

Energy Cooperation in Latin America; the Case of Brazil and Venezuela

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Energy Resources tend to become the mainstay of a region's economy. However, in spite of being blessed with a plethora of energy resources; the Latin American region has remained devoid of a collective energy policy. Although this is not for the lack of trying, Latin America has repeatedly attempted to build a collective policy that would encompass the various energy resources in the continent and establish a collective policy for their capitalisation which would in turn lead to the region becoming a net energy exporter. While the quest has been noble it is yet to yield any results. Some nations in the region however, have arbitrarily taken the onus of building an energy policy. Taking cues from the above this article attempts to explore the potential of a collective energy policy for Latin America and the attempts made by Brazil and Venezuela in this regard.

Keywords: Energy statecraft, Latin America, Brazil, Venezuela, Crude Oil

Energy resources have earned pivotal importance for most countries of the world and play an important role in foreign relations between countries. Countries that are abundant in such resources often make it the basis of their economies and economic relations with other countries. As mentioned in the in the previous chapter, bilateral and multilateral treaties are signed keeping in mind the supply of energy sources. Countries with technical know-how about power stations or non-polluting technologies often use such knowledge as leverage in their relations with countries in need of such knowledge (Hunter, & Power, 2007). Such ties are often built on tacit understanding of support in international and / or regional. Energy as a tool also plays a role in regional politics. A region like South America has no clear regional leader. Although Brazil has often emerged as an obvious regional leader owing to its large geographical size and population, its leadership has been contested by Argentina and Venezuela in South America in addition to competition from Mexico. Venezuela is a large country with the largest proven reserves of crude oil and has maintained a clear anti-US rhetoric and policy. The South American suspicion of the US and the American agenda is not unknown (Melamid, 1994).

Both Brazil and Venezuela are blessed with energy resources and have advocated for a common regional energy policy. They are also willing to use their energy resources as tool to forward their interests on the domestic front, within the South American region, and also internationally. Energy resources and their trade and leveraging have become an intrinsic part of Brazilian and Venezuelan politics. It has been established that Brazil and Venezuela are countries blessed with an abundance of energy resources (Martí, 2013). The previous chapter that analysed bilateral and multilateral agreements for enhancing cooperation in the energy sector also mentions that a majority of these agreements have Brazil and/or Venezuela as a part of them. Both countries have harbored the ambition for regional leadership and global recognition; however, both are yet to achieve any significant degree of either of those objectives. Brazil and Venezuela are similar in more ways than one; both the countries have been led by charismatic, populist, and ambitious leaders in the recent past. Brazil has been governed by Henrique Cardoso and Luiz Ignacio Lula da Silva, more fondly known as 'Lula'; and Hugo Chavez was a much beloved leader of Venezuela. Both countries have been led by leaders who had an outlook that was greater than their reality and ambitions that were greater than their potential at the time; however, they aimed to achieve their ambitions of leadership and recognition through long term policies (Bello, Blyde & Restuccia, 2011). These policies included and in some cases were centered around the barter, trade, cooperation and coordination of their energy resources as well as that of their neighbours. The aforementioned states the similarities between the countries of Brazil and Venezuela but it is important to point out that their strategies of the use of energy resources as a tool to further their foreign policy ambitions were very different from each other which will be discussed further in the chapter.

While this study in its entirety is focused on the South American region, one has to understand that energy as a subject cannot be limited to one geographical zone and should often be studied in relation with other geographical zones that have an abundance of energy resources too. Similarly, the policies that are formed on energy resources are often also formulated with the pressures of domestic and international politics in mind. These policies cannot be formed in isolation and therefore have to be studied in the larger context of domestic, regional, as well as international politics.

The South American region is a part of the western hemisphere. Historically the politics of the region has been heavily influenced by the US and its policies. The policies based on energy resources are even more intertwined with the politics and economics of the western hemisphere and are often influenced by country's relations with the US. The fact that US is not only a great power in the hemisphere but also one of the biggest trading partners of South American countries in general and specifically that of crude oil. Therefore, the approach that most South American nations, especially that of Brazil and Venezuela have towards their energy resources are often engineered in accordance with their relations with the US in the recent decades, as well as their relationship with the US during the era of the Cold War. While the Cold War might be long over, the era and events of that time had a deep impact on the political and economic relations that the countries have with the US (Khanna & Rao, 2009).

Therefore, this chapter discusses the relationship that Brazil and Venezuela have had with the US and its impact on their policies in the region of South America in the context of their role in promoting cooperation and coordination in the field of energy as well as their ambitions of regional leadership. Brazil and Venezuela in spite of being countries that are rich with energy resources and have had charismatic leaderships have taken two very different approaches towards their use of energy resources for furthering their foreign policy goals as well as to promote cooperation in the field of energy and initiating bilateral and multilateral joint energy projects in the region (Castro & Deorada, 2015).

While Brazil and Venezuela are the countries of focus in this chapter, it is not to say that the use of energy resources have not been used in politics elsewhere. The use of energy resources for diplomacy is neither new nor unique to the region of South America. It's a diplomatic, economic, and political strategy that has been used by various countries that are similarly blessed with energy resources. Erstwhile USSR and present Russia, a country blessed with hydrocarbon derivatives is a prime example of a country that uses its wealth of energy resources to influence international politics that is connected to the country. The nations in the West Asian (or Middle East) region or are well known to be the 'oil-barrels' of the globe.

Their entire economies and their political relations with other countries of the world especially the US are also centred around the production and policies based on the trade of their crude oil and natural gas. It is interesting to note that being blessed with abundant natural resources is often viewed as a curse and a blessing wrapped in one. While a country is energy sufficient and theoretically and practically can be one of the richest in the world, it is often just a fickle move away from bearing the brunt of its own blessing. Being rich with oil and natural gas may put a target on a country's back. There also develops a tendency of being a single-resource based economy, which means that it might fail to diversify. However, it also gives the country a power that is unparalleled as they produce and control some of the most prices resources in the world. Organisation of Petroleum Exporting Countries or OPEC is an apt example of the power that resource rich countries have and could exert over the world. It is worth mentioning that Venezuela is a member of OPEC. The 1973 oil crisis is a prime example of the power that countries can wield when they control energy resources. This crisis is discussed in detail in the coming section (Castro & Deorada, 2015).

Resource rich countries use their wealth to mold the policies to their advantage. This is often termed as energy statecraft and has been discussed in some detail below. This study also focuses on the time period from the 1990s till the year 2015. There have been rapid changes in politics and economics of South American country especially Brazil and Venezuela. The recent avalanche of events altered the politico-economic trends followed by Brazil and Venezuela in the past few decades. However, this chapter with its specific focus on Brazil and Venezuela limits its analysis to the policies and actions by erstwhile Brazilian Presidents, Henrique Cardoso and Luiz Ignacio Lula da Silva and the former Venezuelan President, Hugo Chavez.

