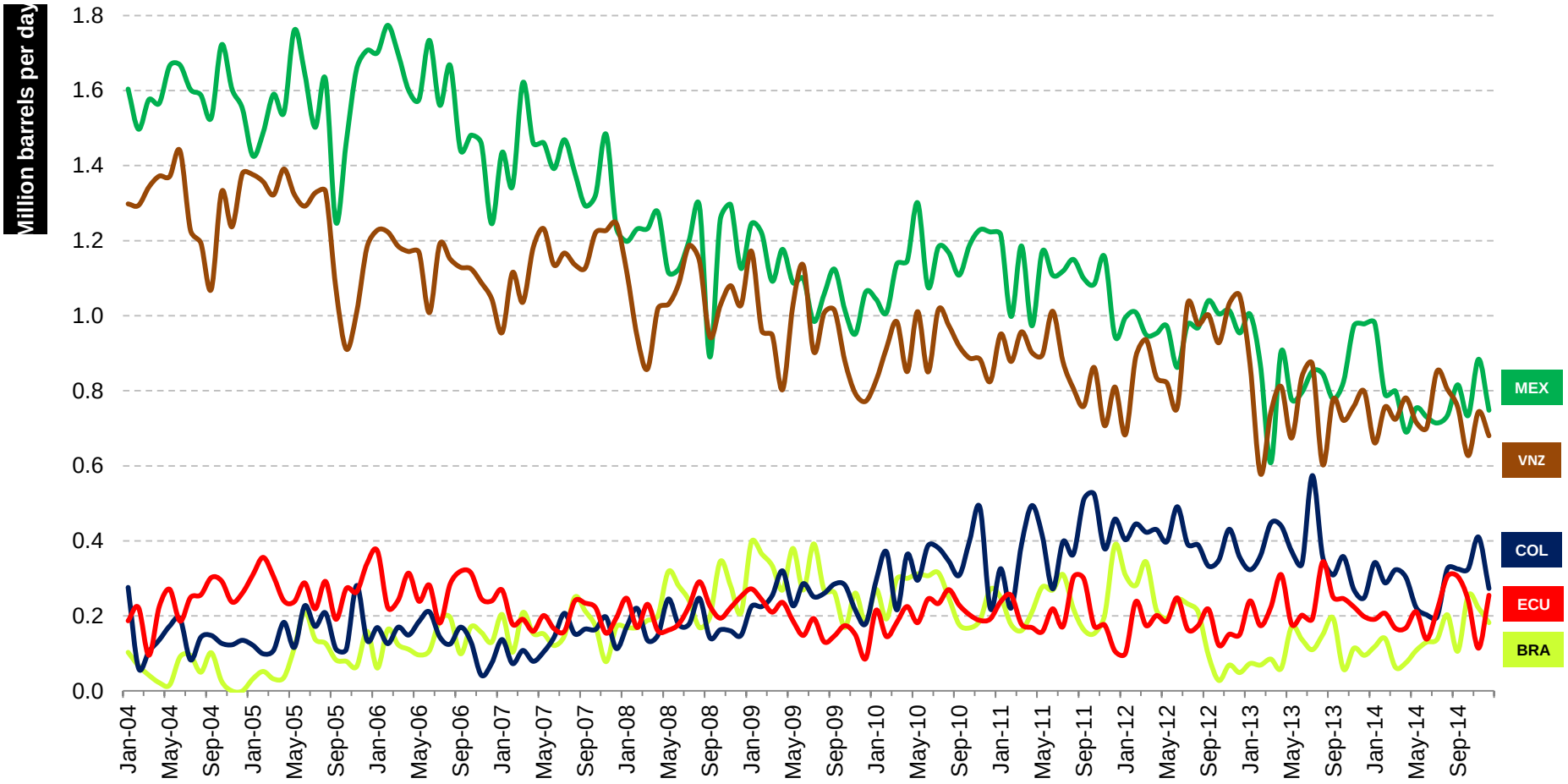
Source: Energy Information Administration

Oil Trade: USA Imports from LAC-6



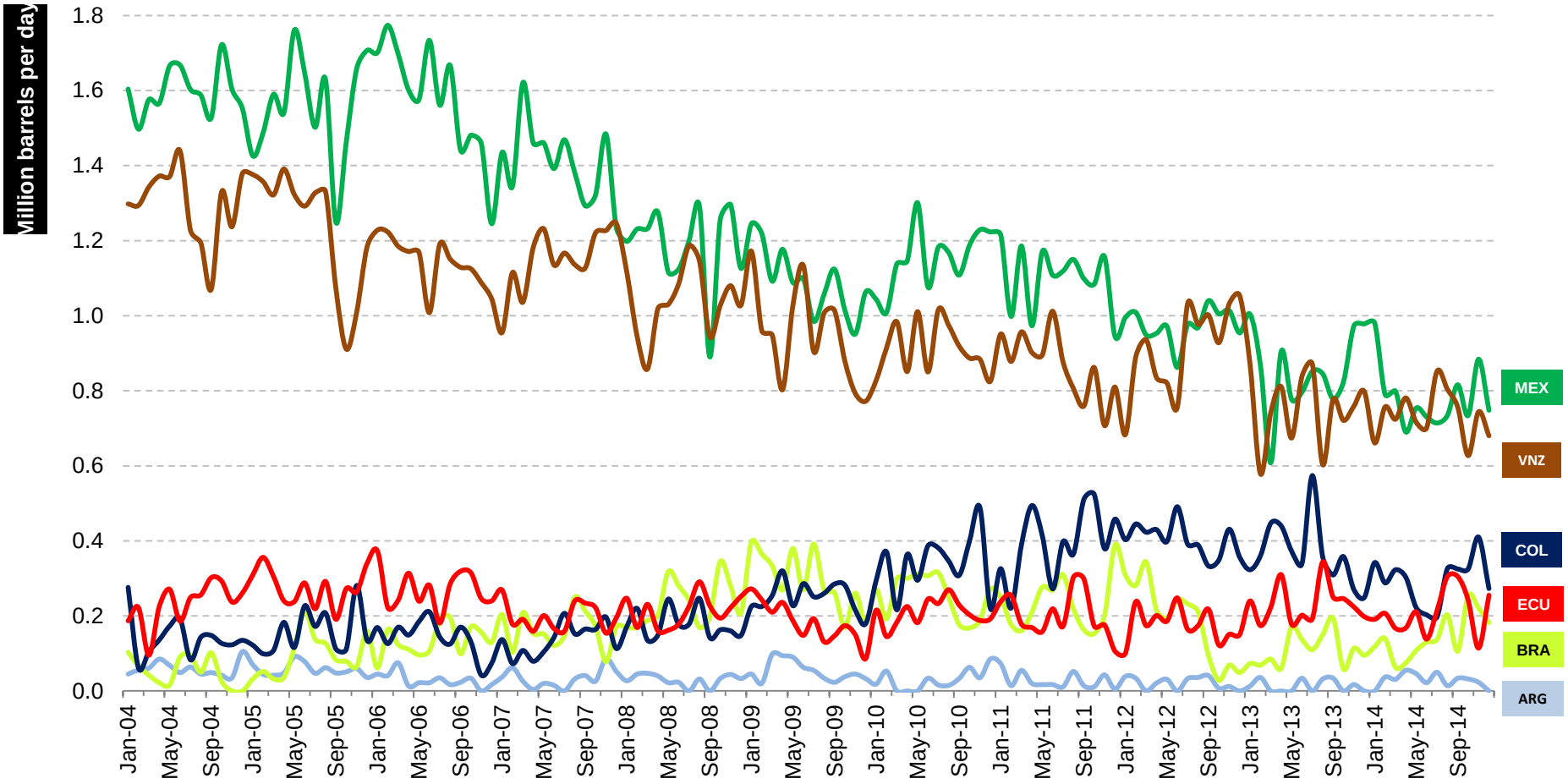
Source: Energy Information Administration

