

**ENERGYforum**

James A. Baker III Institute for Public Policy • Rice University

**LATIN AMERICAN INITIATIVE**

James A. Baker III Institute for Public Policy • Rice University

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# **ENERGY, POLICY AND POLITICS:** The Changing Energy Landscape in Latin America

Thursday, February 26, 2009 • James A. Baker III Institute for Public Policy • Rice University

# ENERGY, POLICY AND POLITICS: The Changing Energy Landscape in Latin America

## *About the Conference*

In recent years, Latin America has experienced dramatic changes in the economic, political and social forces that influence national and regional energy policy. This conference brings together important policymakers, energy industry officials and analysts, and scholars to discuss emerging trends and influences that are shaping Latin American energy policy. Through a wide range of topical panels and presentations from the region's experts, the conference will address competing paradigms for sustaining energy sector investment, the increased role of alternative energy, the changing role of national oil companies, and energy reform and privatization.

## *Organizing Partners*

### **The Baker Institute Energy Forum**

Located in Houston, Texas, the energy capital of the world, the James A. Baker III Institute for Public Policy has created a multifaceted program designed to promote original, forward-looking discussion and research on the energy-related challenges facing our society in the 21st century. The mission of the Energy Forum is to shed light on important trends — both regional and global — that shape the nature of global energy markets and influence the quantity and security of vital supplies needed to fuel world economic growth and prosperity. The choice of the word “forum” is deliberate. It reflects the group's goal to serve as a focal point for the exchange of ideas on how to improve understanding of the complex political, cultural, religious, economic and social forces that influence open access to energy resources and their equitable distribution.

### **The Latin American Initiative**

Notwithstanding recent backslides in some countries, the last two decades have marked a historical movement toward democracy throughout Latin America. Today the continent faces the task of consolidating the central elements of democratic governance while addressing growing economic disparity and social fragmentation. The mission of the Latin American Initiative at the Baker Institute is to provide a forum which fosters a better understanding of the cultures, economies, histories and contemporary affairs of past and present Latin America. Through its main programs — the Americas Project, the U.S.–Mexico Border Project and the Vecinos Lecture Series — the Latin American Initiative brings together leading stakeholders from government, the private sector, academia and civil society to exchange their views on pressing issues confronting the region. Additionally, this initiative sponsors regular forums addressing political and economic aspects of U.S. policy toward Latin America.

### **The Americas Society and the Council of the Americas**

The Americas Society and the Council of the Americas are sister organizations dedicated to education, debate and dialogue in the Americas. The Americas Society was established in 1965 to foster an understanding of the contemporary political, social and economic issues confronting Latin America, the Caribbean and Canada, as well as to increase public awareness and appreciation of the diverse cultural heritage of the Americas and the importance of inter-American relationships. The Council of the Americas is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere. The council's membership consists of leading international companies representing a broad spectrum of sectors, including banking and finance, consulting services, consumer products, energy and mining, manufacturing, media, technology, and transportation.

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## Conference Agenda

### Registration

8:30 am Doré Commons, James A. Baker III Hall, Rice University

### Welcoming Remarks

9:00 am **Erika de la Garza**  
Program Director, Latin American Initiative, James A. Baker III Institute for Public Policy

**Susan Segal**  
President and CEO, Americas Society/Council of the Americas

### Panel I: Energy Policy in the Americas

Moderator: **Amy Myers Jaffe**  
Wallace S. Wilson Fellow in Energy Studies, James A. Baker III Institute for Public Policy

9:15 am The Cardoso–Lula Brazilian Model  
**David Mares**  
Baker Institute Scholar for Energy Studies, James A. Baker III Institute for Public Policy

Argentina's Federalization of Energy Policy Experiment  
**Mark Jones**  
Professor of Political Science, Rice University

Venezuela: Oil Sector Performance 1997–2008  
**Ramon Espinasa**  
Consultant, Integration and Regional Programs Department, Inter–American Development Bank