The Concept of Energy Statecraft

For a little over a century, Carlos Pascual and Evie Zambetakis have opined that, energy, politics and power have been clearly intertwined as a force in international security. Despite the centrality of energy to a state's national security and the role of energy in international relations, Brenda Shaffer, was reminiscent about the fact that professional journals that claimed an expertise in field of political science and the study of international relations have paid sparse attention to publishing research on the vital role that energy and energy resources play in global politics. However, a trend has become apparent, which is that in times when there are intermittent periods of uncertain energy market conditions, generally an amplification in scholarly publications dealing with energy is recorded (Vásquez 2014). For instance, following the 1973-74 oil crises engineered by OPEC and which is

probably one of the most pivotal events in the history resource-based politics, a large number of publications in chief political science and international relations journals appeared that discussed and analysed the topic of energy and examined its relationship with economics, politics, in addition to a multitude of other topics. A similar pattern repeated itself during the era of the latest five-year period that recorded a steady rise in crude oil prices that began in the year 2003 and saw a decline in prices during the summer of the year 2008; this interlude witnessed an unprecedented record high of 147.27 USD for a barrel of crude oil. During this time a renewal of academic interest was witnessed towards the role of energy and energy resources in international relations and global politics. Energy resources when used as an implement in foreign policy can be categorised as a greater and more specific form of economic statecraft. As energy resources are in their most elementary form of economic resources, therefore, energy statecraft in itself is also a form of economic statecraft (Griffin, 2015).

It has been stated and is also a well-established fact that having access to energy supplies is critical for the continued existence of a country both in the context of security and in terms of economics. According to the first US Secretary of Energy, James Schlesinger (1977), this access to a steady supply of energy from dependable energy resources has also been translated as the “fundamental to any position of power in the world” since the Industrial Revolution. The omnipresent and never-ending need for energy in almost every probable approach of modern civilized life; urban or rural, inadvertently makes energy indivisible from domestic politics in all countries and often in their relationships with each other as well. Shaffer succinctly mirrors the afore mentioned thought when she says, “Energy trends and international politics are innately interconnected and energy security is an integral part of the foreign and national security policy of states”.

Given that the fundamental nature of energy is to be intertwined with all of the basic needs of humankind to fuel all facets of a state’s economic activity; the concept of energy security, in its most essential form, signifies having the assurance of the ability to access the energy resources required for the continued development of national power, sustained economic performance and growth. Adam Stolberg argues, it follows that energy security is fundamentally politicized, as states allow foreign ambitions to alter their behavior in energy markets; employ political instruments to advance their position in energy markets; and exploit this standing to influence the strategic behavior of target states.

The use of energy resources as an instrument in statecraft is not a novel concept. The most barefaced and iniquitous employ of energy statecraft, in the form of the ‘oil weapon’, was employed by the Arab members of the Organization of Petroleum Exporting Countries (OPEC) on 16 October 1973, ten days after the Yom Kippur War broke out between the countries of Israel and the alliance between Egypt and Syria. These countries in OPEC unilaterally announced an increase in the price of crude oil by seventy per cent, and on the very next day production cuts of five per cent and an additional five per cent for every subsequent month until the time Israel had withdrawn from the territories that it had occupied since 1967. They also announced a full oil embargo on the nation-states that had supported Israel during the war. This caused massive economic damage to energy-importing nations all around the world. It entailed this unprecedented step was a recession which was recorded to be the worst since the Great Depression. This also resulted in numerous member states of the Organization for Economic Cooperation and Development (OECD) to alter their position on the Israeli-Palestinian conflict and take heed to the plight of the Palestinian people.

The two of the goals behind OPEC’s use of the ‘oil weapon’ were met. While the OPEC’s objective might have been achieved to an extent, it also made the world wary of the need for ensuring energy security. Venezuela which was a member of OPEC has not displayed any interest in holding the world on the basis of supply of crude oil; however, it was clear to the country that energy resources are a powerful tool can be used in any way. Brazil on the other hand realised that dependence of crude oil and natural gas would increase the country’s vulnerabilities and would steadily increase with time as the demand for energy increased. A need to ensure a stable and affordable supply of energy was felt by Brazil and while this need could have been felt by other countries in the region as well, it was most proactively projected in the South American region by Brazil (Van Doren, 2008). The year 1973, became a land mark in energy policies around the world as well as in South America. The 1973 embargo and the resulting spike in the price of crude oil had led to the surfacing of newer power hubs in global politics. Moving forward, oil-exporting countries, either individually or through OPEC, began to play a more prominent role in international politics.

This emphasizes the argument made by Senators Lugar and Klare , among others that, energy statecraft is on par with military power as a successful mechanism of foreign policy in the context of altering the behaviour of other states by forcing them to act in ways that would be unconventional or even

impossible its absence. Since it has been recognized that energy resources can be equated to economics; in theory, the most fundamental types of energy statecraft pursue in essence the identical rationale as that of economic statecraft: which is that, both economic and energy statecraft can be negative or positive, in addition to being focused on short term or long-term goals. However, it is important to understand that the indispensable nature of energy resources to the economy of any state makes the employment of energy statecraft a more effectual tool than most other economic instruments that are often employed in foreign policy (Afionis, Stringer, Favretto, Tomei & Buckeridge, 2016). There is also an essential 'long-term' goal attached to most energy resources as by nature all activities built around energy are perceived with the agenda of a long-term goal in mind. For instance, ensuring energy security of a state for the coming decades or centuries, or a gradual shift to bio-fuels, or even creating regional infrastructure that facilitates the supply of energy resources in and around a region are all long-term goals and often are impacted by changing demographics, political, economic, and even climactic and environmental conditions of a region. Therefore, while energy resources can be used to pursue short-term goals, by their fundamental nature they are more suited for long-term objectives (Afionis, Stringer, Favretto, Tomei & Buckeridge, 2016).

Negative energy statecraft is often employed coercively or as a disincentive in order 'to influence or even dictate the political or economic actions of a country or non-state actors such as corporate giants or multilateral organisations in the international arena. Energy statecraft often finds itself being translated to sanctions, embargos, licensing denials, production quota manipulation to reduce price elasticity, and exclusion from tenders among many others. Apart from some of the most well-known incidents of oil embargos such as the one in 1973, negative energy statecraft typically takes the form of oil and natural gas sanctions aimed at obstructing domestic energy companies from developing the resources for a geopolitical competitor or an adversary. This adversary could be one that is being faced at the time of conflict and or confrontation, or even a prospective adversary that poses threat in the imminent or distant future. Such events are often viewed in global politics as ones that can be used to enhance its military and diplomatic clout of a nation-state. Sanctions can also take the form of secondary sanctions targeting the technological equipment, such as pipeline tubes, compressors, turbines, refinery equipment necessary for the construction of energy infrastructure.

Perhaps the most flagrant and palpable recent example of a state's use of negative energy statecraft is Russia. In the year 2005, the Kremlin spokesman Dmitry Peskov commented on the sudden and unexpected energy price hikes that Russia was demanding of its neighbouring states by linking energy issues to Russia's broader foreign policy purposes. Peskov went on to comment that in case any of Russia's neighbours wished to join the North Atlantic Treaty Organisation or NATO, they would be perceived as disloyal, and "if you are not loyal then you [make the jump to higher energy prices] immediately" (Rumer, 2015). Over the subsequent two winters, in the years 2006 and 2007, a sequence of crises between Russia and the bordering states of the former Soviet republics led to transitory energy cuts to those states. Ukraine and Georgia alleged that Moscow had attempted to punish them for their western orientations and colour revolutions that had removed regimes that were willing to oblige Russia's demands, and to utilize their natural gas reserves as a weapon to destabilize their regimes.