Oil Trade: USA Imports from LAC-6



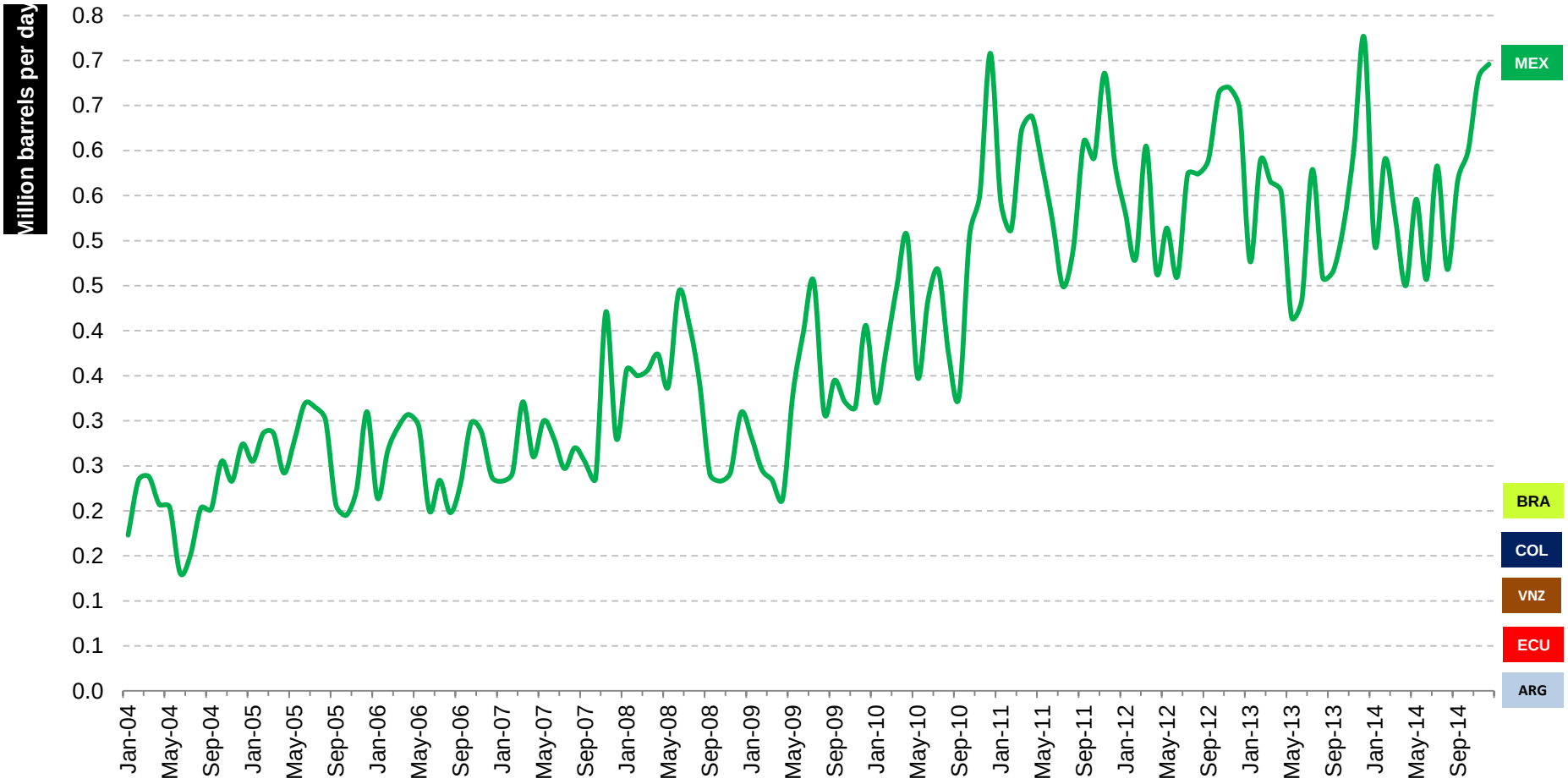
Source: Energy Information Administration

Oil Trade: USA Imports from LAC-6



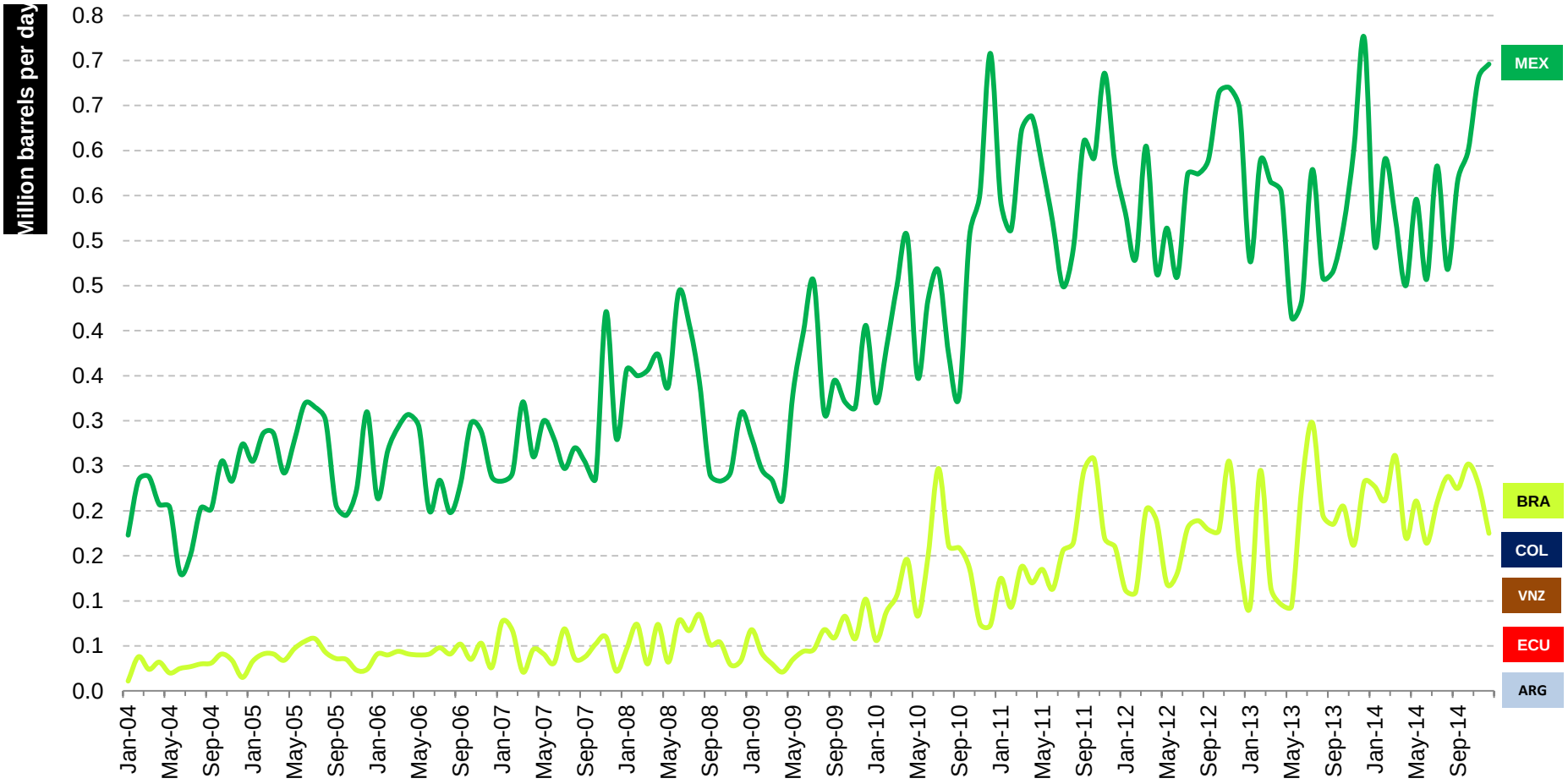
Source: Energy Information Administration