### Discussion

10:30 am **Laurence Whitehead**  
Official Fellow in Politics at Nuffield College, Oxford University

11:00 am Morning Break

### Panel II: Renewable Energy

Moderator: **Ronald Soligo**  
Baker Institute Rice Scholar and Professor of Economics, Rice University

11:20 am Outlook for Alternative Energy  
**Juan Pablo Bonilla**  
Coordinator, Sustainable Energy and Climate Change Initiative, Inter–American Development Bank

Renewable Energy in Latin America  
**Brent de Jong**  
Founder and Vice Chairman, Ashmore Energy International

# Conference Agenda (continued)

## Lunch Keynote

Introduction: **Eric Farnsworth**  
Vice President, Americas Society/Council of the Americas, Washington, D.C., Office

Noon **Fidel Herrera Beltrán**  
Governor, Veracruz, Mexico

## Panel III: Energy Reform in Mexico

Moderator: **Eric Farnsworth**  
Vice President, Americas Society/Council of the Americas, Washington, D.C., Office

1:45 pm PEMEX/Oil and Gas  
**Jed Bailey**  
Managing Director, Asia and Latin America Energy Groups, CERA

Industry Perspective  
**Tania Ortiz Mena**  
Director of Government and Regulatory Affairs, Sempra Energy Mexico

## Discussion

2:30 pm **Paul Isbell**  
Director, Energy Program; Senior Analyst, U.S.–Spain Relations Project, Real Instituto Elcano

3:00 pm Afternoon Break

## Panel IV: NOCs in a New Oil Price Environment

Moderator: **David Mares**  
Baker Institute Scholar for Energy Studies, James A. Baker III Institute for Public Policy

3:20 pm Capital Markets Perspective on Latin American Energy Companies  
**Thomas Langford**  
Managing Director, Morgan Stanley

Investment and Nationalization Cycles: IOCs and NOC Relations  
**Amy Myers Jaffe**  
Wallace S. Wilson Fellow in Energy Studies, James A. Baker III Institute for Public Policy

4:15 pm Closing Remarks

# ENERGY, POLICY AND POLITICS: The Changing Energy Landscape in Latin America

## *Speaker Biographies*

**Jed Bailey** is the managing director of CERA's Asia and Latin America Energy Groups. He is an expert in energy markets in developing countries, specializing in market fundamentals, regulatory structure and strategic planning. Some of his recent engagements include leading a global analysis of low-cost power opportunities for a major industrial client and working directly with the president and the energy minister of a Latin American country to develop a natural gas monetization strategy. He is currently managing the launch of the new CERAView Institutional Investor International Advisory Service and is directing CERA's multiclient study on China's energy future. Bailey previously directed several multiclient studies, including "Aligning Rhetoric with Reality: Mexico's Energy Future to 2030," "The Alchemist's Challenge: Turning the Southern Cone's Natural Gas into Gold," and the update of "Brazil: Market Rules and Power Plays." He is the author or co-author of many CERA reports, including analyses of the financial conditions in the Mexican and Brazilian power sectors, implications of economic and political volatility in emerging markets, and the potential for energy reform in Latin America. Prior to joining CERA, Bailey was a research assistant at the Massachusetts Institute of Technology (MIT) Energy Laboratory and worked with the U.S. Agency for International Development in India. Bailey holds a Bachelor of Science from the University of Wyoming and a Master of Science from MIT.

**Juan Pablo Bonilla, Ph.D.**, is the coordinator of the Inter-American Development Bank's (IDB) Sustainable Energy and Climate Change Initiative. Bonilla is responsible for the IDB's efforts on renewable energy, energy efficiency, biofuels, and climate change mitigation and adaptation. Before joining the IDB, Bonilla was a senior environmental and sustainable development specialist for Latin America and the Caribbean at the World Bank, and member of the Clean Development Mechanism Executive Board to the United Nations. Bonilla was also the deputy minister and acting minister of environment for Housing and Territorial Development, Colombia; principal adviser to the vice president of Colombia; executive director of Fundesarrollo; and national environmental manager of ANDI (National Industry Association). Bonilla graduated with a Bachelor of Arts in civil engineering from the Universidad Javeriana in Colombia; he earned his Master of Science in engineering management and systems engineering and his doctorate in environmental and energy management from The George Washington University.