On the other hand, positive energy statecraft is used cooperatively and has principally taken the form of subsidies in the form of oil and natural gas that are used as an incentive for the synchronization of foreign policy goals between the states that are a part of the energy barter. Nevertheless, it can also be put into practice as privileged access to energy resource developments contracts, technological cooperation in order to increase energy efficiency or decrease energy intensity, state sponsored investment guarantees, granting most favoured nation status, or simply using energy rents to give Overseas Development Aid (ODA), among other ways. An apt example is when Saudi Arabia demonstrated a willingness to assist China in making improvements to its refining capacity to use more Saudi crude oil or when erstwhile President Hugo Chávez sold heavily subsidised Venezuelan petroleum to several Latin American and Caribbean countries, they did not do so out of generosity. They were pursuing their long-term national interest by creating dependence for their oil in these countries, in case their main markets – the United States and other OECD countries – one day decided to import less or none of their petroleum, if not demand an outright *quid pro quo* for their assistance (Thomas, 2012).

As to whether energy statecraft is implemented over the short- or long term, its negative manifestation tends to be short-term, or tactical: its use or threat thereof is connected to a precise change in the behavior of the target state or states, such as the Western support for Israel during the Yom Kippur War that led to the 1973 oil embargo by OPEC's Arab producers, or the Russian examples that have been

cited above. The long-term use of negative energy statecraft is in due course counter-productive in foreign policy, as energy-rich states that engage in it tend to ultimately lose money by not earning rents from their energy exports, which is often their governments' main source of revenue.

Positive energy statecraft, on the other hand, can be either short-term or long-term, following the same logic as positive economic statecraft: strategic linkage seeking a short-term *quid pro quo*, or structural linkages which can be classified as long-term engagement which strategically involves an effort to use a stable flow of economic benefits which in this case are energy resources to reconfigure the equilibrium of political interests within a target country. Structural linkage tends to be unrestricted; the benefits are not turned on and off according to changes in target behaviour. The sanctioning state expects instead that sustained energy engagement will eventually produce a political transformation and desirable changes in target behavior.

In South America, two countries have become the most prominent players of energy statecraft. Brazil and Venezuela are both countries that have shown a proclivity towards using their energy resources as instruments in their foreign policy. Both countries have taken note of the energy conundrum of the region, that even though the region in its entirety is blessed with a variety of energy resources, the nation-states of the region are still net energy importers. Therefore, Brazil and Venezuela have found their niche in energy statecraft for furthering their goals of leadership.

Analysis of Brazilian and Venezuelan Approaches towards Energy Cooperation

Publicly Brazil and Venezuela have never admitted to competing for the leadership of South America. Both the countries are ardent advocates of common goals and working towards the same ends, which is the creation of an integrated South American space that would provide opportunities to all the nations for economic, social and cultural advancements. Indeed, the Brazilian special presidential advisor by the name of Marco Aurelio Garcia was very specific that "bilateral relations are strong and that both countries are moving in the same direction". While this has been perceived to be the case on at least a rhetorical level, the verbiage is slithering and the actual reality emerging. Brazil and Venezuela have been engaged in a contest for leadership of South America, and each offered a singular vision of how the regional geopolitical, geo-economic, and ideological space needed to be directed and organised. These two competing visions were encapsulated in the different methods used to advance a leadership project (Burgess, 2007).

The differences in the approaches between Brazil and Venezuela can be tidily encapsulated in the segregation between the explicit importance that has been placed upon policy pragmatism by Brazil and endeavor purity of ideology by Venezuela (Burgess, 2007). Overlaying this is the subject of the way in which each country is inserted into the global political economy, which thereby points to antithetical perceptions of South American regional relations and those of Brazil and Venezuela with the global political system. Brazil in accordance with its self-interest attempted to create economic opportunities for itself, which it thought might in turn offer opportunities to regional 'partners'. For Brazil, the objective was to make South America a vibrant market for Brazilian products and a source for the energy resources that the country's economy required. This practical, and self-serving yet market-friendly approach would not be classified as neoliberal at its center. This approach has led to Brazil deploying the state in support of national firms with an aim of exploiting regional and global opportunities.

The Brazilian approach stands in stark contrast to the avowedly socialist vision that has been propagated by the erstwhile Venezuelan leader, Hugo Chavez. The Venezuelan president was hurriedly taking his country down a statist conduit that concentrated the economic decisions in the hands of the state. Everything had to be considered as the prerogative of human and societal developments in accordance with the socialist ethos as understood by Chavez. In the context of both these visions, regional leadership almost becomes a defensive necessity. Aside from establishing its own conception of its 'rightful' place in the world, Brazil also needs the status as a leader to ensure that Chavez did not obstruct the Brazilian access to continental energy resources, close markets in neighbouring countries, or even vitiate the international impressions of the region to an extent that would frighten away potential foreign investors. On the other hand, Venezuela under Chavez needed to be the leader due to the fact that the economic and social model he was propagating was incompatible with the interests of other key hemispheric actors. Leadership of a coalition of the smaller regional countries was thereby needed by Chavez to redirect pressure that was being put by hemispheric actors like the USA, Brazil, Canada, Colombia and Mexico.

Chavez's endeavor at leadership of South America is enclosed forcefully in the language of the leftist, Bolivarian ideology, subscribed to the kind of anti-market, anti-entrepreneurial, anti-globalisation, historical ideology that Alvaro Vargas Llosa (2007) has deeply critiqued in his article 'The return of the idiot'. While the alternative that Venezuela is offering the region is visibly presented in terms of a potential future reality, the means that Chavez used to further his goals hold much more in common with the interest-based, predatory aspects of cold war Overseas Development Assistance (ODA) strategies than with optimistic notions of solidarity. Chavez had assumed a statist, mercantilist approach that seeks to leverage the country's oil wealth as a mechanism for introducing Venezuela to an international leadership position, presumably headed towards a new, version of globalization (Almeida, 2010).

Luiz Ignacio Lula da Silva's Brazil is rhetorically similar to the Venezuelan case in terms that it aimed at the precipitation of the emergence of a Southern bloc focused on Brazil that also aimed to provide a more equitable translation of globalisation. The critical difference, as set out in the upcoming section of this chapter lies in the approach that was adopted by Brazil and Venezuela. Brazil's strategy strongly recalled the UN Economic Commission for Latin American and the Caribbean's neo-structuralist school of development economics. Prominence was placed on creating conditions that were encouraging for reallocation in conventional trade flows. Such readdressing of economic activity is neither mandated nor forced by the state. It will also be argued in the subsequent sections, that the consequential dependence upon the reinforcing action of independent business decisions that are essential to the solidification of new cooperative projects gave the Brazilian approach superior prospects for long-term success than the Venezuelan strategy.