Oil Trade: USA Exports to LAC-6



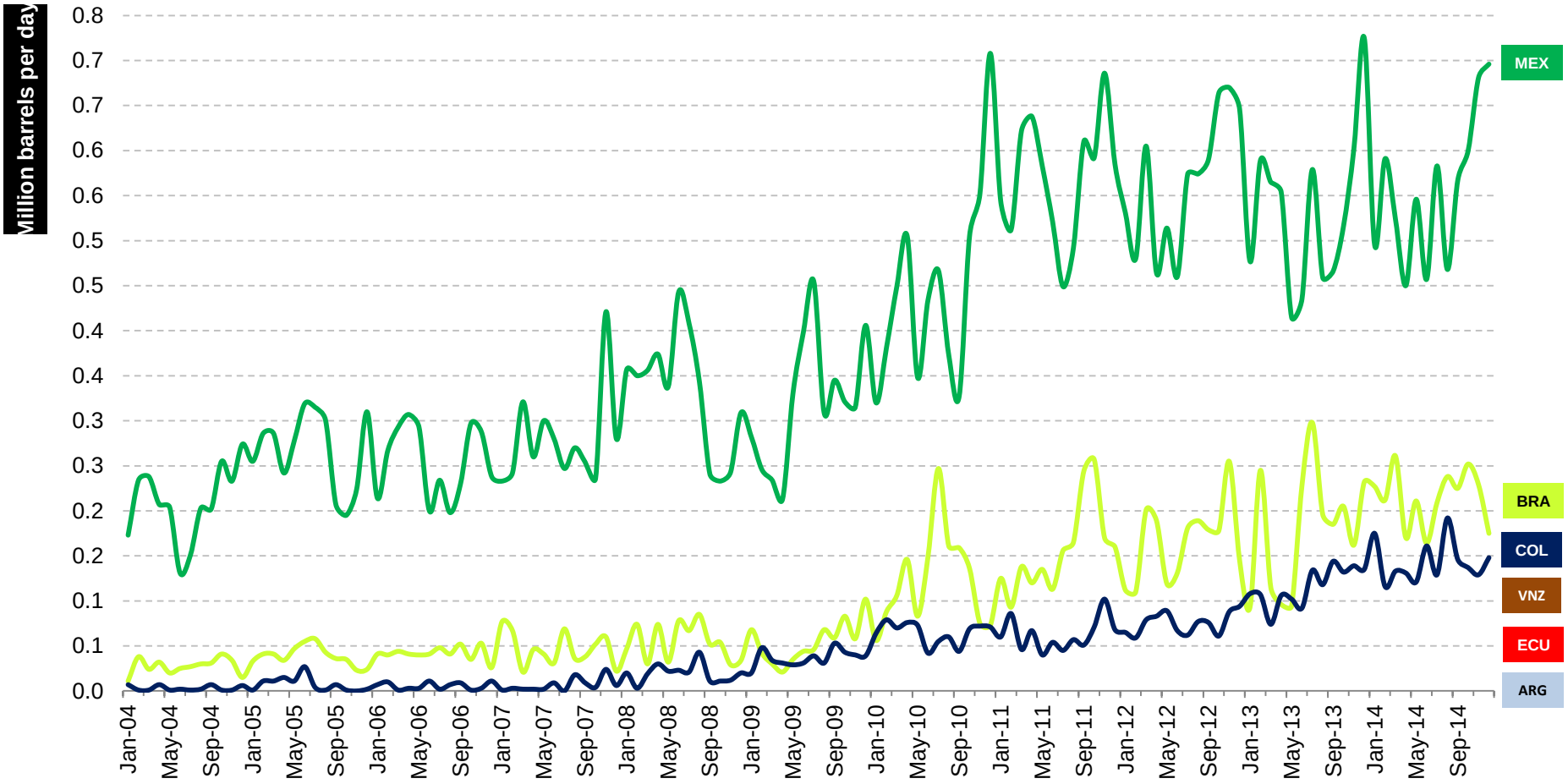
Source: Energy Information Administration

Oil Trade: USA Exports to LAC-6



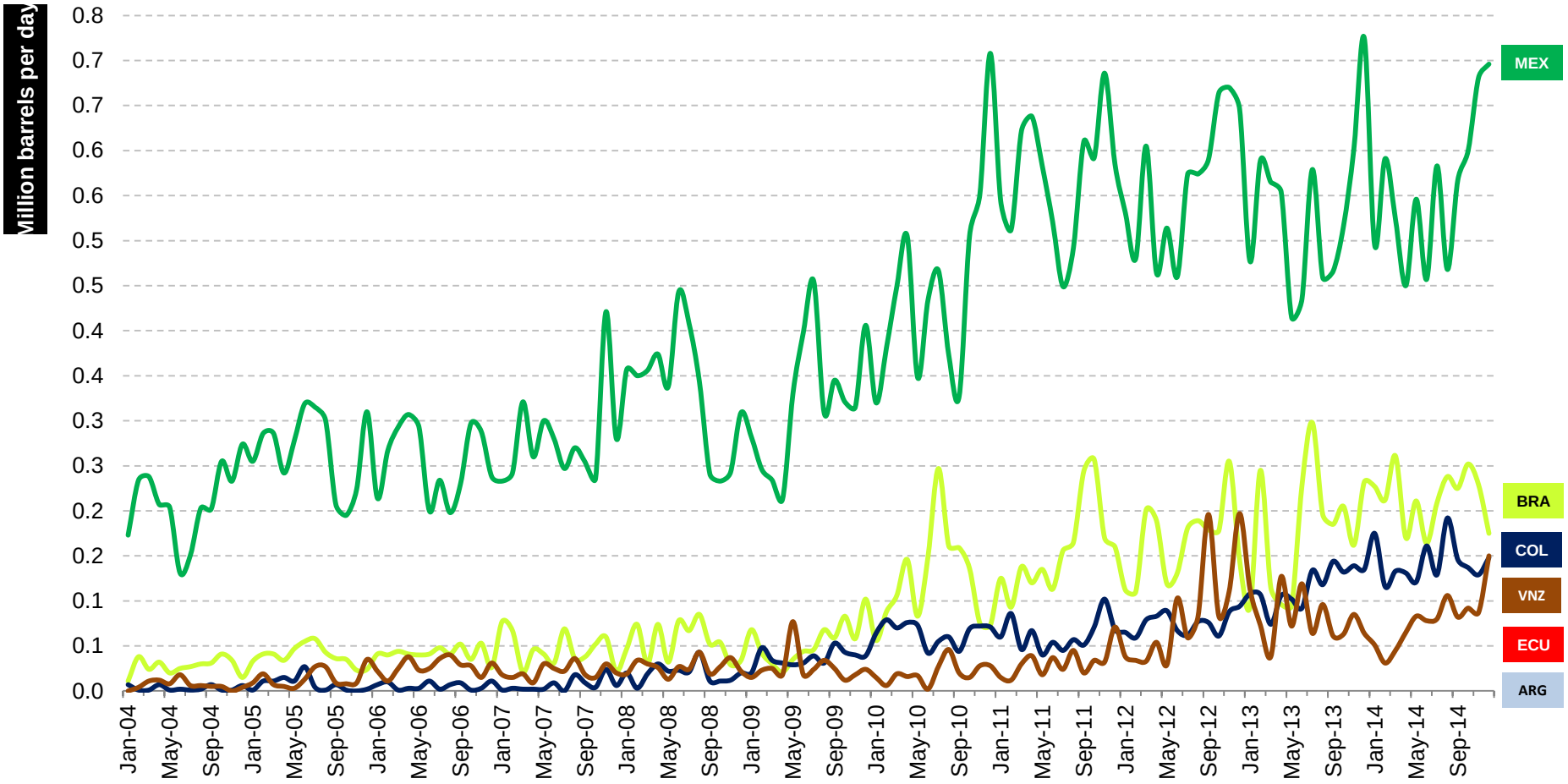
Source: Energy Information Administration

