WEBVTT

00:00:10.376 --> 00:00:20.916
<v SPEAKER_2>Hello, everyone, and welcome to Energy Security Cubed, one of the world's foremost energy security podcasts presented by the CGAI, or Canadian Global Affairs Institute.

00:00:20.916 --> 00:00:24.596
<v SPEAKER_2>I'm Kelly Ogle, Managing Director here at CGAI.

00:00:24.596 --> 00:00:32.536
<v SPEAKER_3>And I'm Joe Calnan, Vice President of Energy and Calgary Operations at the Canadian Global Affairs Institute.

00:00:34.256 --> 00:00:43.996
<v SPEAKER_2>For today's podcast, Joe and I are featuring our annual Year in Review to ring in the 2026 season of the Energy Security Cubed Podcast.

00:00:43.996 --> 00:00:50.796
<v SPEAKER_2>But before we dive into that, let's have a quick discussion with Joe about what's happening in Venezuela.

00:00:50.796 --> 00:00:51.836
<v SPEAKER_2>First of all, Joe, how are you?

00:00:51.836 --> 00:00:53.636
<v SPEAKER_3>Happy New Year.

00:00:53.636 --> 00:00:54.716
<v SPEAKER_3>Happy New Year, Kelly.

00:00:54.716 --> 00:00:59.556
<v SPEAKER_3>Yeah, it's been a wild 2025, lots of stuff going on.

00:00:59.556 --> 00:01:05.476
<v SPEAKER_3>And quite an unusually relaxing Christmas and New Year break.

00:01:06.356 --> 00:01:07.376
<v SPEAKER_3>I think I really needed it.

00:01:08.036 --> 00:01:17.436
<v SPEAKER_3>But it's really an interesting whipsaw right back into things with all this stuff going on in Venezuela, which really brought me back.

00:01:17.436 --> 00:01:19.336
<v SPEAKER_3>But no, it was a good Christmas.

00:01:20.556 --> 00:01:21.916
<v SPEAKER_3>How was your Christmas and New Year's, Kelly?

00:01:21.916 --> 00:01:22.436
<v SPEAKER_2>Great, Joe.

00:01:23.316 --> 00:01:27.456
<v SPEAKER_2>I read three books, finished the third one last night.

00:01:29.036 --> 00:01:30.356
<v SPEAKER_3>Well, we'll get into that.

00:01:30.356 --> 00:01:35.356
<v SPEAKER_3>How about at the end of the recording, we can talk about the books that we read over Christmas break.

00:01:35.856 --> 00:01:36.476
<v SPEAKER_2>Great.

00:01:36.476 --> 00:01:44.576
<v SPEAKER_2>Why don't you put a little background into this Venezuelan thing, because I've got lots of opinions, as you know, especially about how this relates to Canada.

00:01:44.576 --> 00:01:45.056
<v SPEAKER_3>Yeah.

00:01:45.056 --> 00:01:45.256
<v SPEAKER_3>Yeah.

00:01:45.256 --> 00:01:50.096
<v SPEAKER_3>I've been getting a few people from the media asking me about Venezuela.

00:01:50.096 --> 00:01:58.536
<v SPEAKER_3>And I'm having to tell them the truth, which is that I don't really know as much as some people do about this issue.

00:01:58.536 --> 00:02:03.596
<v SPEAKER_3>And next week, we'll actually be bringing on an expert on Venezuela to talk through some of these things.

00:02:03.616 --> 00:02:06.636
<v SPEAKER_3>This will be, of course, a long period thing.

00:02:06.636 --> 00:02:13.416
<v SPEAKER_3>But I've done my best to try to pull together some of the facts around this.

00:02:13.416 --> 00:02:35.736

<v SPEAKER_3>So first of all, around 1 o'clock am Eastern time on Saturday, January 3rd, Nicolas Maduro was taken from his home in Caracas by American troops and spirited away in a carefully planned operation to essentially take the President of Venezuela into custody.

00:02:35.736 --> 00:02:41.596
<v SPEAKER_3>There's all sorts of questions about the legitimacy of Maduro as the President of Venezuela.

00:02:41.596 --> 00:02:45.756
<v SPEAKER_3>I think that it's pretty well known that he didn't win the last few elections.

00:02:45.756 --> 00:02:58.356
<v SPEAKER_3>So I mean, there's lots of questions about whether he could be, I guess, counted as a President and Head of State of Venezuela, but he definitely did continue to present himself.

00:02:58.356 --> 00:03:03.316
<v SPEAKER_3>And I don't think that there's any other person who was really considered the Head of State of Venezuela.

00:03:03.316 --> 00:03:11.436
<v SPEAKER_3>So it's a pretty big thing for the Head of State of a country to be taken into custody and whisked away to another country to face drug charges.

00:03:11.776 --> 00:03:13.576
<v SPEAKER_3>That doesn't happen every day.

00:03:15.076 --> 00:03:17.456
<v SPEAKER_3>Incidentally, it was 12:32 a.m.

00:03:17.456 --> 00:03:28.236
<v SPEAKER_3>on Friday, January 3rd of 2020 that the head of the Iranian Quds Force, Qasem Soleimani, was assassinated by an American drone.

00:03:28.236 --> 00:03:35.956
<v SPEAKER_3>So I suppose January 3rd is the preferred day for Donald Trump to reshape global geopolitics.

00:03:35.956 --> 00:03:44.656
<v SPEAKER_3>Similar to the assassination of Soleimani, the ouster of Maduro will have cascading consequences both regionally and around the world.

00:03:44.656 --> 00:03:55.436
<v SPEAKER_3>Also similar to the 2020 assassination, this intervention demonstrates the unparalleled capabilities of the United States

military for good and for ill.

00:03:55.436 --> 00:03:59.356
<v SPEAKER_3>However, we're more interested in the energy side of this story.

00:03:59.356 --> 00:04:07.136
<v SPEAKER_3>So as we've discussed previously on the podcast, Venezuela's energy industry has declined for decades.

00:04:07.936 --> 00:04:17.756
<v SPEAKER_3>Despite holding the largest heavy oil reserves in the world, Venezuelan oil production peaked at 3.75 million barrels per day in 1970.

00:04:17.756 --> 00:04:26.196
<v SPEAKER_3>Today, it produces only around 1 million barrels per day, and we'll see if that goes up or down depending on the next few weeks.

00:04:26.196 --> 00:04:29.996
<v SPEAKER_3>It hasn't been one long period of decline.

00:04:29.996 --> 00:04:36.836
<v SPEAKER_3>So in 1985, it seemed that Venezuelan oil production would bottom out at 1.74 million barrels per day.

00:04:37.476 --> 00:04:49.216
<v SPEAKER_3>However, over the next 13 years, the discovery of a few new oil fields created the situation where they could grow oil production to hit 3.45 million barrels per day in 1998.

00:04:49.216 --> 00:04:57.696
<v SPEAKER_3>Notably, that period was also a time when they're able to attract some international investment, but we'll get to that in a second here.

00:04:57.696 --> 00:05:08.996
<v SPEAKER_3>The oil industry in Venezuela is not only characterized by rising and falling levels of oil production, but also by various levels of government control.