The Venezuelan Approach

It is impossible to discuss energy in Latin American without addressing Venezuela. The country houses the largest hydrocarbon reserves in the region, registering some 80 billion barrels of proven oil reserves and 152 trillion cubic feet (tcf) of natural gas. So it is not surprising that the administration of former President Hugo Chávez decided to tap these vast hydrocarbon assets to move his ambitious regional energy integration and social development agendas forward (Zúquete, 2008).

On the energy front, Chavez's vision had both domestic and international aspects. First, the Venezuelan president was eager to assert Venezuela's national sovereignty within the domestic energy industry, which was evident in the promulgation of the 2001 Hydrocarbon Law. Second, he tasked Petróleos de Venezuela (PDVSA) with social and industrial development initiatives at home and abroad. Moreover, Chavez was committed to reducing Venezuela's economic dependence on the United States and diversifying PDVSA's client base (CEPAL 2009).

Finally, Chávez sought to facilitate energy integration in the Caribbean and Central and South America and to engage with other regional powers for instance, Russia to counterbalance U.S. global influence. With respect to the government's energy agenda, the activist regional role being pursued by Caracas was nothing new. Historically, Venezuela appears to assume a leading role following periods of high oil prices, which create windfalls. For example, in 1980 Venezuela, along with Mexico, signed the San José Accord, which continued to provide crude oil and refined products to eleven Central American and Caribbean nations on favorable terms.

The cooperative agreement was reached shortly after oil prices had reached record levels triggered by tensions between the United States and Iran. In other words, Caracas assumes a more activist role on the continent whenever it can afford to do so. Therefore, it is consistent with the behavior of previous Venezuelan governments that Chávez was pursuing a new wave of regional energy efforts since 2002, fueled by steadily rising oil prices. Among the government's high-profile projects are Petrocaribe, Petroandina, and Petrosur. To varying degrees, these energy agreements sought to integrate Latin American countries' energy sectors and, in particular, to foster cooperation between PdVSA and other National Oil Companies (NOCs) (CEPAL 2012).

Another important element of Chávez's regional energy integration strategy was the development of the Orinoco Oil Belt. While some of its reserves are still undergoing certification, the area is estimated to hold some 233 billion barrels, which when coupled with existing oil assets, would situate Venezuela in front of Saudi Arabia in terms of overall petroleum reserves. Accordingly, Chávez would have liked the Orinoco Belt Reserves to be viewed as a reliable energy source for the continent. To mitigate the technical difficulties and costs related to refining Orinoco's extra heavy crude, Chávez proposed the

expansion and upgrading of numerous existing refineries around Latin America. The development of the Orinoco Belt provided an opportunity for regional NOC-NOC cooperation.

The South American region is divided into 27 blocks and five Latin American NOCs—Brazil's Petrobrás, Argentina's Energía Argentina S.A. (ENARSA), Uruguay's Administración Nacional de Combustibles, Alcohol y Portland (ANCAP), Ecuador's Petroecuador, and Chile's Empresa Nacional de Petróleo (ENAP)—have committed to work alongside PDVSA in the development of the acreage. An additional nine NOCs, including Russia's Lukoil and India's Oil and Natural Gas Company, Ltd. (ONGC), have also signed on to the project. Nonetheless, there are clear challenges to Chávez's ambitious energy integration efforts. His Petroamérica plan acquiesced a combination of organizational policies as Petrocaribe is the most advanced of the energy arrangements, while Petroandina is the least developed.

The energy demands of partner countries and their political sympathies and/ or ideologies (or lack thereof) with President Chávez tended to have influence on the level of integration. Another challenge to Caracas' regional integration efforts is its reliance on National Oil Companies. All state oil companies are not built alike and, the Venezuelan government did not realize this and made these National Oil Companies its partner of choice, with little regard for the privately owned companies' technical and organizational competencies or financial capacity (Kott, 2012).

Venezuela, on the basis of existing agreements was attempting to promote geopolitical zones of integration for the socio-economic improvement of the people who were the residents of those zones. The project considers regional integration to be a matter for governments. The recommendations by the Chavez regime were to integrate the South American and Caribbean national energy companies and to sign agreements and make joint investments in exploration and trade of oil and natural gas.

The umbrella agreement is called the Petroamerica, within which exists three sub-regional energy integration projects which were namely; Petrosul constituting the countries of the South or the *Sur* which are Argentina, Brazil, Venezuela, and Uruguay, the second is Petrocaribe which constituted of the fourteen countries of the Caribbean region, and the last sub regional project is called the Petroandina which focuses on the Andean nations of Bolivia, Ecuador, Colombia, Peru and Venezuela.

Out of all of the three projects that were initiated by Venezuela, it is important to understand that the Petrocaribe was the best structured. Petroandina and Petrosul are still in various stages of completion, though parts of these projects have been completed and feasibility studies were underway for expansions to the projects till 2015. Some feasibility studies were predicted to end by 2020; however, with the political instability and economic decline in Venezuela their completion is questionable. These projects also included preferential financing mechanisms for oil supply to the participating nations in Petrocaribe, Pertoandina, and Petrosul. Although, the projects covered the entire region of Latin America they were originally initiated by both Brazil and Venezuela. However, their onus gradually shifted solely upon Venezuela.

While it is perhaps not evident at first instinct as an analytical point of entry towards an understanding of the regional foreign policy being pursued by Chavez, the Venezuelan motivations behind the projects under Petroamerica in their most essential core are quite akin to the cold war debates about the stimulus for providing foreign aid to countries and the consequent impact on the constitution of the Overseas Development Assistance or ODA policies. For purposes of further understanding it would be helpful to understand the actions of Venezuela and subsequently Brazil on a wide continuum with a well-defined realist, interest-based extreme at one end and a liberal, humanist approach at the other.

At the interest-based end we find the sorts of arguments neatly encapsulated by Hans Morgenthau (1962). Morgenthau opined that, the only kind of humanitarian aid which is witnessed immediately in the aftermath of natural disasters such as that of the 2004 Indonesian tsunami could be categorised as non-political. Overseas Development Assistance by that logic therefore becomes intrinsically political in nature, which would mean that countries would only provide foreign aid to other countries if there is evidence of imminent return that will ultimately advance their national interest. In geopolitical terms, Chavez's strategy carries an inverted resemblance to the containment strategy, which was adopted by the US during the era of the cold war so as to contain the spread of communism. While the US was trying to contain the spread of communism; Venezuela on the other hand was attempting to build a protective sphere around itself which could later be extended to its supporters in South America to safeguard his ideology of the Bolivarian revolution.

While, the interest-based approach to ODA commences with the donor country examining the possibilities of the political and economic returns, and would these possible returns justify the potential support to the recipient country; the humanist approach endeavours to entirely abstain from this logic of give and take on at least a worldly level (López, 2008). Aid is instead given because it is seen as moral righteousness or 'the right thing to do'. The matter of morality and connected notion of guilt remains a distinctly powerful discursive apparatus deployed by the advocates of a humanist approach for the deliverance and expansion of ODA. This reason is robustly manifested in the foreign policy rhetoric of Venezuela, and was being practiced in a two-fold manner. The first tactic often is deployed by Chavez in the midst of high-profile gatherings such as the World Social Forum or United Nations General Assembly where he decried the disproportionate nature of globalisation and indefatigably called for substantive measures by the developed world to level the playing field for the rest of the world. The other strategy, and the one of prime interest to this study, positioned Venezuela as one of the 'have' countries that was willing to assist the developmental process of the 'have-not' countries especially in South America, through the provision of subsidised oil, thereby aptly using its energy resources to promulgate its foreign policy goals.