**Brent de Jong** is the founder and vice chairman of Ashmore Energy International (AEI). He also was AEI's chief executive officer from 2006 to 2007. De Jong has been with AEI as an investment manager since 2002. During this time he helped lead the building of the special-situations business, which has \$8 billion in assets under management today. Before joining AEI, de Jong was a member of J.P. Morgan plc's Financial Institutions Group, which focused on mergers and acquisitions in emerging Europe, the Middle East and Africa. Prior to working with J.P. Morgan in London, de Jong worked for three years in the company's Structured Finance and Private Placements group in New York, covering Latin America and emerging Europe. He holds a degree in economics from Georgetown University.

## Speaker Biographies (continued)

**Erika de la Garza** is the program director of the Latin American Initiative at the Baker Institute, responsible for building and consolidating collaboration between the institute and local and international academic institutions, think tanks and nongovernmental organizations that focus on Latin America. Her chief areas of interest include emerging leadership, coalition building between public, private and civil society actors, and trade and business development in Latin America. She conducts research on current events facing the region and organizes lectures and programs to increase awareness about Latin America and foster a better understanding between the countries of this hemisphere. De la Garza has been the head of the Americas Project since 2001. Prior to joining the institute, she worked for several years encouraging foreign direct investment in Costa Rica, her home country. De la Garza has also taught in the department of international studies at the University of St. Thomas. She holds a master's degree in international affairs from Columbia University in New York and a master's degree in diplomacy from the University of Costa Rica.

**Ramon Espinasa, Ph.D.**, is a consultant in the Integration and Regional Programs Department of the Inter-American Development Bank (IDB), as well as adjunct professor at Georgetown University, where he teaches a postgraduate seminar on hemispheric energy security. He has consulted for the Andean Development Corporation and the World Bank on oil related issues in the Andes and the Middle East. Previously, he was chief economist at Petróleos de Venezuela (PDVSA). Espinasa earned a degree in industrial engineering from Universidad Católica Andrés Bello in Caracas and holds master's and doctorate degrees in energy economics and economic development from the University of Cambridge; he also has a master's degree in economic development from the Institute of Social Studies in The Hague.

**Eric Farnsworth** is vice president of the Americas Society/Council of the Americas, where he leads the organization's Washington, D.C.-based efforts on policy, programming and public affairs. He also is a senior associate with the Center for Strategic and International Studies, a member of The George Washington University Western Hemisphere Advisory Board, a former member of the Advisory Committee on International Economic Policy of the U.S. Department of State, and past chairman of the Greater Washington Board of Trade Western Hemisphere Task Force. Farnsworth has been interviewed extensively about the United States' interests abroad, providing commentary to CNN, BBC, NBC, CNBC, C-SPAN and numerous newspapers. He has also authored and co-authored journal articles for *American Interest*, *Journal of Democracy* and others, and has spoken at numerous universities and public forums. Prior to joining the Society/Council, Farnsworth was managing director of ManattJones Global Strategies, LLC, the Washington, D.C., and Los Angeles-based consulting arm of Manatt Phelps & Phillips, LLP. From 1995 to 1998, Farnsworth oversaw policy and message development for the White House Office of the Special Envoy for the Americas. He was an officer in the U.S. Department of State beginning in 1990, where he focused primarily on hemispheric and trade matters. In 1992, he served in the Office of the U.S. Trade Representative. Farnsworth holds a bachelor's degree from Ball State University and a master's degree in international relations from Princeton University's Woodrow Wilson School of Public and International Affairs.