00:05:08.996 --> 00:05:24.976
<v SPEAKER_3>For most of the 20th century, Venezuelan oil was produced by American headquartered international oil companies such as Exxon, Chevron and Mobil, with major concessions given by the Venezuelan government decades before.

00:05:24.976 --> 00:05:30.956
<v SPEAKER_3>This ended in 1976 when the Venezuelan government nationalized the resource.

00:05:31.096 --> 00:05:40.076
<v SPEAKER_3>So I suppose the resource itself was always owned by the Venezuelan people, but these concessions effectively granted it to these international companies.

00:05:40.076 --> 00:05:47.256
<v SPEAKER_2>Production sharing contracts, work programs, international oil and gas business.

00:05:47.256 --> 00:06:02.116
<v SPEAKER_3>But this was part of this big broad trend of nationalizations around the world, especially in third world countries that weren't aligned with the United States, which effectively took the resource away from these IOCs.

00:06:03.716 --> 00:06:09.516
<v SPEAKER_3>So this was a first batch of assets that were lost by these private oil companies in the country.

00:06:10.676 --> 00:06:39.376
<v SPEAKER_3>However, years later when it became clear that Venezuela would need foreign investment to develop its extra heavy reserves in the Orinoco oil belt, the country relaxed its requirements for PDVSA to be the leader in these sorts of things, and it allowed ConocoPhillips, Total, Statoil, Chevron, and Exxon to invest in production and upgrading of the oil in partnership with the state oil company PDVSA.

00:06:40.936 --> 00:06:46.296
<v SPEAKER_3>However, in 2001, the Venezuelan government began to change the terms of these contracts.

00:06:47.076 --> 00:07:00.216
<v SPEAKER_3>Following steady erosion of private sector contract terms, companies which refused to accept new terms, such as the Venezuelan subsidiaries of Exxon and Conoco, were nationalized and absorbed by PDVSA in 2007.

00:07:00.216 --> 00:07:04.216
<v SPEAKER_3>Notably, this was after the companies had completed their investments.

00:07:04.216 --> 00:07:06.796
<v SPEAKER_3>I think I'll let you take it from here, Kelly.

00:07:06.796 --> 00:07:08.716
<v SPEAKER_2>Yeah, you know, it's interesting.

00:07:13.536 --> 00:07:20.356

<v SPEAKER_2>First, Joe, I was going to start with the reserves, but we can get to that a bit.

00:07:20.356 --> 00:07:26.436
<v SPEAKER_2>Today, several Western oil companies maintain scaled down operations in Venezuela.

00:07:26.436 --> 00:07:32.576
<v SPEAKER_2>Chevron is the largest Western company still producing oil in the country with a special exemption from sanctions.

00:07:32.576 --> 00:07:46.876
<v SPEAKER_2>In 2014, the International Center for Settlement of Investment Disputes, an international arbitration body of the World Bank, ordered the Venezuelan government to pay Axon $1.6 billion in compensation for expropriating the company's assets.

00:07:46.876 --> 00:07:58.556
<v SPEAKER_2>In 2019, the ConocoPhillips was awarded another $8.7 billion in compensation, although it's really important to note that Venezuela has still not paid either company these settlements.

00:07:58.556 --> 00:08:07.916
<v SPEAKER_2>This all raises questions about whether American oil companies would ever want to jump headfirst into Venezuela again, considering the long-term risks of losing their investment.

00:08:07.916 --> 00:08:11.656
<v SPEAKER_2>This ultimately comes down to the question of who rules Venezuela.

00:08:12.976 --> 00:08:21.296
<v SPEAKER_2>On Sunday, President Trump said that the United States would quote run Venezuela until a transition can occur.

00:08:21.296 --> 00:08:25.576
<v SPEAKER_2>This seems to indicate a deeper regime change than just opposing Madero.

00:08:25.616 --> 00:08:36.156
<v SPEAKER_2>The US government has seemingly clarified its position in the time since, with Trump expressing support for Venezuelan Vice President Delche Rodriguez.

00:08:36.156 --> 00:08:44.016
<v SPEAKER_2>According to a Bloomberg article released Tuesday, some oil and gas lobbyists have been advocating for her as a replacement for Madero.

00:08:44.016 --> 00:08:49.816

<v SPEAKER_2>Despite her Marxist roots, she has reportedly been a key intermediary between the industry and the Venezuelan government.

00:08:49.816 --> 00:08:57.496
<v SPEAKER_2>It should also be noted that no energy company has publicly advocated for Madero's ouster.

00:08:57.496 --> 00:09:02.436
<v SPEAKER_2>Other questions linger about supposed US control over Venezuela's energy industry.

00:09:02.436 --> 00:09:08.876
<v SPEAKER_2>The United States has been attempting to operate a blockade of Venezuela's shadow tanker fleet.

00:09:08.876 --> 00:09:14.236
<v SPEAKER_2>These tankers, however, have had a surprisingly array of success in evading American Navy ships.

00:09:14.236 --> 00:09:26.416
<v SPEAKER_2>According to tanker trackers, somewhere between 4 and 16 tankers have slipped through the blockade since Saturday, underlying that it is apparently easier to kidnap a president than to run a blockade.

00:09:26.416 --> 00:09:30.176
<v SPEAKER_2>Nevertheless, these developments will have impacts around the world.

00:09:30.176 --> 00:09:39.416
<v SPEAKER_2>China is one impacted party with Venezuelan crude imports making up about 4% of China's oil demands in 2024.

00:09:41.436 --> 00:09:52.236
<v SPEAKER_2>If future Venezuelan heavy crude production is directed to the United States, then China will have to find alternative supplies for bitumen type oil production.

00:09:57.876 --> 00:10:00.156
<v SPEAKER_2>It's interesting.

00:10:00.156 --> 00:10:06.776
<v SPEAKER_2>There's a lot of speculation, Joe, about where we go from here and what happens with foreign investment.

00:10:06.776 --> 00:10:15.476
<v SPEAKER_2>I saw a former CEO, Chevron, blasting out that he's going to raise $2 billion to reinvest in Venezuela.

00:10:15.476 --> 00:10:16.996

<v SPEAKER_2>Good luck with that.

00:10:18.636 --> 00:10:20.116
<v SPEAKER_2>I didn't see that.

00:10:20.116 --> 00:10:22.156
<v SPEAKER_2>Yeah, I saw that a couple of days ago.

00:10:22.156 --> 00:10:23.376
<v SPEAKER_2>There's a...

00:10:24.776 --> 00:10:27.556
<v SPEAKER_2>And I think that one of the things that...

00:10:27.556 --> 00:10:30.056
<v SPEAKER_2>Did you want to talk, Joe, about how this relates to Canada?

00:10:30.456 --> 00:10:38.076
<v SPEAKER_2>Or, you know, there's a lot of flurry around the energy sphere in Canadian circles and globally about...

00:10:38.536 --> 00:10:52.136
<v SPEAKER_2>Because of the comparator between Venezuelan crude and Western Canadian crude, heavy oil, as to how it's applicable to the US refining industry and things like that.

00:10:52.136 --> 00:10:53.556
<v SPEAKER_2>Did you want to talk about that?

00:10:53.556 --> 00:10:54.996
<v SPEAKER_3>Yeah, it's complicated.

00:10:54.996 --> 00:11:02.776
<v SPEAKER_3>And I was always hesitant to, you know, speak too soon about what kind of threat, whether this is a threat at all.