The proposition that Venezuela was engaged in an ODA-driven foreign policy is not instantaneously noticeable, particularly if even a passing consideration is given to the massive socioeconomic inequalities that plague the country. Nevertheless, Venezuela is set apart by the fact that its abundant wealth of crude oil and natural gas allows it to play the role of simultaneously being a developing country as well as a provider of ODA in the form of oil (Gonzalez, 2019).

As the Venezuelan Ambassador to the Organization of American States noted, "Oil can be, as our government realizes, a powerful lever to drive development, integration, cooperation, solidarity, and the economic complementarity of our countries". One of the key objectives that Chavez wanted to fulfill with this strategy is the shape of the global political economy. While the rhetoric in the foreign affairs section of Venezuela's national development plan indicated a move towards the fulfilling of sort of humanist, egalitarian objective at one end of the ODA rationale spectrum, the other pointed resolutely towards the self-interests at play when Chavez talked of the structural crisis facing his country and the need for deep structural change.

The predicament was to manifest the structural change that Chavez aimed for, at a domestic and an international level. With the background of the rise of regionalism throughout the Americas in the 1990s as discussed in the previous chapters, Chavez had positioned the enunciation of a regionalist approach at the heart of his attempts to reformulate the global structural inequities. While this initiative was not novel and was strongly grounded in contemporary South American history, the added dimension one finds in Venezuelan foreign policy was the ascendancy of integration founded upon the principles of Simon Bolivar and underpinned by the country's oil wealth. This in turn translates into an ambition dating from the decade of the 1970s to lead South America as a whole. The same vigour could also be identified in the Venezuelan enthusiasm about the Bolivarian Alternative for the Americas (ALBA), a regional integration scheme that originally consisted of Bolivia, Cuba, Nicaragua and Venezuela. It was launched as South American, specifically Andean alternative to the Free Trade Area of the Americas (FTAA) and one of its principal features was the exclusion the USA and Canada from the grouping, making it exclusively South American. The crucial point was the pursuit of a micro-level actor friendly model of economic and social integration, one that would self-consciously add advantage to the human development that Chavez advocated and was ignored in FTAA-type models (CEPAL, 2009).

With the aim of adding weight to this stance Venezuela went so far as to rescind their membership from the Andean Community to protest over the chain of trade agreements that its other members have signed with the USA. In 2007, Venezuela also joined MERCOSUR and shortly after Chavez not only attacked the bloc for being exceptionally neoliberal at the cost of its social conscience, but called for it to be 'interred' because of its institutional weakness and the disinclination of its member states to capitulate the sovereignty that was deemed necessary by Chavez to give MERCOSUR's governance structures any kind of practical legitimacy.

At this point the ideological and foreign aid elements began to conflate. In many respects Chavez's ALBA can be read as an unclear effort at a counter-hegemonic project in the Coxian interpretation of Gramsci's war of position. Although, Chavez did not seek to sever Venezuelan or the links of other developing nations with the wider global economic system, a policy option that would cripple his oil export-dependent national economy the imperative is clearly to use regionalist logic to reduce Southern dependence on the North. As is the case with successful regional projects, such an ambition requires a

substantial, benefit-providing anchor if it is to secure support. Ideological appeals and humanist arguments are underpinned by the possibilities opened by Venezuela's oil wealth, most notably as mentioned before through a series of regional oil companies: Petrocaribe, Petroandina and Petrosur in an attempt to promote cooperation in the sector of energy and at the same time use their own oil wealth to augment the Venezuelan sphere of influence. The three sub-regional factions of Petroamerica were successful in their own right however, Petrocaribe proved to be the most significant.

Founded in 2005, Petrocaribe built upon the existing regional oil price supports of the 1980 San Jose Accords, that bound Venezuela in a commitment to provide 17 billion USD in the form of subsidised oil to be spread over a period of 10 years at a standard rate of 200 000 barrels of oil per day. The cost averaged out at \$1.7 billion per year. The monetary standards of this one programme put Venezuelan aid on a par with that of OECD countries such as Australia, Belgium, Denmark, Norway, Portugal, Spain and Switzerland. Some estimates suggested that high oil prices provided Chavez with a parallel budget of between 6 billion USD and 10 billion USD between the years 2003 and 2006. However, Chavez's willingness to take payment in kind rather than cash is equally important. While almost contemptible takes on 'bananas for oil' can be scripted, this barter arrangement had also been used to contract a small army of Cuban doctors to staff the understaffed health clinics throughout Venezuela. A return to capitalist exchange that was not influenced by monetary gains also had important implications for the state of the national balance of payments, removing the requirement to buy foreign currency in order to pay for oil imports.

Petrocaribe was to provide oil to 12 of the 15 Caricom members as well as to Cuba and the Dominican Republic. Each country had a daily quota which it purchased at the current market rate. The ODA function of Petrocaribe came into play in the provisions of purchase. A portion of the payment was amortised over 25 years at an interest rate of 1 per cent, with a preliminary two-year period of grace. The percentage value of the purchase that was financed in this manner was calculated on a sliding scale, if prices are \$30 – \$39/barrel, which is well over the price used in the national budget to calculate Venezuela's projected oil revenues, 25 per cent of the purchase price is financed; if prices rise above 100 USD then 50 per cent of the cost is supported (Yergin, 2006). Reports suggested that Petrocaribe oil would effectively be 6 USD under market costs, bringing a region-wide annual total savings of 50 million USD. Although Petrocaribe was ostensibly a regional oil entity governed by a council of member ministers, a closer reading of the founding treaty and its supporting documents reveals a sliding position on the interest-humanist ODA continuum that was previously mentioned in an attempt to understand the Venezuelan and Brazilian approaches. The organisation was effectively a terms of sale agreement between Petroleos de Venezuela, SA (PDVSA, the Venezuela State Oil Company) and member national oil companies or national designates of the CARICOM countries. Moreover, despite the facade of consultation in decision making, command over the physical distribution of the oil remained with PDVSA and Venezuela retained the right to unilaterally alter the sale terms and quantities as it saw fit (Hochstetler & Tranjan, 2016).

Petrosul and Petroandina notably lack the ODA elements found in Petrocaribe. Within an Andean context Petroandina was initiated in July, 2005 with a sight to creating a strategic alliance between the state oil companies of the five Andean Community nations, each of which is a hydrocarbon producer. Although the PDVSA pointed to ambitions of coordinating energy policy, the most substantive advancement had been a statement of intent by Ecuadorian president Rafael Correa from 2007 to 2017, to use Venezuelan refining capacity instead of expanding gasoline imports. Likewise, Petrosul had proven to be emaciated on the ODA end. In this case PDVSA was perforce required to seek partnership with Brazilian state oil company Petrobras, a firm that had a market capitalisation of over \$100 billion USD and an exceptionally serious business outlook. Although much has been made of PDVSA – Petrobras partnerships leading to an *anelenergetico*, a gas pipeline linking all the countries in South America, the minimum price tag of 20 billion USD prompted many industry insiders to dismiss the project as too huge and/or at best of doubtful commercial viability. Indeed, throughout South America the partnerships that PDVSA had made with other regional oil actors have been on a decidedly commercial basis distinctly free of clear suggestions of ODA (Gonzalez, 2019).