**Fidel Herrera Beltrán** is the governor of Veracruz, Mexico. He has championed the reform and increased transparency of public institutions, particularly the electoral process. In order to encourage citizens of Veracruz not to emigrate to the United States, Herrera Beltrán has implemented a sustainable model for organic growth and has been working to attract new industries that would provide better jobs in Veracruz. With his wife Rosa Borunda de Herrera, he also launched a successful program to improve air and water quality and to preserve natural resources in Veracruz, which is the source of 33 percent of Mexico's fresh water. As a member of the Institutional Revolutionary Political Party (PRI), Herrera Beltrán was elected to congress four times, where he led diplomatic delegations to international conferences in Europe, Africa and Latin America. He also headed a Mexican delegation to the United States to lobby for greater Mexican sugar exports as part of NAFTA. As a senator representing Veracruz, he was president of the Legislative Studies Commission and the Sugar Industry Commission. Herrera Beltrán earned a law degree from the Universidad Nacional Autónoma de México (UNAM), and recently completed his master's degree at the University of Veracruz.

## Speaker Biographies (continued)

**Paul Isbell** is director of the Energy Program and senior analyst of the U.S.–Spain Relations Project at the Elcano Royal Institute for International and Strategic Studies (Real Instituto Elcano) in Madrid, Spain. He currently is based in Washington, D.C., representing the institute in the Center for Strategic and International Studies (CSIS) Europe and Americas Programs. He is also a visiting senior fellow at the Inter–American Dialogue. Before joining the Elcano Royal Institute in 2002, Isbell was an analyst for emerging markets and currencies, with a focus on Latin America, at the Madrid–based Banco Santander. During the 1990s, he was also a professor of economics and international political economy at a number of Spanish and American universities, including the University of Alcalá de Henares, Universidad Pontificia Comillas, Colegio Universitario de Estudios Financieros, Syracuse University and The George Washington University. During the 1980s, he worked as an economist in the London office of National Economics Research Associates and at the Academy for Educational Development in Washington, D.C. Isbell teaches energy economics and geopolitics at the Universidad Pontificia Comillas in Madrid and emerging market economics at the Instituto Tecnológico de Buenos Aires. His areas of interest include international economics, currencies, energy economics and geopolitics, as well as the political economy of emerging markets in Latin America, Africa and Asia. Isbell received his bachelor’s degree from the Edmund A. Walsh School of Foreign Service at Georgetown University and his master’s degree from the University of Dar es Salaam in Tanzania, where he studied under a Rotary International Foundation fellowship.

**Amy Myers Jaffe** is the Wallace S. Wilson Fellow in Energy Studies at the Baker Institute. Her research focuses on oil geopolitics, strategic energy policy including energy science policy, and energy economics. She is widely published in academic journals and numerous book volumes, including a co–authored article in *The Whitehead Journal of Diplomacy and International Relations*, “Energy Security: Meeting the Growing Challenge of National Oil Companies” (Summer 2007). Jaffe is co–editor of “Energy in the Caspian Region: Present and Future” (Palgrave, 2002) and “Natural Gas and Geopolitics: From 1970 to 2040” (Cambridge University Press, 2006). Jaffe served as a member of the reconstruction and economy working group of the Baker/Hamilton Iraq Study Group, as project director for the Baker Institute/Council on Foreign Relations Task Force on Strategic Energy Policy, and as a principal adviser to USAID’s project on Options for Developing a Long Term Sustainable Iraqi Oil Industry. She is currently serving as a strategic advisor to the American Automobile Association (AAA) of the United States. Jaffe was among the 2004 Key Women in Energy–Americas honorees in the Pathfinders/Trailblazers category. In 2005, she was an honoree for *Esquire*’s annual 100 Best and Brightest in the contribution to society category, and *Elle* magazine’s 2006 Women for the Environment. She has been named to “Who’s Who in America, 2008,” and was a contributor to *Foreign Policy*’s “21 Solutions to Save the World” (May/June 2007). She is currently a member of the Council on Foreign Relations. Prior to joining the Baker Institute, Jaffe was the senior editor and Middle East analyst for *Petroleum Intelligence Weekly*. A Princeton University graduate in Arabic studies, Jaffe joined the Baker Institute in 1996.