Oil Trade: USA Exports to LAC-6



Source: Energy Information Administration

Oil Trade: USA Exports to LAC-6



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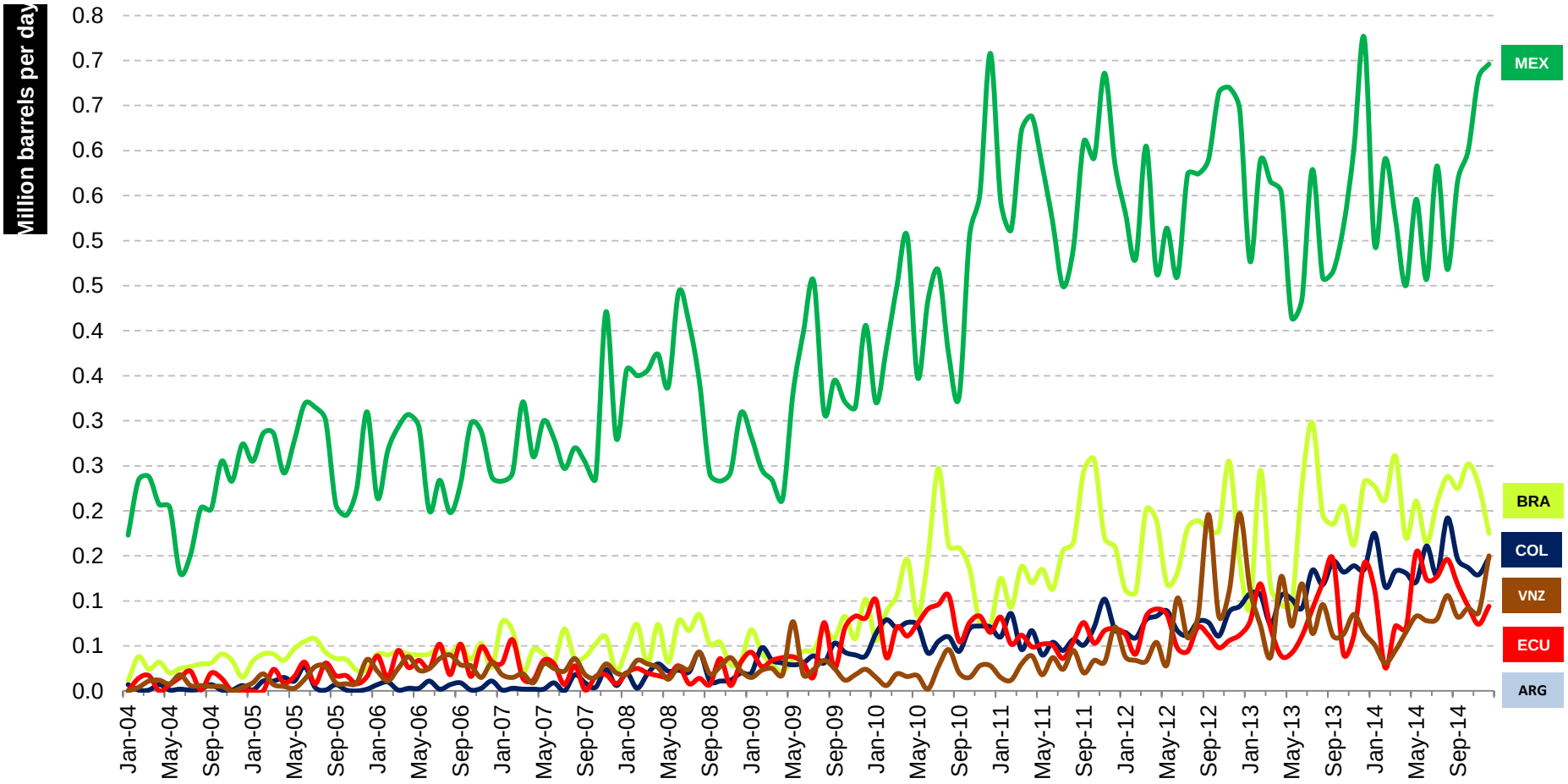
Oil Trade: USA Exports to LAC-6