00:11:03.136 --> 00:11:11.436
<v SPEAKER_3>And if so, what kind of threat, how much of an extent this could displace Canadian oil.

00:11:11.436 --> 00:11:17.616
<v SPEAKER_3>First of all, you need to see some companies show that they're interested in investing in Venezuela.

00:11:17.616 --> 00:11:24.356
<v SPEAKER_3>And, you know, I've been seeing all sorts of numbers about how much would need to be invested to maintain this.

00:11:24.396 --> 00:11:30.696

<v SPEAKER_3>I believe that Ristad said that just maintaining current production will require something like $60 billion.

00:11:30.696 --> 00:11:38.056
<v SPEAKER_3>And then growing it to displace Canadian oil in any way would require additional tens of billions of dollars, of course.

00:11:38.056 --> 00:11:40.976
<v SPEAKER_2>Yeah, I totally agree with that synopsis.

00:11:40.976 --> 00:11:42.416
<v SPEAKER_5>Yeah.

00:11:42.576 --> 00:11:50.376
<v SPEAKER_3>Which isn't, which is not, you know, the thing is that with these sorts of mega projects, that's not out of the question, is the thing.

00:11:50.376 --> 00:12:01.736
<v SPEAKER_3>Like, you know, this could be worth, you know, the resource could be worth that investment, assuming you have the proper climate and assurances that you're not going to get your infrastructure nationalized.

00:12:04.056 --> 00:12:13.296
<v SPEAKER_3>But I'm just thinking that, you know, I need to see some people put in their money where their mouth is, you know, before I can really say that it's a big threat to Canada.

00:12:13.576 --> 00:12:19.376
<v SPEAKER_2>I think it's still, it remains an existential threat in the longer term.

00:12:19.376 --> 00:12:20.336
<v SPEAKER_2>Just a few facts.

00:12:20.396 --> 00:12:35.556
<v SPEAKER_2>Like, first of all, the given a price, given a price band of somewhere between 50 and $70, that giant resource that Venezuela claims is uneconomic.

00:12:35.556 --> 00:12:44.516
<v SPEAKER_2>Like, it's not the real reserve for Venezuela is probably around, I don't know, 100 billion barrels.

00:12:44.516 --> 00:12:50.916
<v SPEAKER_2>It's comparable to say, you know, we claim we have 175 million billion barrels of recoverable reserves.

00:12:50.916 --> 00:12:57.136

<v SPEAKER_2>Not so much so in this price band, because the capital won't go in to do it.

00:12:57.136 --> 00:12:57.796
<v SPEAKER_2>So what's the...

00:12:57.916 --> 00:13:10.976
<v SPEAKER_2>and the other thing about reserves is, you know, this is a number that the Venezuelan number is internally generated by, you know, cooking the books really, as far as counting up the barrels.

00:13:10.976 --> 00:13:19.216
<v SPEAKER_2>Whereas in, you know, Canadian reserves are, you know, strictly governed by global reserve reporting requirements.

00:13:19.216 --> 00:13:21.636
<v SPEAKER_2>So you know, those two things aren't really comparable.

00:13:21.636 --> 00:13:37.196
<v SPEAKER_2>The second thing, though, that's a bit not troubling, but it's a fact, is the Venezuelan bitumen, which is in the 8 to 10 API range, which is a measure of viscosity, meaning how will it flow.

00:13:37.196 --> 00:13:48.016
<v SPEAKER_2>It's warm in the reservoir, so it can be pumped with conventional screw pump type pumps, like we have in the Lloyd Minister area.

00:13:48.016 --> 00:13:56.596
<v SPEAKER_2>You can get it up to the surface with those pumps, and they employ those types of pumps in Venezuela, same as we do here.

00:13:57.136 --> 00:14:06.496
<v SPEAKER_2>As compared to SAG-D or mining, which is at atmospheric temperature, our oil sands oil doesn't flow.

00:14:06.496 --> 00:14:08.156
<v SPEAKER_2>Venezuela's does.

00:14:08.156 --> 00:14:12.916
<v SPEAKER_2>But then, it faces the same issue as Canadian crude does.

00:14:12.916 --> 00:14:14.816
<v SPEAKER_2>It needs diluent to move it.

00:14:15.296 --> 00:14:21.816
<v SPEAKER_2>You have to dilute it to get that API into the 20 range or more, so that you can put it on a ship or put it in a pipeline.

00:14:21.816 --> 00:14:24.976

<v SPEAKER_2>So those two things are relatively the same.

00:14:25.056 --> 00:14:31.156
<v SPEAKER_2>I think the big existential threat, Joel, about the Venezuelan crude vs.

00:14:31.156 --> 00:14:40.336
<v SPEAKER_2>Canadian crude, when it comes right down, let's say in all things being equal, by 2030, Venezuela is producing a million and a half, two million barrels a day.

00:14:40.336 --> 00:14:49.536
<v SPEAKER_2>The difference maker for the Venezuelan, or for the producer of that crude oil, moving its oil to the Texas Gulf, is the cost of shipping.

00:14:50.456 --> 00:15:03.156
<v SPEAKER_2>You can ship a barrel of crude on a tanker, for between $2 and $3 a barrel currently, and you could get VLCCs from Venezuela to Texas in seven days.

00:15:03.156 --> 00:15:14.356
<v SPEAKER_2>Our oil is in a pipeline, at $10 a barrel transportation costs, moving four miles an hour, so it takes more than a week for oil to get there.

00:15:14.416 --> 00:15:20.456
<v SPEAKER_2>So I think those few things are sort of frame it, as far as a comparator.

00:15:20.456 --> 00:15:21.476
<v SPEAKER_2>But I agree with you.

00:15:21.656 --> 00:15:29.216
<v SPEAKER_2>I just don't see anybody rushing up to the capital stack with the country in chaos and near anarchy.

00:15:29.216 --> 00:15:31.556
<v SPEAKER_2>So we'll see what happens.

00:15:31.556 --> 00:15:57.516
<v SPEAKER_2>But it certainly, what it does, I think what it's done, Joe, for us as Canadians, you and I in the bubble, we understand this, but Canadians I think are coming to realize, even those on that are more progressive, that our market share could be eroded and that maybe we have to work harder at building more infrastructure to give us more optionality to sell our crude oil globally.

00:15:58.536 --> 00:15:59.716
<v SPEAKER_2>I'll stop there.

00:15:59.716 --> 00:15:59.936
<v SPEAKER_3>Yeah.

00:16:02.416 --> 00:16:03.696
<v SPEAKER_3>It is really interesting.

00:16:03.816 --> 00:16:14.076
<v SPEAKER_3>The point about Venezuelan oil being put on tankers is, Venezuela's huge advantage over Canada is just that access to international markets.

00:16:14.076 --> 00:16:26.416
<v SPEAKER_3>It's like the big disadvantage is Venezuela doesn't have as good of governance of its resource and the advantage is the geological advantage that you unpack there as well as that transportation advantage.

00:16:26.576 --> 00:16:27.896
<v SPEAKER_3>It's huge.

00:16:30.056 --> 00:16:34.656
<v SPEAKER_3>India actually was importing a lot of Venezuelan oil before 2020.