Where Venezuela did appear to be providing a burgeoning ODA function in South America was in the spending of its surplus oil income. But there is again a certain fluidity in the interest/humanist aspect of this strategy. Chavez was swift to offer financial support to Argentina, purchasing 1.3 billion USD

dollars in bonds shortly after Kirchner completed restructuring his country's debt, although he quickly sold two-thirds of them on to Venezuelan banks, supposedly turning a 308 million USD profit and thereby, neutralizing a looming domestic foreign exchange crisis (Loyola, 2014).

A similar project was pursued again in 2006, this time with 100 million USD in Paraguayan bonds wrapped in the rhetoric of seeking to help with regional infrastructure expansion. These debt purchases not only underscored the interests behind Chavez's humanist ODA activities, they also highlighted his focus on supporting left-leaning leaders in countries he hopes will support the Bolivarian project. Similar events were seen in Bolivia, where Chavez provided a great amount of moral support to the then and current President, Evo Morales during his extensive struggle with Brazil and Petrobras over the nationalisation of the natural gas industry in 2006. Indeed, Chavez was quick not only to arrange basic medical assistance for Bolivia with ALBA partner Cuba, but also to offer assurances that PDVSA would help implant in Bolivia, the managerial and operational capacity necessary to run the hydrocarbons sector. On a more mundane level Chavez had gone so far as to become involved in Rio de Janeiro's carnival by using ODA to finance the 2006 champions Escola de Samba Unidos de Vila Isabel, an act only slightly humbler than offering Venezuelan energy to support Brazil's quest to be a world power.

The Brazilian Approach

Brazil is a country that is blessed with both renewable and non-renewable sources of energy. However, it is also a country that recognizes its growing need for the stable supply of energy in the future and acknowledges the fact that it has not been able to cater to the energy demands of its population without importing sources from other countries. The country recognizes the inadequacy it faces in its sources and the ability to harvest those sources to their optimal potential. However, at the same time Brazil has also recognized the opportunities that the country is provided with by the available energy resources and its superior knowledge of bio-fuels. Brazil has attempted to use its energy resources and its technical know-how as a diplomatic tool for foreign policy. It will be interesting to attempt to assess how successful Brazil has been in its policy of diplomacy through energy (Hochstetler & Tranjan, 2016).

Brazil is the largest country in the South American continent and the fifth largest in the world according to territory with its borders covering an area of 8.5 million sq. km. It constitutes 42 per cent of South America and in 2013 it was the fifth largest economy in the world. Although Brazilian economy is currently suffering through a recession. Brazil is a country that is blessed with abundant natural resources. Brazil is home to a majority of the Amazonian Rain Forest, which in itself is one of the greatest natural wealth of Brazil. The great natural wealth of Brazil also plays a role in the Brazilian energy mix (Hochstetler & Tranjan, 2016).

The energy mix of a geographical region can be understood as the categorization of its total energy consumption by its primary sources of energy. The energy mix of an area is affected by the availability of usable resources on its territory or the possibility of importing them, the extent and the kind of energy need that the region aims to meet, and the policy choices that have been made by the regime based on economic, political, social, environmental, and historical factors. The energy mix of the earth currently shows that out of all the energy produced in the world; eighty per cent is attributed to fossil fuels. When one examines the energy mix of Brazil, it is important to note that Brazil has large natural wealth. It has the largest share of the Amazon Forest, long rivers that run across the country, a vast coastline, and also reserves of crude oil that have been discovered off of its coast in the Atlantic.

The Total Primary Energy Supply of Brazil (TPES) is dominated by petroleum which makes up 38.4 per cent of the total; the second largest is hydropower which accounts for 15.7 per cent and the third is energy from miscellaneous renewable sources which makes up 29.6 per cent. Then there is natural gas with 9.3 per cent, coal with 6.4 per cent and nuclear power with a little over one per cent of the share.

The Brazilian energy sector has a unique characteristic that almost 45 per cent of all Brazilian energy is supplied by renewable sources. 77 per cent of all its electricity supply is attributed to hydro-power. Brazil has traditionally tried to develop sustainable structures of energy production. With the large chunk of the total supply being attributed to renewable sources, Brazilian energy sector is one of the least carbon-intensive in the world. Upon examining the trends of energy consumption in Brazil, it is evident that the level of per capita energy consumption is low as compared to not only developed nations but also with in the region. Brazil has some of the lowest per capita energy consumption rates in the world. In

2013, this was 1.31 kg of Oil Equivalent, which is lower than Argentina (1.96) and Mexico (1.59) (Johnson, 2015).

However, it is important to emphasise that Brazil still continues to consume more energy than it produces and it has been estimated that till the year 2030 the need for energy would rise by 2.5 per cent per annum. Between 1975 and 2000, the total use of energy in Brazil has increased by 250 per cent, with parallel increase in per capita use of energy 60 per cent and energy use per unit of GDP 22 per cent (Yergin, 2006).

The two statistics point toward an upward trend in energy consumption in the country. Greater industrialization and mechanization and growth in population would lead to greater demand for energy. The Brazilian regime recognizes this predicament and has taken steps to prepare for the growing demand of energy. Brazil has forged ties with its neighbours so as to secure the supply of energy resources for its future. It has also been involved in joint ventures with its neighbouring countries in building such power projects that benefit both Brazil and the other country. Brazil unlike Venezuela used a more pragmatic market-based strategy towards achieving its ambitions. It has shown a reluctance towards the ODA approach and has taken towards adopting more practical methods of ensuring energy supply for the Brazilian people, bringing other countries into the fold of energy cooperation as well as establishing its authority in the region via promotion of energy cooperation between countries. Brazil has often acted as a facilitator in large cooperation projects and has made great strides in the fields of bio-fuels so as to reduce dependence on hydrocarbon derivatives.

The Brazilian government in an effort to curb its emissions from fuel instituted a National Fuel Alcohol programme (PROALCOOL), which focused on the promulgation of the use of ethanol as a fuel for light vehicles and in industries. However, the Brazilian affinity towards using renewable sources of energy is not without their problems. The mega dams that have been a source of pride to Brazil have often been criticized for the environmental damage they have caused to the surrounding land, flora and fauna during their building and their irrevocable impact on the course and flow of rivers on which they are built (Ocampo, 2017).

The PROALCOOL programme encourages the use of ethanol-based fuel for light vehicles. It displayed great success in the beginning however problems were soon apparent as ethanol is a plant-based product. The global prices of sugar do have a bearing on the production of ethanol. During a surge in the price of sugar/ sugar-based products in international market it becomes more beneficial for the farmers to produce sugar instead of ethanol. Besides the economics, there is also the question of the need for more land to grow more sugar- cane to satiate the need for growing ethanol. This additional land would be carved out by clearing forests which would have an adverse effect on Carbon emissions (Ocampo, 2017).