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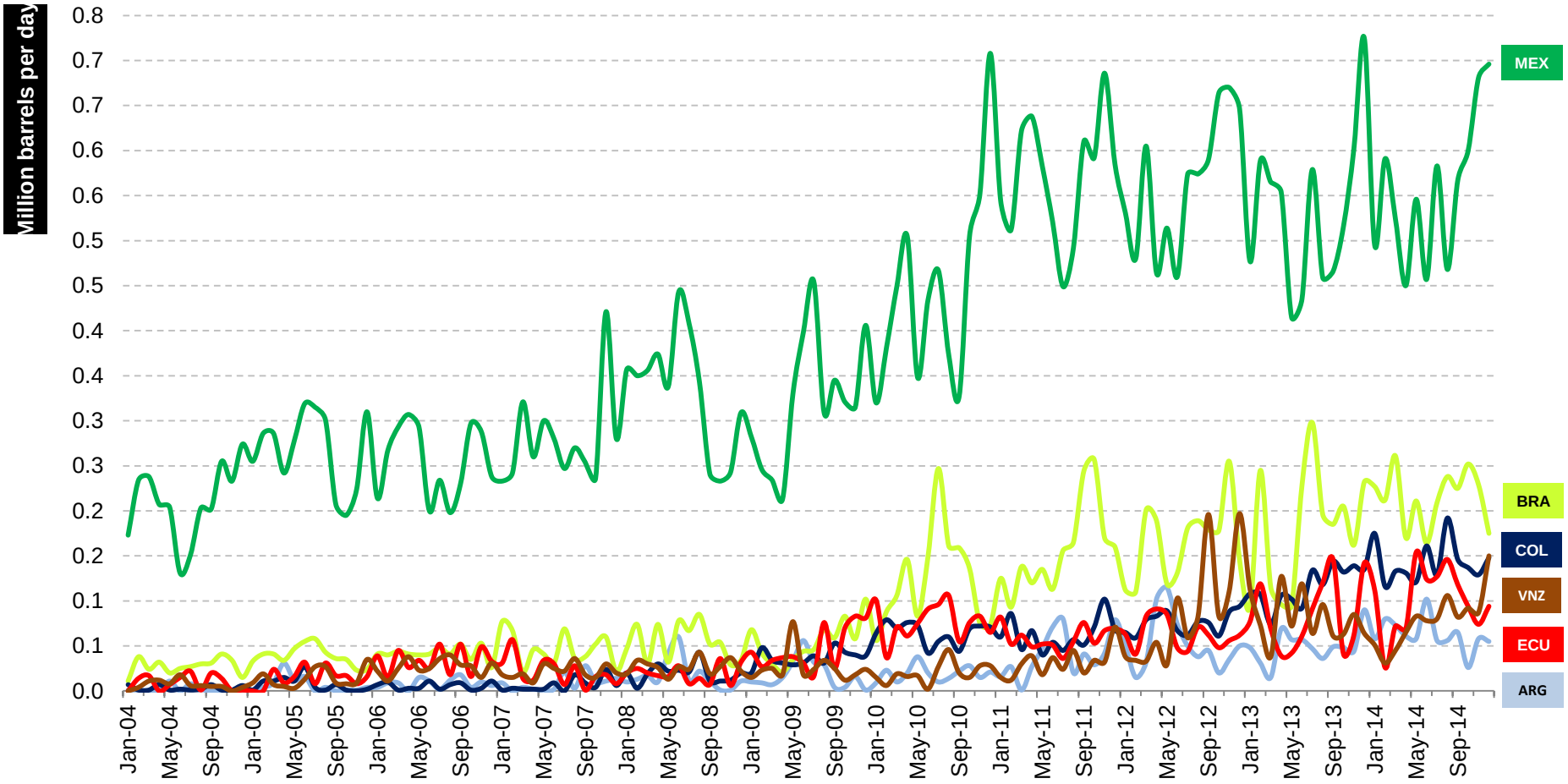
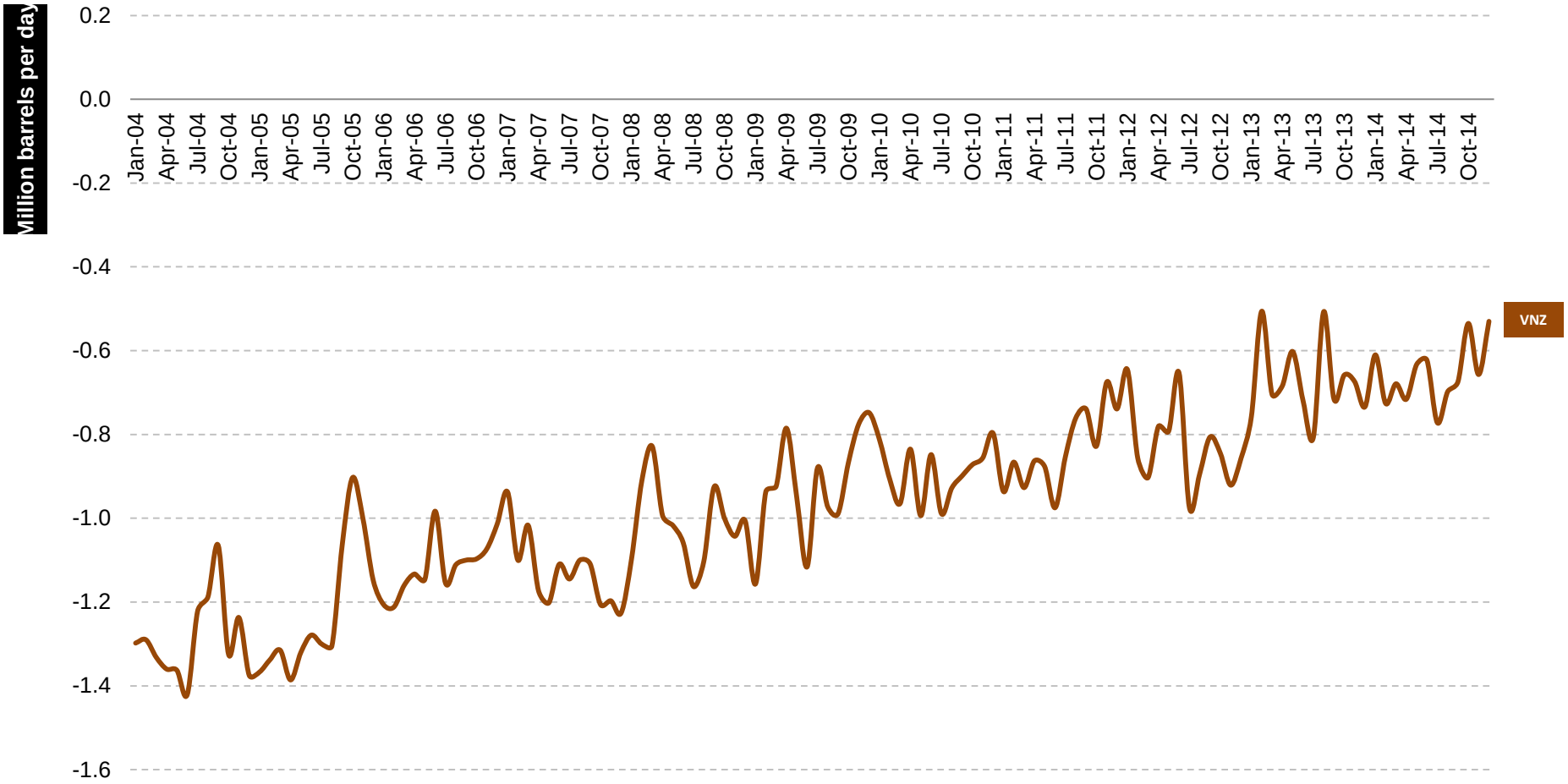
Oil Trade: USA Exports to LAC-6