00:16:35.816 --> 00:16:38.116
<v SPEAKER_3>China has always been importing a lot of Venezuelan oil.

00:16:39.616 --> 00:16:49.356
<v SPEAKER_3>The benefit of shipping it to the United States is that it is still closer and there's still a big refinery complex, but both China and India also have huge heavy oil refinery complexes.

00:16:49.356 --> 00:16:58.936
<v SPEAKER_3>Once you get it loaded on a supertanker and Venezuela can load supertankers, then it can go anywhere in the world for basically not that much of a difference on the price of it.

00:16:59.596 --> 00:17:02.256
<v SPEAKER_3>That's definitely a huge part of this.

00:17:02.256 --> 00:17:06.936
<v SPEAKER_3>But I really still think that the institutional problem is the biggest part.

00:17:07.056 --> 00:17:28.296
<v SPEAKER_3>So we need to see how that shakes up, how it shakes up with who's in charge and whether whoever's in charge is more rational about the use of market mechanisms in their economy, the really combating the huge corruption that's existed in Venezuela for so long

now.

00:17:30.516 --> 00:17:34.076
<v SPEAKER_3>The international oil companies are trying to produce this stuff a little bit more fairly.

00:17:34.216 --> 00:17:39.296
<v SPEAKER_3>I think all of those sorts of things would need to happen in order to get this on the road.

00:17:39.296 --> 00:17:43.256
<v SPEAKER_3>But of course, a lot of people have disagreements with me on that.

00:17:43.256 --> 00:17:59.576
<v SPEAKER_2>One final note, and it relates to Trump's, what they're now coining the Dawn Road Doctrine as an oxymoron, as a codicil to the Monroe Doctrine, of which I'm sure most of our listeners will have heard of.

00:17:59.576 --> 00:18:08.416
<v SPEAKER_2>But it really is a thrust by Trump to have security control over the whole Western Hemisphere.

00:18:09.476 --> 00:18:19.996
<v SPEAKER_2>And to drill down a little further on that, Venezuela has laid claim to half of the offshore resources of Guyana.

00:18:19.996 --> 00:18:28.636
<v SPEAKER_2>And the American companies, I think, with Exxon, the leader, have brought production up to 1.7 million barrels a day in Guyana.

00:18:29.356 --> 00:18:35.436
<v SPEAKER_2>And they're not going to let some rogue dictator, or like Madero, lay any claim to that.

00:18:35.436 --> 00:18:47.696
<v SPEAKER_2>And I think it's a broader security slash strategic move by the Trump government in South America more than just Venezuela.

00:18:47.696 --> 00:18:49.516
<v SPEAKER_3>Yeah, absolutely.

00:18:49.636 --> 00:19:00.456
<v SPEAKER_3>I think that an understated thing in this, since I'm an energy guy, of course, it's easy to say that all of this is about American oil, American access to international oil.

00:19:00.456 --> 00:19:07.136

<v SPEAKER_3>And of course, Trump has done a lot to try to expand American control, American company control of international oil.

00:19:07.136 --> 00:19:19.436
<v SPEAKER_3>But I think a big part of this is for sure the migration angle and the fact that Venezuela is the source of 7 million refugees in the region and in the United States.

00:19:19.436 --> 00:19:24.596
<v SPEAKER_3>Like, as far as I can tell, one of the big people who's pushing for intervention in Venezuela was Stephen Miller.

00:19:24.596 --> 00:19:27.776
<v SPEAKER_3>And I'm not sure if Stephen Miller really cares that much about oil.

00:19:27.776 --> 00:19:33.536
<v SPEAKER_3>What he really does care about is immigration and the presence of Venezuelan migrants in the United States.

00:19:33.536 --> 00:19:42.596
<v SPEAKER_3>So that's another thing to keep in mind here, where it comes to the patience of the Trump administration in trying to set up a real industry.

00:19:42.596 --> 00:19:54.116
<v SPEAKER_2>Well, Joe, I think what we've barely scratched the surface on is a lot of discussion in your podcasts going forward here for the year about Venezuela.

00:19:54.116 --> 00:19:56.536
<v SPEAKER_2>So there you go.

00:19:56.536 --> 00:19:57.036
<v SPEAKER_3>Yeah.

00:19:57.036 --> 00:19:59.676
<v SPEAKER_3>I mean, we really didn't cover it enough in 2025.

00:19:59.676 --> 00:20:01.736
<v SPEAKER_3>We probably should have been covering it more.

00:20:01.736 --> 00:20:04.736
<v SPEAKER_3>But anyhow, look at it.

00:20:04.736 --> 00:20:05.376
<v SPEAKER_3>Okay.

00:20:05.376 --> 00:20:06.176
<v SPEAKER_3>What else?

00:20:06.176 --> 00:20:16.456
<v SPEAKER_3>Now, before we get into the year in review proper, we should consider our oil price predictions for the next month and for the next year.

00:20:16.456 --> 00:20:25.656
<v SPEAKER_3>So for December, you guessed that Brent crude oil prices would average $58 per barrel, while I guessed $57 per barrel.

00:20:25.656 --> 00:20:28.136
<v SPEAKER_3>Now, we were both too bearish, it turns out.

00:20:28.136 --> 00:20:33.996
<v SPEAKER_3>Oil prices popped up toward the end of December to make for an average price of $63 per barrel.

00:20:33.996 --> 00:20:37.936
<v SPEAKER_3>So I was very far off on that one.

00:20:37.936 --> 00:20:52.496
<v SPEAKER_3>Now, to get into our year though, at our year in review 2024 episode, released in January 2025, we gave our estimate for the average Brent crude oil prices across 2025.

00:20:52.496 --> 00:20:57.036
<v SPEAKER_3>Now, your guess was $79 per barrel for 2025.

00:20:57.036 --> 00:20:58.056
<v SPEAKER_5>A little rich.

00:20:58.056 --> 00:21:01.536
<v SPEAKER_3>Yeah, my guess was $75 per barrel.

00:21:01.536 --> 00:21:05.696
<v SPEAKER_3>And yeah, we were both really too bullish over the course of the year.

00:21:05.696 --> 00:21:12.596
<v SPEAKER_3>And the actual average price was $69 per barrel, which is the lowest annual price since 2020.

00:21:14.316 --> 00:21:21.456
<v SPEAKER_3>So currently, front month Brent crude oil is trading at $61.64 per barrel.

00:21:21.456 --> 00:21:29.536
<v SPEAKER_3>So Kelly, what would you like to guess for average Brent prices in January and for 2026 more broadly?

00:21:29.536 --> 00:21:31.496
<v SPEAKER_2>Well, first of all, I'll give you a little editorial, Joe.

00:21:31.496 --> 00:21:47.756
<v SPEAKER_2>I'm so much older than you that I've seen several of these giant geopolitical things that happened and drive the price of crude oil in 1973, 1979, 1989 and oil moved $10, $15 a barrel overnight.

00:21:47.756 --> 00:22:03.156
<v SPEAKER_2>This whole hullabaloo in Venezuela hardly moved crude prices, whereas over the weekend, you got all the pundits claiming the crude is going to, the bottom is going to fall right out of it on Monday when markets opened and it didn't.

00:22:03.156 --> 00:22:08.516
<v SPEAKER_2>It's really kind of static, isn't it, relative to the weekend, I think, at $61.64.