Brazil is unique in the terms of emission of its Green House Gases. The majority of GHG emissions in Brazil are attributed to the agricultural, land and forest activities (81 per cent) as opposed to transport and industrial sector in most countries. Therefore, one can say that principal issue about climate change in Brazil at the moment is natural resource management. However, it is important to note that the fastest growing sectors are those of and industrial sector that do not account for a majority of GHG emissions at this point of time, however they are also the fastest growing sectors and are posed to increase their GHG emissions in the future.

The Brazilian foreign policy ambitions have been well amalgamated with their energy policy. Brazil has exhibited a desire to be recognized as a global power since the beginning of the twentieth century. Its aspiration to assume its "natural" role as a "big" country has become the basis of the Brazilian political, economic, and social initiatives both at a domestic as well as at an international level. Paolo Roberto states, "Brazil's diplomatic GDP is greater than its economic GDP, and the latter is certainly greater than its military GDP". The statement is indicative of the Brazilian tendency to project itself as global power and its incline towards soft power rather than concentrating on military or political might as is a conventional choice among most nations.

The Brazilian geographical position in a relatively peaceful regional environment and an absence of recent or continuous border disputes have led to Brazil being able to maintain a status quo in their position in the Latin American region. This consistency within the region has earned Brazil the position of the middle ground on the international stage. This is also one of the reasons that Brazil has assumed

the role of a facilitator in multilateral trade negotiations. The Brazilian diplomatic presence far exceeds its actual presence in the world.

Brazil has displayed a desire to play a greater role in the region as well as the Third-World politics and on multilateral fora. Brazil has a knack for negotiating on the multilateral stage and it is evident by the Brazilian initiative in various regional and international organizations like UNASUR, MERCOSUR, and multilateral platforms like India, Brazil, South Africa or IBSA, Brazil, Russia, India, China or BRIC, G-77 etc. the Brazilian attempt to build a cohesive regional community as well as its expanding South-South initiatives are indicative of its ambition to become a part of the UN Security Council in a more permanent fashion, a dream that is shared by many a country of the developing world; India being one of them (Morais & Saad-Filho, 2011).

Brazil has not only forged international ties to further its global ambition but has also worked to deepen the roots of democracy as well as introduce programmes for social alleviation to combat the widespread economic and social inequality in the country. Conditional Cash Transfers schemes like BolsaEscola and BolsaFamilia are well known and appreciated for their contribution towards the upliftment of the masses and bridging the proverbial gap between the rich and the poor.

Brazilian collaborations in the field of energy have also been seen as another link in the same chain. Brazil in the past has collaborated on the basis of various sources of energy with a number of countries. beginning from the western hemisphere itself Brazil has joint projects with Canada, the US, Bolivia, Argentina, Paraguay, Guatemala, Haiti, El Salvador, Jamaica and Dominican Republic to name a few. Moving to rest of the world, European states have shown interest in the progress that Brazil has made in bio-fuels. Brazil has joint ventures European states to explore possibilities in the field of bio-fuels as Europe is predominantly dependent on Russia and the Middle- East for its energy needs (Corrales, 2015).

Brazil has close relation with the Luso-ponic part of Africa attributing to a shared culture. They also have ties with countries like South- Africa, Libya, Namibia, and Nigeria. Brazil has also increased its trade in the region and is working towards integrated energy ventures. Moving towards Asia, Brazil has bilateral accords on bio-fuels as well as about oil exploration and funding with Vietnam, Indonesia, and China. Brazil has also maintained bilateral relations with Japan and South Korea (Hoberg, 2013).

It is evident that Brazil has been using collaboration on energy sources as a tool for foreign policy. This study would focus on three such cases--the Bolivia- Brazil Natural Gas pipeline, Brazilian Ethanol Diplomacy with US and Africa, and Brazil- Paraguay joint Hydrel-Power Project (Watts,2016).

Natural Gas Pipeline

The Brazilian Foreign Policy Handbook (2005) states that “Brazil gives the highest priority to its relations with Bolivia, a country with which it has its most extensive borders”. This singular statement is emblematic of the relations that Brazil and Bolivia pursue. In the year 1995 large deposits of natural gas were found in north and south-west of Bolivia. The Bolivian regime at the time due to the economic situation of the country did not possess the resources to develop the resource and dig oil- wells in the area. This was also the time when the former Bolivian President Gonzalo Sanchez de Lozada was leading the campaign of de-nationalization in the country. The de-nationalisation reforms were taking place so as to make the country more efficient and to attract foreign investment for previously national oil companies (Specia, 2019).

The Bolivian National Oil Company, Yacimientos Petroliferos Fiscales Bolivianos’ (YPFB) was added to the list of countries that was being privatized. This was also the time that Brazil felt a growing need for natural gas as it did not have sufficient domestic resources. In September 1996, the presidents of Bolivia and Brazil met in Cochabamba, Bolivia and inaugurated the gas pipeline project that would carry natural gas from Bolivia to South-west Brazil (Hill, 2004).

While the natural gas pipeline was born out of necessity in Brazil, the situation soon changed when Brazil discovered crude oil deposits off the Brazilian coast in the Atlantic. Brazil is today the 12th largest

oil producer in the world and while Petrobras still maintains its supremacy in Brazil, as of today more than 50 oil companies are involved in the exploration of Brazilian oil resources (CEPAL, 2012).

In 2006, Brazil discovered 11.2 billion barrels of proven oil reserves off its coast. The Brazilian discovery of oil deposits was only second to that of Venezuela. By 2011, Brazil had become an oil exporting nation. The discovery of oil in 2006 was a favourable find also for the natural gas situation of Brazil, as natural gas is also produced as a by-product of crude oil in addition to being found individually. The Lula administration of the time however faced a predicament. They believed that the discovery of oil could lead the country towards the 'Dutch Disease'. The Dutch Disease is a situation where the discovery of oil in a country leads to a rapid inflow of foreign currency in the domestic market thereby causing inflation and making domestic products less attractive to importers (Corrales, 2015).

The year 2006 was also the year when the Bolivian president Evo Morales decided to nationalize the hydrocarbon resources of the country. Brazil faced a complicated situation with this decision of Evo Morales. Brazil had recently discovered that they the country was possibly self-sufficient when it came to hydrocarbon however developing the oil field would take time. The Natural gas from Bolivia was one of the prominent sources of energy that was used to power the San Pablo region which is the economic and political heart of the country and was responsible for 40 per cent of the Brazilian GDP (Vásquez, 2014).

President Lula was not exactly spoilt for choice when he decided to renegotiate the terms of the pipeline with Evo Morales. Brazil then agreed to pay more for Bolivian gas. Even though this decision as not received favourably by Brazilians and was criticized by the opposition partied the Brazilian regime stated in Joint Communiqué (2006) with the Bolivia and Venezuela that, "the most important victory for Brazil is that this may lead to a clear regulatory environment in Bolivia".

It was a statement that displayed the Brazilian ambition of assuming the role of a regional leader. Brazil has also agreed to keep importing natural gas from Bolivia post the year 2019. It has been estimated by geologists and scientists that Brazil would not need to import natural gas from Bolivia after 2019 as its own reserves would be developed enough to sustain the domestic natural gas needs of Brazil (Sperlich & Sperlich, 2014).