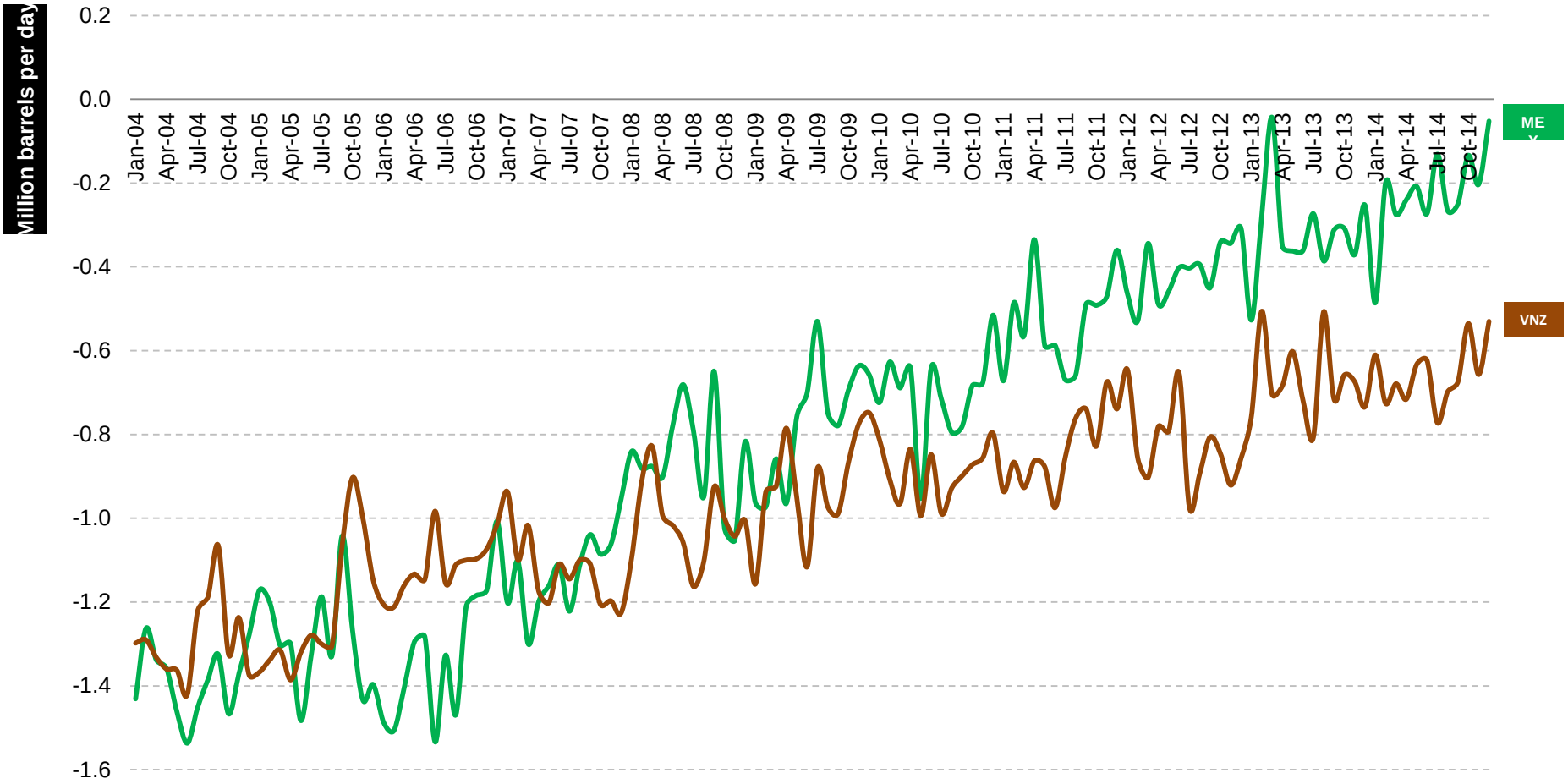
Source: Energy Information Administration

Oil Trade: USA & LAC-6 Balance



Source: Energy Information Administration

Oil Trade: USA & LAC-6 Balance



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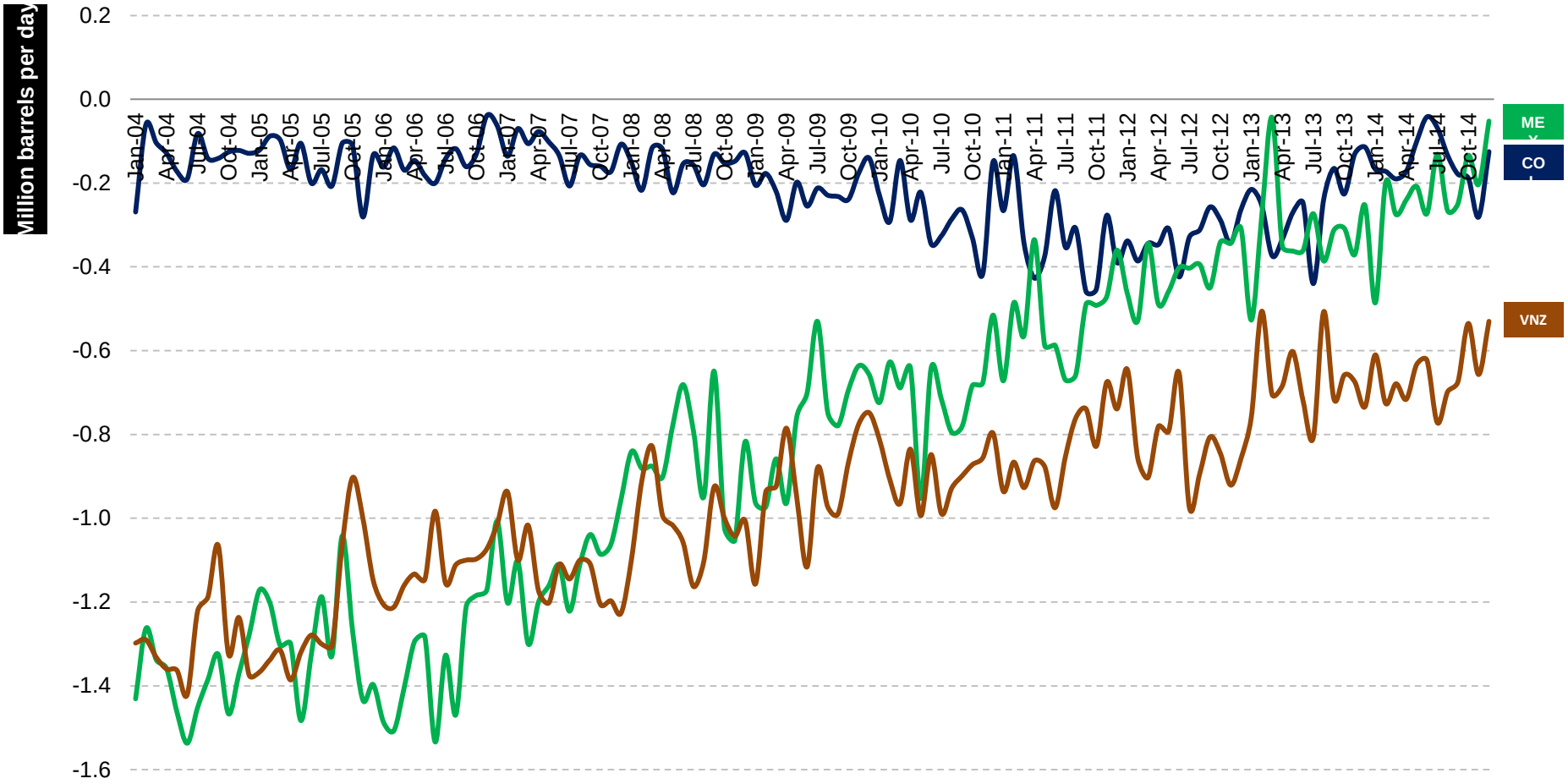
Oil Trade: USA & LAC-6 Balance