00:22:08.516 --> 00:22:10.676
<v SPEAKER_2>It's like maybe off $0.50 or something like that.

00:22:12.136 --> 00:22:26.416
<v SPEAKER_2>I'm not sure, but it's not very much relative to what could have been given all the heat around this particular incident or event.

00:22:26.416 --> 00:22:35.436
<v SPEAKER_3>Yeah, crude oil prices, they've come down a little bit, I think, but it's really not that much volatility considered.

00:22:35.436 --> 00:22:39.376
<v SPEAKER_2>No, it's a non-starter when you think about it, Joe, on a physical basis.

00:22:40.336 --> 00:22:42.936
<v SPEAKER_2>You know, Venezuela, what is it you said it produces a million barrels a day?

00:22:43.016 --> 00:22:44.916
<v SPEAKER_2>I guess that's a bit of a reach.

00:22:44.916 --> 00:22:50.036
<v SPEAKER_2>It's probably more like 800,000 or 900,000 barrels a day, which is 0.8 to 1% of the world oil production.

00:22:51.416 --> 00:23:02.156
<v SPEAKER_2>And I think that this is more bullish for crude oil because I don't think that, I think Venezuelan crude oil production

decreases in the short term before they start working on it.

00:23:02.156 --> 00:23:08.196
<v SPEAKER_2>So all to say, I'm going to go with 62 a barrel for January.

00:23:09.376 --> 00:23:10.696
<v SPEAKER_6>Okay.

00:23:10.696 --> 00:23:15.256
<v SPEAKER_2>And I think the price of crude oil will average $67 a barrel of 26.

00:23:17.496 --> 00:23:19.176
<v SPEAKER_3>Okay.

00:23:19.176 --> 00:23:19.576
<v SPEAKER_3>Yeah.

00:23:19.576 --> 00:23:23.036
<v SPEAKER_3>So this is, of course, the hardest thing to do.

00:23:23.036 --> 00:23:26.576
<v SPEAKER_3>Like, you know, doing it for the month, that's at least, you know, a little bit.

00:23:26.616 --> 00:23:30.536
<v SPEAKER_3>You can kind of say like around where it is currently, you'll usually be kind of right.

00:23:30.536 --> 00:23:35.916
<v SPEAKER_3>But when you go into the average across the year, then you can be, it's very easy to be very, very wrong.

00:23:36.076 --> 00:23:38.796
<v SPEAKER_3>So whatever I say here will probably be...

00:23:38.796 --> 00:23:40.216
<v SPEAKER_2>Well, we know we're wrong.

00:23:40.536 --> 00:23:41.576
<v SPEAKER_3>Yeah, we know we're wrong.

00:23:41.576 --> 00:23:42.836
<v SPEAKER_3>So that's the benefit.

00:23:42.836 --> 00:23:48.856
<v SPEAKER_3>And I don't really have any money on the line other than, you know, the economic health of Alberta.

00:23:48.856 --> 00:23:58.256
<v SPEAKER_3>But yeah, I think that, you know, there's been increasingly discussion about the lack of new discoveries.

00:23:58.256 --> 00:23:59.856
<v SPEAKER_3>Like, Guyana was big.

00:23:59.856 --> 00:24:02.156
<v SPEAKER_3>Guyana was a big new discovery.

00:24:02.156 --> 00:24:07.156
<v SPEAKER_3>There's, of course, possibilities that Venezuela could grow relatively quickly.

00:24:07.156 --> 00:24:14.316
<v SPEAKER_3>But I think other than that, there's not a huge number of new discoveries of oil.

00:24:14.316 --> 00:24:24.256
<v SPEAKER_3>Meanwhile, you know, in December, the China National Petroleum, CNPC, their Economics and Technology Research Institute.

00:24:24.256 --> 00:24:36.016
<v SPEAKER_3>So this is an organization that there was a huge amount of fanfare when they predicted that global oil demand would peak in 2030.

00:24:36.016 --> 00:24:40.516
<v SPEAKER_3>Now CNPC is predicting that oil will peak by 2040.

00:24:40.516 --> 00:24:50.816
<v SPEAKER_3>So just over the course of two years, or over the course of just a year, they've extended their timeline for when oil will peak by a decade.

00:24:50.816 --> 00:24:58.656
<v SPEAKER_3>So that really tells you something about the way that things are shifting in terms of what we can project on oil demand.

00:24:58.656 --> 00:25:02.936
<v SPEAKER_3>I think that oil demand is going to continue to increase for a while to come.

00:25:02.936 --> 00:25:09.216
<v SPEAKER_3>And there's big questions about where the supply side will go to meet that.

00:25:09.216 --> 00:25:11.356
<v SPEAKER_3>And that's one big question.

00:25:11.876 --> 00:25:18.256
<v SPEAKER_3>But whether that will actually impact things in the next year, yeah, I'm a little bit skeptical.

00:25:18.256 --> 00:25:25.296
<v SPEAKER_3>I think that 2026 will also be a year of oversupply, as most of the international organizations are saying.

00:25:25.296 --> 00:25:32.276
<v SPEAKER_3>So yeah, I think I'm going to guess $60 per barrel across 2026.

00:25:32.276 --> 00:25:35.076
<v SPEAKER_3>I think that's going to be the average price.

00:25:35.076 --> 00:25:42.036
<v SPEAKER_3>And for the next month, though, the next month I'm also going to guess $60 per barrel.

00:25:42.136 --> 00:25:44.916
<v SPEAKER_3>We'll see how these guesses turn out.

00:25:44.916 --> 00:25:46.096
<v SPEAKER_2>You bet.

00:25:46.096 --> 00:26:00.036
<v SPEAKER_2>Yeah, the global economy isn't strong enough to substantiate, to increase, dramatically force a big demand supply destructor.

00:26:01.096 --> 00:26:07.536
<v SPEAKER_2>There's a big one happening now, but it's not big enough to drive prices up.

00:26:07.536 --> 00:26:09.236
<v SPEAKER_2>So you could be right.

00:26:09.236 --> 00:26:09.756
<v SPEAKER_3>Yeah, we'll see.

00:26:09.756 --> 00:26:12.816
<v SPEAKER_2>But as you said, we know we're wrong.

00:26:14.876 --> 00:26:18.456
<v SPEAKER_3>Now we will turn to our year in review.

00:26:18.456 --> 00:26:23.936
<v SPEAKER_3>And this year, we're including five clips from what I think are some of our best episodes.

00:26:24.696 --> 00:26:32.596
<v SPEAKER_3>And the first episode that we're going to open up is titled Exploring Better Alternatives to Energy Export Restrictions.

00:26:32.596 --> 00:26:44.076
<v SPEAKER_3>And this episode features Trevor Tombe, professor at the University of Calgary's Department of Economics and the director of fiscal and economic policy at the School of Public Policy.

00:26:44.076 --> 00:26:47.776
<v SPEAKER_3>So this episode was released January 27th, 2025.

00:26:50.436 --> 00:27:01.916
<v SPEAKER_4>So in any retaliation, we have to balance the cost to us of that measure versus the cost to the United States.

00:27:01.916 --> 00:27:10.516
<v SPEAKER_4>And yeah, many parts of the United States, especially in the Midwest, are tied into oil exports from Canada.