Georges D. Landau (2009) is of the opinion that this decision is purely strategic and will help Brazil in furthering its ambitions in the region. He takes the case of Argentina and Brazil, stating that both Argentina and Brazil had to renegotiate their natural gas contracts with Bolivia post the decision by Morales to nationalize hydrocarbons. While both the countries were forced to increase their payments, Brazil came forward and projected to the world that it had acted for the greater good of the continent and would continue to do so for to come to the aid of its neighbours and help the attain financial and political stability. This image of a regional patron is an aspiration that Brazil has harboured for approximately two centuries and most of its actions are aimed at making it a reality (Kutiyski & Krouwel, 2014).

Ethanol Diplomacy

Brazil has been lauded internationally for the expertise that it has attained in bio-fuels. In an attempt to reduce the dependence of crude oil for vehicles as well as to decrease the pollution caused by automobiles Brazil developed its PROALCOOL programme. The programme encourages the use of an ethanol-based fuel for its automobiles. The Brazilian bio-fuel is derived from sugarcane and had been widely accepted in the country.

Bio-fuels are not the sole domain of Brazil and have been developed by several countries including the US. However no other country has a sugarcane-based ethanol. The US has developed a bio-fuel that is derived from corn. There are distinctions in the chemical compositions of the bio-fuels that have been developed by Brazil and the US and they are also differences in their levels of pollution. It has been agreed by the US and by several European countries that the Brazilian bio-fuel is a superior product in comparison to its counter parts.

In 2007, US President George W. Bush co-signed a joint venture between Brazil and the US for further research and development of bio-fuel. He termed this 'Ethanol diplomacy'. While it is a welcome step in the direction for developing superior bio- fuels, it has also been utilized as a diplomatic opportunity by Brazil. Brazil has traditionally enjoyed cordial relations with the US. It even helped US during the Second World War by sending its pilots to fight with the US army. However, Brazil was able to maintain

an individual position during the cold war years (Stickler, Coe, Costa, Nepstad, McGrath, Dias & Soares-Filho, 2013).

The Brazilian superiority in ethanol has given the country an opportunity to enter a joint venture with the US as equals. This is seen as an opportunity by Brazil to project its image as leader and a power to reckon with. Brazil has also used its technical know-how in the field of ethanol to further its relations in Africa. Brazil has traditionally enjoyed good relations with the lusophonic African Nations. Shared language, history and culture give Brazil an insight into Africa that other Latin American Countries cannot boast about. Brazil has also forged ties with African countries like South Africa, Tanzania, and Mozambique by indulging in greater trade with these countries (De Castro, 2014).

Brazil has entered into joint ventures with these countries and agreed to aid them with their technical expertise in the field of bio-fuels. The sharing of this knowledge with seemingly no desire for economic gains in return paints Brazil in a favourable light in the African continent. Brazil has a benign image in Africa as opposed to other aid providers that are often seen a predatory and are often condemned for human right violations in their own countries. Brazil has taken this opportunity to build greater and deeper South-South cooperation. It has also attempted to forge multilateral partnerships that gain international importance and project Brazil as a leader of the third World.

The Brazilian desire to be acknowledged as a powerful country of the world has been the driving force behind the kind of diplomacy that is practiced by Brazil. Its attempt to forge ties with its neighbours so as to attain the status of a regional leader was titled as the “Tropical Man’s Burden” by a Paolo Roberto. Brazil is a Portuguese speaking country that boasts of a more racially and ethnically diverse population in a region of Spanish speaking racially and ethnically diverse countries. The Brazilian attempts of using energy as a tool to further its foreign policy goals have yielded a mixed bag of results. While its global presence has increased, it is nowhere close to becoming a clear regional leader or being singled out as a leader of the developing world. The permanent membership of the UN Security Council also seems like a distant dream. However, it is true that Brazil has been successful in forging strong relations with much of the world. It is widely recognized as a more or less stable democracy with no recent records of gross human rights violations (Pribble, Huber & Stephens, 2009).

The country enjoys a benign image in the developing world and has been recognized for its potential in the fields of environmental conservation, afforestation and technology for bio-fuels. Brazil has cultivated a unique ability of creating an aura of prominence on the global stage without tangible economic and military might to fall back upon. It is changing the narrative when it comes to conventional world powers and has taken upon itself to base its prowess on soft power. Brazil has been characterized as and ‘emerging power’ by the political scientists and experts of international politics for long. Brazil itself has also always envisioned itself as a country that is not confined by the factual details of the statistics that define the Brazilian economy or the might of its military (Rumer, 2015).

Brazil has traditionally performed its foreign relations and projected its international image in a fashion that would mostly be labeled as a characteristic of a developed nation with matured soft power. It is the Brazilian ambition of being recognized and accepted as a regional leader as well as a representative of the region internationally that has aided in the developing of the country’s multi-faceted diplomatic approaches. Brazil has not limited itself to economic, militaristic, or strategic partnerships (Bandeira, 2006).

Brazil also harbors the aspiration to be seen as a generous country that is willing and helpful in forging South-South ties. The Brazilian desire to be seen as a beacon of the developing world as well as its need to secure the future of its energy resources has led Brazil to use energy resources as a catalyst in furthering their diplomatic ambitions. Energy security has become one of the most vital focus points for every country in the world. Energy resources find a way to become inextricable parts of the economic, foreign, and security policies of most regimes around the globe. Brazil has attempted to use the concept of energy security to its benefit in furthering its diplomatic ambitions.

Conclusion

Both Brazil and Venezuela have played an extensive role in the promotion of energy cooperation and the building of tangible infrastructure for the transfer of energy produced via a myriad of energy resources of the region. While both countries took different paths towards meeting their objectives and maintained a façade over their real intentions from time to time, the ultimate ramifications of their actions were a more coherent South America that was had a tendency of greater openness when it came to sharing its resources. This is not to say that energy nationalism is dead and buried but to emphasise that a willingness to work around and in spite of obstructions was displayed by both Brazil and Venezuela in their extensive work as instigators of energy cooperation in the region.

While Brazil took a more pragmatic approach, often bearing the financial strain in larger projects, and Venezuela incentivized a greater Venezuelan access to decision making positions in the board rooms of energy companies across the region in the name of humanitarian aid and ODA, both worked countries steadily worked towards gaining more legitimacy as a regional leader. Brazil and Venezuela are nations that have had larger than life projections of themselves and grand regional and global ambitions; this has been made evident by their use of energy resources to mould the trajectory of energy cooperation in the region in their favour. They were equally enthusiastic about promoting energy cooperation within the ambit of regional organisations ; wholeheartedly supporting grouping like UNASUR and ALBA and even initiating programmes like IIRSA as has been discussed in the previous chapters, however, the limited success of regional groupings in the objective as well as their inability to arrive at a consensus or even guarantee compliance of the participating countries in a project, both Brazil and Venezuela displayed a zeal towards energy cooperation in the form of bilateral and multilateral energy agreements within the region. With the present political and economic conditions in both the countries, it would be interesting to see how Brazil and Venezuela take their energy policies forward and the impact it has on the cooperation and coordination in the field of energy in the region.

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