**Mark Jones, Ph.D.**, is a professor of political science at Rice University. His research focuses on the effect of electoral laws and other political institutions on governance, representation and voting. He has received substantial financial support for this research, including two grants from the National Science Foundation. His recent articles have appeared in journals such as the *American Journal of Political Science*, *Comparative Political Studies* and *Legislative Studies Quarterly*. Jones regularly advises several U.S. government institutions on economic and political affairs in Argentina and has conducted research on Latin American public policy issues for numerous international organizations, including the Inter–American Development Bank, United Nations Development Programme and World Bank. Jones received his doctorate from the University of Michigan.

## Speaker Biographies (continued)

**Thomas Langford** is the managing director and head of the Global Energy Group for Morgan Stanley, as well as head of the Houston office. He is responsible for the major integrated and selected independent companies in the United States and Latin America and maintains senior responsibility for Morgan Stanley's energy efforts in Asia. After beginning his career in New York, Langford spent time working with domestic and Latin American energy companies. In 1997, he relocated to Asia to run Morgan Stanley's Asian Energy Group, where he led a number of strategic and financing assignments in countries across the region. In China, Langford was the leading member of the Morgan Stanley team that advised China Petroleum & Chemical Corporation (Sinopec) on its \$3.46 billion global initial public offering, the largest Chinese H-share IPO in history. In addition, Langford spent time in the Middle East working with the firm's energy clients. Since 2000, Langford has been involved in a number of notable strategic and financing transactions, including Phillips' acquisition of Tosco, the merger of Conoco with Phillips, the acquisition of CanHunter by Burlington Resources, the acquisition of Premcor by Valero, Marathon's acquisition of KMOC in Russia and the acquisition of Unocal by Chevron. In 2007, Langford relocated to Houston. Prior to joining Morgan Stanley, he worked at Exxon and McKinsey & Co.

**David Mares, Ph.D.**, is the Baker Institute Scholar for Energy Studies at the Baker Institute and a professor of political science and adjunct professor at the Graduate School of International Relations and Pacific Studies at the University of California, San Diego. Mares was previously profesor-investigador at El Colegio de México (1980–82), Fulbright Professor at the Universidad de Chile (1990) and visiting professor at the Diplomatic Academy in Ecuador (1995). He has been a visiting scholar at the Weatherhead Center for International Affairs, Harvard University; a fellow at the Japan External Trade Research Organization (JETRO); a fellow at the Center for Advanced Study in the Behavioral Sciences (CASBS), Stanford University; and held a Pew Faculty Fellowship in International Affairs. His research and teaching interests include Latin American energy politics, the political economy of drug policy, defense policy, civil–military relations and the use of photographic imagery in politics. Mares has published many books and articles in numerous journals in the Americas and Europe. He is editor of the series “Latin America: Social Sciences and the Law” (Routledge Press) and was a member of the international advisory board of the Instituto Latinoamericano de Relaciones Civiles–Militares (Peru), as well as of the editorial board of Latin American Research Review. He has prepared reports for a number of international research institutions, and he is an associate fellow of the Inter–American Dialogue (Washington, D.C.), a fellow of the academic forum of the Summit of the Americas (Montreal, Canada), and a member of the Tri–national Academic Group on Governance in North America (Monterrey, Mexico). He earned his Ph.D. from Harvard University in 1982.