00:27:10.516 --> 00:27:15.616
<v SPEAKER_4>Those Midwestern states rely heavily on oil from Alberta.

00:27:16.036 --> 00:27:36.116
<v SPEAKER_4>And if we were to tax it or restrict it, that may very well lead to energy supply challenges in that region, potentially increasing prices for refined products, gasoline and so on in the Midwest, potentially shortages for a while.

00:27:36.116 --> 00:27:58.576
<v SPEAKER_4>But the US would respond either by retooling some of those refinery facilities, transporting refined products from other parts of the country into the Midwest over time, maybe changing policies or infrastructure alignments, you name it, to kind of ease how much Canadian energy they need in the future.

00:27:59.696 --> 00:28:15.816
<v SPEAKER_2>So, Joe, as an adjunct to our discussion about Venezuela, Canada owns refining, like Canadian oil production owns the refining suite in the Central United States.

00:28:15.816 --> 00:28:17.116
<v SPEAKER_3>Some of it, especially, synonymous.

00:28:17.116 --> 00:28:19.536
<v SPEAKER_2>Well, a lot of it, Joe, like a lot.

00:28:19.696 --> 00:28:37.616
<v SPEAKER_2>The point I want to make about Venezuela is, first of all, Trevor points out that we ship both, all of our crude products of

some kind go into the Central United States, not just oil sands, bitumen, but light oil and products like propane.

00:28:37.616 --> 00:28:46.196
<v SPEAKER_2>And it's not easy in the United States for them to, Trevor mentions, retooling or changing.

00:28:46.196 --> 00:28:59.096
<v SPEAKER_2>One of the things that is important to remember, that all the pipelines flow the other way, like the, as far as transportation, inter-country transmission of crude oil.

00:28:59.096 --> 00:29:05.216
<v SPEAKER_2>So it would be really, really hard to get Venezuelan crude into the Central United States.

00:29:05.216 --> 00:29:08.376
<v SPEAKER_2>So we'll continue to own that market.

00:29:08.536 --> 00:29:11.756
<v SPEAKER_2>I think the more important thing is, we have to put this in context.

00:29:11.756 --> 00:29:24.976
<v SPEAKER_2>At the time, you know, this is when we were, there was toing and froing between Trump and Carney as to what our-

00:29:24.976 --> 00:29:27.356
<v SPEAKER_3>It was Trudeau at the time, still Kelly.

00:29:27.356 --> 00:29:28.296
<v SPEAKER_2>In January?

00:29:28.296 --> 00:29:28.756
<v SPEAKER_3>Yeah.

00:29:28.756 --> 00:29:30.796
<v SPEAKER_1>Yeah.

00:29:30.796 --> 00:29:31.016
<v SPEAKER_1>Really?

00:29:31.356 --> 00:29:34.396
<v SPEAKER_3>Election was in March.

00:29:35.556 --> 00:29:38.856
<v SPEAKER_2>Yeah, but he became the leader of the party before that.

00:29:38.856 --> 00:29:39.736
<v SPEAKER_2>No, you're right.

00:29:39.736 --> 00:29:41.616
<v SPEAKER_2>Yeah, you're right.

00:29:41.616 --> 00:29:42.096
<v SPEAKER_2>I get it.

00:29:42.096 --> 00:29:44.156
<v SPEAKER_2>This was part of the discussion.

00:29:44.156 --> 00:29:45.376
<v SPEAKER_3>The election was in April, sorry.

00:29:46.216 --> 00:29:48.896
<v SPEAKER_2>But he became the leader before that.

00:29:50.656 --> 00:29:51.356
<v SPEAKER_2>Anyway, it doesn't matter.

00:29:51.356 --> 00:29:52.976
<v SPEAKER_2>We'll just cut this out.

00:29:54.796 --> 00:29:59.036
<v SPEAKER_2>It speaks to the big conflict between Canada and the US.

00:29:59.976 --> 00:30:08.036
<v SPEAKER_2>Because Trump was really, as you said, and there was a broad stroke about what terrorists could look like.

00:30:08.036 --> 00:30:16.296
<v SPEAKER_2>When you read the small print, Canada, this was for outside of steel and aluminum.

00:30:16.976 --> 00:30:24.836
<v SPEAKER_2>It became a function of USMCA or KUSMA, where it was mostly exempt.

00:30:24.836 --> 00:30:30.356
<v SPEAKER_2>Oil and liquid products are exempt under KUSMA.

00:30:32.696 --> 00:30:40.556
<v SPEAKER_2>I think it was a bit of a tempest in a teapot, as far as whether or not there would ever be restrictions.

00:30:41.216 --> 00:30:45.516
<v SPEAKER_2>Alberta was adamant right from the start that that's not going to happen.

00:30:47.276 --> 00:31:02.136
<v SPEAKER_2>Remember, Doug Ford threatened to cut off electricity,

and you made our audience aware that he was talking about 8% of extracurricular exports that Ontario had that they didn't need.

00:31:02.936 --> 00:31:07.336
<v SPEAKER_2>Again, it was a lot of politics and not much policy.

00:31:08.536 --> 00:31:15.276
<v SPEAKER_3>Yeah, yeah, there's big issues with them, and to be frank, a lot of what Trump was doing was politics and not really policy either.

00:31:15.276 --> 00:31:16.116
<v SPEAKER_2>Sure, that's my point.

00:31:16.116 --> 00:31:16.756
<v SPEAKER_3>That's the point.

00:31:18.796 --> 00:31:25.916
<v SPEAKER_3>It all came from stupidity, but I feel like Canada's response to it was also often not very well thought out.

00:31:25.916 --> 00:31:27.696
<v SPEAKER_2>No, absolutely not.

00:31:27.836 --> 00:31:37.656
<v SPEAKER_3>I think it would have been a very dangerous thing to do to cut the United States off of those imports of crude oil.

00:31:37.656 --> 00:31:43.136
<v SPEAKER_3>We can see by this Majuro thing that why it would have been such a bad idea.

00:31:43.136 --> 00:31:50.576
<v SPEAKER_2>Well, again, it speaks to the giant seismic divide between East and Western Canada.

00:31:55.476 --> 00:32:00.696
<v SPEAKER_2>The Western or the Eastern intelligentsia is saying cut off oil and potash.

00:32:00.756 --> 00:32:08.436
<v SPEAKER_2>Yeah, right, because the auto industry and steel industry were getting hammered.

00:32:10.576 --> 00:32:12.636
<v SPEAKER_2>These issues haven't gone away, Joel?

00:32:12.636 --> 00:32:14.196
<v SPEAKER_3>No, not at all.

00:32:14.196 --> 00:32:24.936
<v SPEAKER_3>On that mention of the auto and steel industry, we should note that the tariffs as they are right now, because this issue hasn't been resolved.

00:32:24.936 --> 00:32:29.456
<v SPEAKER_3>Quite a few products have been protected from it by USMCA, a few things have been taking off.

00:32:30.716 --> 00:32:40.556
<v SPEAKER_3>For example, steel, aluminum, auto parts, all of these sorts of things are still subject to big US tariffs.

00:32:40.556 --> 00:32:50.636
<v SPEAKER_3>The impacts of this are most heavily felt in Ontario and Quebec, whereas out here in Alberta, energy products are overwhelmingly under USMCA.