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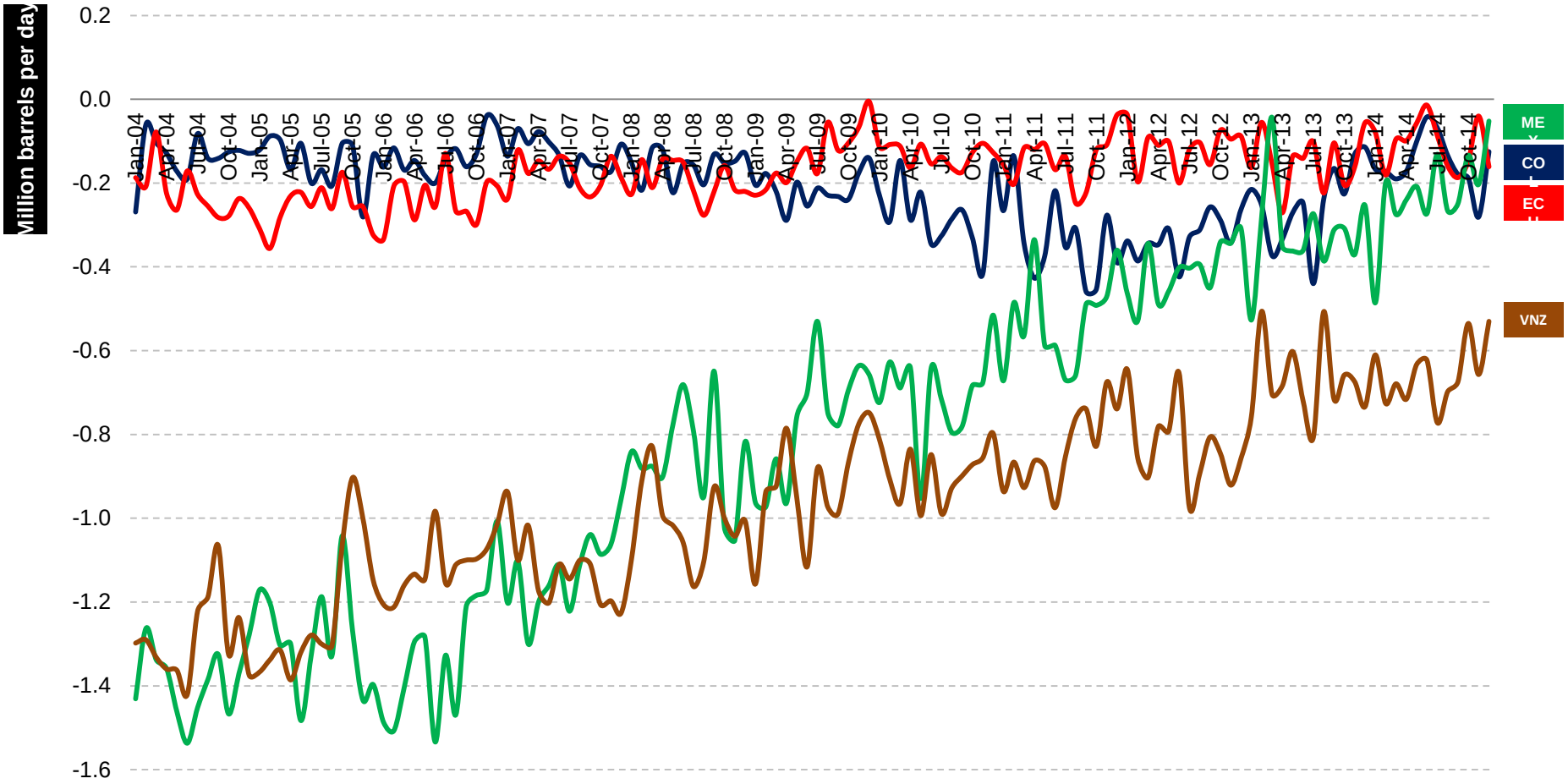
Oil Trade: USA & LAC-6 Balance



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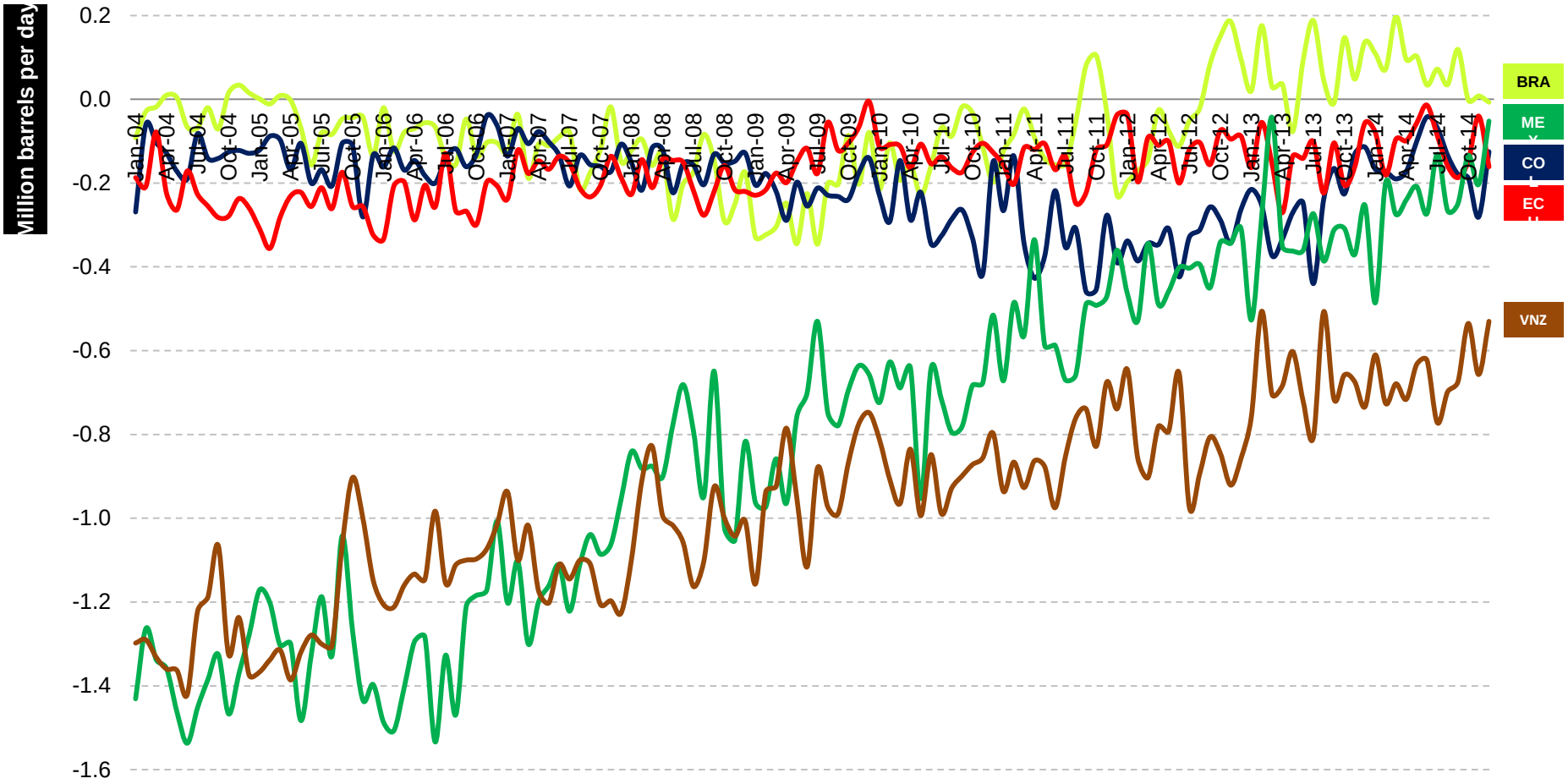
Oil Trade: USA & LAC-6 Balance