**Tania Ortiz Mena** is the director of Governmental and Regulatory Affairs for Sempra Energy México. Her responsibilities include overseeing natural gas distribution, transportation and supply; LNG infrastructure; and electricity generation. Prior to joining Sempra Energy in 2000, Ortiz Mena worked for PMI, PEMEX's international trading subsidiary, where she was responsible for residual oil products international trading. Ortiz Mena is a board member of the Mexican Natural Gas Association, a member of the Mexican Council for International Relations, and she chairs the Energy Workgroup of the American Chamber of Commerce of Mexico. She holds a bachelor's degree in international relations from Universidad Iberoamericana in Mexico City and a master's degree in international relations from Boston University.

## Speaker Biographies (continued)

**Susan Segal** was elected president and CEO of the Americas Society/Council of the Americas in August 2003. She has more than 25 years of experience working in the private sector with Latin American and other emerging markets. She is a director of the Tinker Foundation, a member of the International Advisory Board of Endeavor, and a member of the Council on Foreign Relations. Prior to her current position, Segal was a founding partner of her own investment and advisory group, which focused primarily on Latin America and the U.S. Hispanic sector. Previously, she was a partner and Latin American Group head at JPMorgan Partners/Chase Capital Partners (CCP), where she invested across sectors and countries in addition to pioneering early stage investing in Latin America. Before joining CCP, Segal was a senior managing director focused on emerging markets investment banking and capital markets at MHT/Chemical/Chase Banks. She also was actively involved in the Latin American debt crisis of the 1980s and early 1990s, sitting on many advisory committees as well as serving as chair for the Chilean and Philippine Advisory Committees. In 1999, Segal was awarded the Order of Bernardo O'Higgins, Degree of Grand Officer, in Chile.

**Ronald Soligo, Ph.D.**, is a Rice scholar at the Baker Institute and a professor of economics at Rice University. His research focuses on economic growth and development and energy economics. He is currently working on issues of energy security and the politicization of energy supplies. Soligo was awarded the 2001 Best Paper Prize from the International Association for Energy Economics for his co-authored paper with Kenneth B. Medlock III, "Economic Development and End-Use Energy Demand" (Energy Journal, April 2001). Other recently published articles include "Energy Security: The Russian Connection," with Amy Myers Jaffe in "Energy Security and Global Politics: The Militarization of Resource Management" (Routledge, 2008); "Market Structure in the New Gas Economy: Is Cartelization Possible?" with Jaffe in "Natural Gas and Geopolitics: From 1970 to 2040" (Oxford University Press, 2006); "The Role of Inventories in Oil Market Stability," with Jaffe (Quarterly Review of Economics and Finance, 2002); "Automobile Ownership and Economic Development: Forecasting Passenger Vehicle Demand to the Year 2015," with Medlock (Journal of Transport Economics and Policy, May 2002); and "Potential Growth for U.S. Energy in Cuba," with Jaffe (ASCE Volume 12 Proceedings, Cuba in Transition Web site). Soligo earned his doctorate from Yale University.

**Laurence Whitehead** is an official fellow in politics at Nuffield College, Oxford University, as well as a senior fellow of the college. From 2005 to 2006 he served as acting warden of the college. He currently chairs the Comparative Democratization Committee of the International Political Science Association, as well as the section on Europe and Latin America of the Latin American Studies Association. Whitehead also belongs to the steering committee of the Red Eurolatinamericano de Gobernabilidad para el Desarrollo and serves as a region head for Latin America at Oxford Analytica. He also directs the program on Mexican studies at Oxford's Latin American Centre. Whitehead's most recent books are "Latin America: A New Interpretation" (Palgrave, 2006), "Democratization: Theory and Experience" (Oxford University Press, 2002), and "Emerging Market Democracies: East Asia/Latin America" (Johns Hopkins University Press, 2002). He edited a special issue of the Taiwan Journal of Democracy on close fought elections (July 2006) and is co-editor with Bert Hoffmann of the forthcoming "Debating Cuban Exceptionalism" (Palgrave, 2007). Whitehead is also the editor of the Oxford University Press series "Studies in Democratization." The first book in the series was published in 1996, and more than a dozen books have been published in this series so far.