00:32:51.956 --> 00:32:55.396
<v SPEAKER_3>This is a big complication of that side of things.

00:32:56.156 --> 00:33:08.136
<v SPEAKER_3>We're going to be rolling into KUSMA renegotiation next year, and we'll see what sort of battle lines are being drawn right now, and what sort of fight we can expect.

00:33:08.136 --> 00:33:24.896
<v SPEAKER_3>But this is a, yeah, it's important to note where we were just a year ago, and where we can kind of consider ourselves being in a year, hopefully with the renegotiation behind us and favorable terms for Canada.

00:33:25.896 --> 00:33:27.716
<v SPEAKER_1>Yeah.

00:33:27.716 --> 00:33:34.116
<v SPEAKER_3>Next up, let's listen to the next clip, which is from the episode, Why Trade Balances Matter?

00:33:34.116 --> 00:33:47.616
<v SPEAKER_3>And this is where I interviewed Brad Setser, Whitney Shepardson, Senior Fellow at the Council on Foreign Relations, about the kind of economic justification for these tariffs.

00:33:47.616 --> 00:33:55.276
<v SPEAKER_3>So at the time, there was a lot of discussion, especially from now head of the Council of Economic Advisors, Stephen Moran.

00:33:55.276 --> 00:34:07.096
<v SPEAKER_3>He was talking about, Moran was saying that these tariffs

would increase tax revenues and also bring back some, bring back industry to the United States.

00:34:07.096 --> 00:34:10.656
<v SPEAKER_3>But it's all based upon this idea of the US dollars reserve currency.

00:34:10.656 --> 00:34:13.116
<v SPEAKER_3>And we dig a little bit into that here.

00:34:13.116 --> 00:34:15.816
<v SPEAKER_3>And this one was released February 4th, 2025.

00:34:17.536 --> 00:34:23.116
<v SPEAKER_6>As a general matter, a tariff is a tax and you can raise taxes and raise revenue.

00:34:23.116 --> 00:34:27.576
<v SPEAKER_6>You have to do apply it pretty broadly to be effective, but it is conceptually doable.

00:34:27.576 --> 00:34:37.196
<v SPEAKER_6>I don't think it's a great idea to gut our income tax and shift to a tax on imported consumption, which is what a big broad tariff would do.

00:34:37.196 --> 00:34:40.496
<v SPEAKER_6>But as a technical matter, yeah, it can raise some revenue.

00:34:40.496 --> 00:34:49.676
<v SPEAKER_6>What I think he gets a little wrong, and I think where he gets a little confused is around his theories of dollar strength.

00:34:49.676 --> 00:34:52.456
<v SPEAKER_6>There is a lot of demand for dollars.

00:34:52.456 --> 00:35:23.016
<v SPEAKER_6>It is true that from roughly the turn of the century, 2000, 2001, to roughly 2014, most of that foreign demand for dollars can be traced back to the growth in global reserve portfolios, China stockpiling so many dollars and euros in its reserves, other Asian countries wanting to keep their currencies weak against the dollar so they didn't lose market share to China and adding to their reserves.

00:35:23.016 --> 00:35:40.056
<v SPEAKER_6>The oil exporters at the time were pocketing and saving a lot of the oil export windfall when oil prices first rose from, you know, it was 20 at the turn of the century, or a little after to 100, a little above 100, then down in the global financial crisis and back

above 100.

00:35:40.056 --> 00:35:41.856
<v SPEAKER_6>That was a huge windfall.

00:35:41.856 --> 00:35:49.416
<v SPEAKER_6>And you really did see this enormous accumulation of dollars in the hands of central banks and sovereign wealth funds.

00:35:49.416 --> 00:35:53.936
<v SPEAKER_6>Where I think what do you think he misses is that world disappeared around 2015.

00:35:53.936 --> 00:36:09.536
<v SPEAKER_6>And when the US started raising rates, when Europe was still weak, when Japan was still weak, and when China and the emerging economies were starting to weaken, you saw that private money was coming in to the US, not government money.

00:36:09.536 --> 00:36:17.656
<v SPEAKER_6>And it was coming in because essentially US interest rates are higher than European and Japanese and Taiwanese and Korean interest rates.

00:36:17.656 --> 00:36:25.376
<v SPEAKER_6>It's a private flow driven by interest rate differentials, rather than by government actors building up their reserves.

00:36:25.376 --> 00:36:28.236
<v SPEAKER_6>It's not because the dollar is a reserve currency.

00:36:30.156 --> 00:36:30.496
<v SPEAKER_3>Yeah.

00:36:30.496 --> 00:36:32.816
<v SPEAKER_3>So this is a really interesting episode.

00:36:34.216 --> 00:36:42.796
<v SPEAKER_3>And I can't claim to be that much of an expert on international economics, especially when we start talking about exchange rates and things like that.

00:36:42.816 --> 00:37:03.436
<v SPEAKER_3>But I think it's a really important point to make that quite a few of the economic ideas floating around in the Trump administration are notably kind of heterodox ideas about how all of these economic concepts work.

00:37:03.436 --> 00:37:06.676

<v SPEAKER_3>And that includes this exchange rate concept.

00:37:07.356 --> 00:37:26.676
<v SPEAKER_3>And, you know, the idea that you need to be imposing this tax on importers and that you can effectively shift all of the taxes caused by tariffs and shift the incidence of this entirely to the countries that are trying to export to the United States.

00:37:26.776 --> 00:37:30.616
<v SPEAKER_3>There's a lot of debate around this, what the incidence is of these tariffs.

00:37:30.616 --> 00:37:45.676
<v SPEAKER_3>But Brad is definitely on the side of saying that broadly, the incidence of this tax is on the United States rather than being on the foreign countries that are trying to export to the United States.

00:37:45.676 --> 00:38:14.756
<v SPEAKER_3>On the other hand, you know, like, at the same time, incidence of this can be really very country by country, and I've often worried about Canada and, you know, the Canadian oil exports, whether Canada has enough alternatives to the United States that we wouldn't have all of the incidence falling on our producers, which would be terrible for Canadian exports and for the Canadian economy more broadly.

00:38:14.756 --> 00:38:21.876
<v SPEAKER_3>But you know, all of these things are things I was trying to navigate through at the beginning of this year.

00:38:21.876 --> 00:38:31.036
<v SPEAKER_2>Well, and Joe, I think that, you know, I guess the major question is, is how long does the US dollar remain the reserve currency of the world, right?

00:38:31.036 --> 00:38:33.916
<v SPEAKER_2>Like that's the underpinning thing, right?

00:38:33.916 --> 00:38:43.956
<v SPEAKER_2>Like I, you know, until 1900, the British pound was the precursor, or was the world reserve currency.

00:38:43.956 --> 00:38:48.176
<v SPEAKER_2>And at that time, one pound was worth five US dollars.

00:38:48.216 --> 00:38:48.656
<v SPEAKER_2>What's it now?

00:38:48.656 --> 00:38:50.376

<v SPEAKER_2>A dollar twenty?

00:38:52.156 --> 00:39:07.176
<v SPEAKER_2>So, you know, this is, I think, the start of an erosion of US dominance in currency markets, although, or global financial interests.