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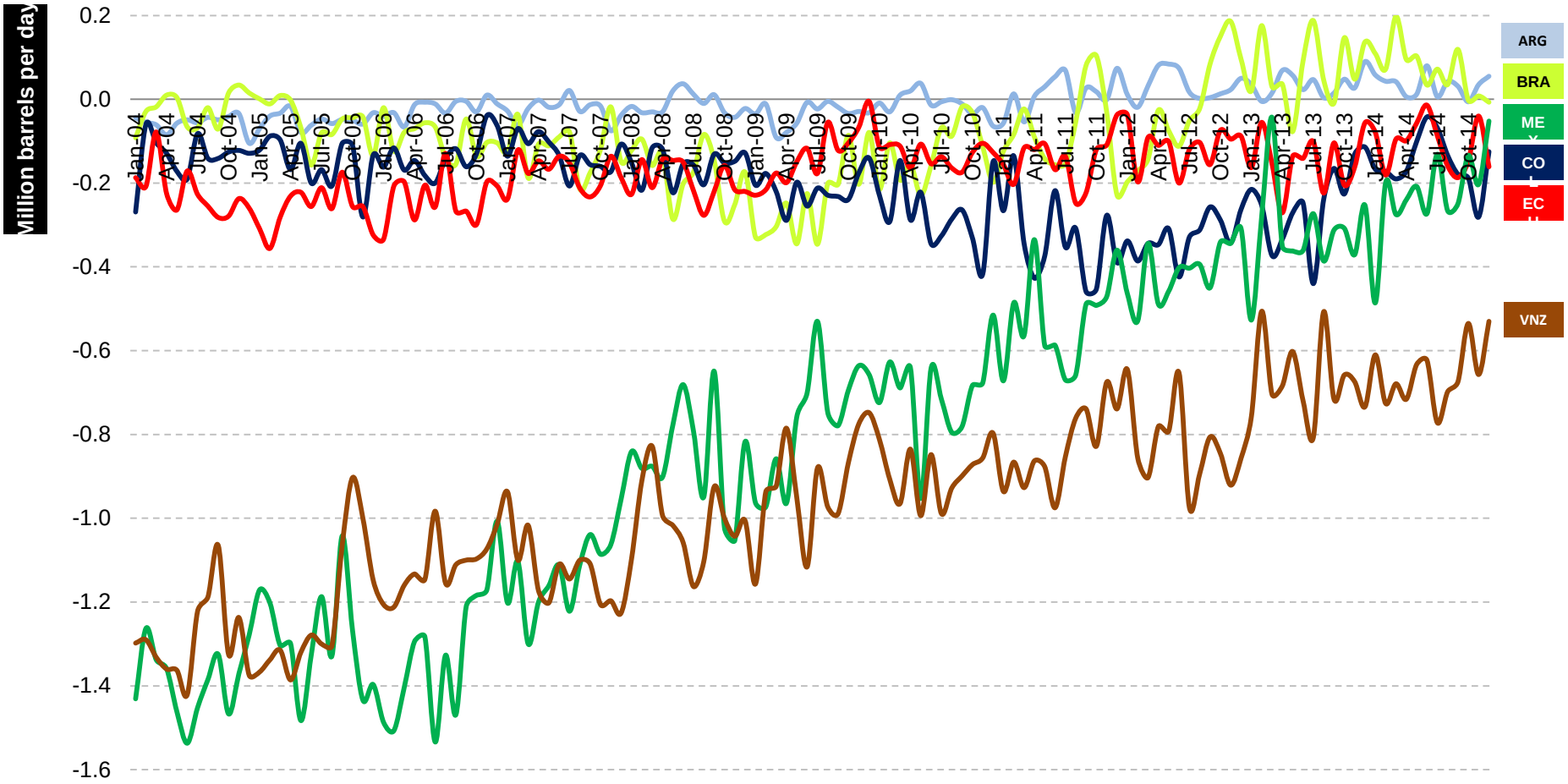
Oil Trade: USA & LAC-6 Balance



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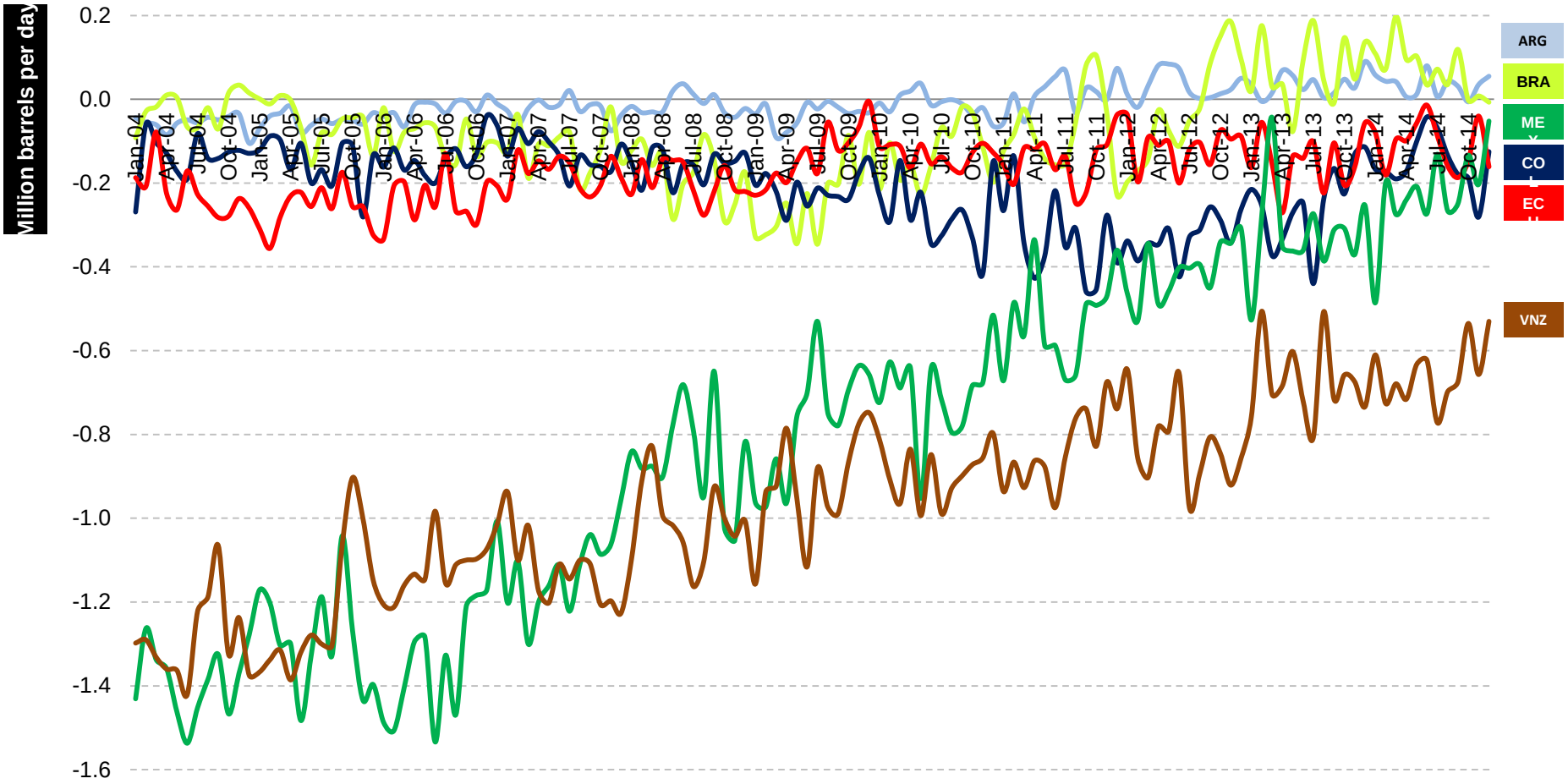
Oil Trade: USA & LAC-6 Balance



Source: Energy Information Administration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