00:39:07.176 --> 00:39:38.356
<v SPEAKER_2>But I will say, to bring it back to an energy, to make it, to sort of frame it in the energy sphere, one of the things that's come out of the whole Venezuelan thing, and I think it's part of the argument for the intervention that brought the oil industry is, China and Russia have been selling or buying crude oil, retrospectively, in wands and rubles.

00:39:38.356 --> 00:39:51.336
<v SPEAKER_2>So, they, now, relative to the US dollar price, they're lower, which is a discount for the Chinese, and a definite hit for the Russian war machine.

00:39:51.336 --> 00:40:01.036
<v SPEAKER_2>But it does speak to the ability of the global commodity markets to fit the, get the hand in the glove, right?

00:40:01.036 --> 00:40:11.996
<v SPEAKER_2>Like, they're making it work however they can to get the currency they need to execute, or to buy the product with their currency, being the Chinese.

00:40:11.996 --> 00:40:32.156
<v SPEAKER_2>I think also, it's quite important to remember, as much as all those Eastern Lawrentians don't like to, won't admit it, our dollars, the Canadian dollars, are a petrodollar, because of the total, the large, large, large effect, large effect on the trade balance that exports of crude oil do, our effect.

00:40:32.156 --> 00:40:36.076
<v SPEAKER_2>So you know, it's always related to oil, Joe.

00:40:36.136 --> 00:40:40.296
<v SPEAKER_2>It doesn't matter what you're talking about.

00:40:40.296 --> 00:40:41.516
<v SPEAKER_5>It's about oil.

00:40:41.576 --> 00:40:44.936
<v SPEAKER_2>So, you know, I have to stick with what I know.

00:40:44.936 --> 00:40:48.356
<v SPEAKER_3>Yeah, for Canada, foreign exchange is for sure.

00:40:48.356 --> 00:40:54.516
<v SPEAKER_3>Well, energy products are something like 25% or 30% of Canadian exports.

00:40:54.856 --> 00:40:55.456
<v SPEAKER_3>It's crazy.

00:40:55.456 --> 00:40:58.656
<v SPEAKER_3>It's not larger than any other single export category.

00:40:58.656 --> 00:41:00.816
<v SPEAKER_3>So very important to remember that.

00:41:00.816 --> 00:41:05.996
<v SPEAKER_3>But, you know, we should also be a little bit careful about how much we bash Laurentian elites here, Kelly.

00:41:05.996 --> 00:41:07.956
<v SPEAKER_3>Most of our listener base is, you know.

00:41:09.076 --> 00:41:11.416
<v SPEAKER_2>They're not a Laurentian elites, though.

00:41:11.416 --> 00:41:12.896
<v SPEAKER_2>They're not Laurentian elites.

00:41:13.896 --> 00:41:15.816
<v SPEAKER_2>They're people that listen to us because they want to learn things.

00:41:15.816 --> 00:41:17.416
<v SPEAKER_2>They don't want to just tell us what to do.

00:41:17.416 --> 00:41:19.356
<v SPEAKER_2>Yeah, you can cut that out.

00:41:19.456 --> 00:41:28.376
<v SPEAKER_3>Well, if any Laurentian would like to weigh in on all of these things, please feel free to email me anytime you can find my email.

00:41:28.376 --> 00:41:30.396
<v SPEAKER_3>Should be able to find it on our website.

00:41:31.536 --> 00:41:45.196
<v SPEAKER_3>So next up, we'll switch over to another one of the big stories here, which is the Major Projects Office, as well as the question of what are we going to do with all these minor projects that are also important on aggregate?

00:41:45.196 --> 00:41:50.476
<v SPEAKER_3>And this is the episode Ponies and Stallions Building Major Projects.

00:41:50.476 --> 00:41:57.156
<v SPEAKER_3>So by pony, we're meaning P-O-N-I, projects of national interest.

00:41:57.156 --> 00:42:03.256
<v SPEAKER_3>And this refers, of course, to the idea of the Projects of National Interest framework in the Building Canada Act.

00:42:04.556 --> 00:42:12.856
<v SPEAKER_3>And this features Heather Exner-Pirot, Senior Fellow and Director of Energy, Natural Resources and Environment at the Macdonald-Laurier Institute.

00:42:12.856 --> 00:42:17.476
<v SPEAKER_3>And this episode was released June 12th, 2025.

00:42:17.476 --> 00:42:29.016
<v SPEAKER_7>What I wanted to do in this paper was outline what's happened, how far the damage is using data from the Natural Resources inventory, major projects inventory.

00:42:29.536 --> 00:42:33.616
<v SPEAKER_7>And just to your point, why do I think it's become so uncompetitive?

00:42:33.616 --> 00:42:35.056
<v SPEAKER_7>Part of it is the commodity cycle.

00:42:35.056 --> 00:42:36.416
<v SPEAKER_7>You have to acknowledge that.

00:42:36.416 --> 00:42:37.056
<v SPEAKER_7>And I do.

00:42:37.056 --> 00:42:39.836
<v SPEAKER_7>I go into extent about the commodity cycle.

00:42:39.836 --> 00:42:42.836
<v SPEAKER_7>But also I will say the Impact Assessment Act.

00:42:42.836 --> 00:43:00.816
<v SPEAKER_7>And then another half a dozen, dozen, depending on how you count, hundreds, 200 plus policies and regulations, especially from this federal government, you know, that really saw extractive resources as something to be gotten rid of.

00:43:02.336 --> 00:43:05.476
<v SPEAKER_2>I'll try to maintain an even strain here, Joe.

00:43:05.476 --> 00:43:07.736
<v SPEAKER_3>Yeah, I knew this one wouldn't get you going, Kelly.

00:43:07.736 --> 00:43:22.516
<v SPEAKER_2>Heather and I sing from the same song sheet, you know, as far as environmental, not just environmental, but regulations and hurdles writ large in this country.

00:43:22.516 --> 00:43:35.936
<v SPEAKER_2>We've had a decade of virtual signaling, woke policies around resource development, and it was the red-headed stepchild of the Canadian economy, as far as the Trudeau government was concerned.

00:43:35.936 --> 00:43:40.516
<v SPEAKER_2>And here we sit with the discussion around Venezuela.

00:43:40.516 --> 00:43:48.176
<v SPEAKER_2>And boy, the rest of the country realizes that, boy, we may be better to have a look at how we're going to get more of our oil into other markets.

00:43:48.176 --> 00:43:52.176
<v SPEAKER_2>So it's just unbelievable that we're in this place.

00:43:52.316 --> 00:44:07.936
<v SPEAKER_2>And Heather is probably, if you, anyone that follows Axe or other media platforms, Heather is right at the front end of this whole discussion is around resource competitiveness globally.

00:44:07.936 --> 00:44:18.736
<v SPEAKER_2>She makes the point about, yes, some of these commodity cycles are in a bit of a dip, but in the longer term, we've left 10 years behind us here, Joe, because of regulation.

00:44:18.736 --> 00:44:19.256
<v SPEAKER_3>Yeah.

00:44:19.256 --> 00:44:19.736
<v SPEAKER_3>Yeah.

00:44:19.736 --> 00:44:33.476
<v SPEAKER_3>And well, it's not only regulation, but for the longest time, especially with the Impact Assessment Act, it was direct political interference in the allowing projects to progress or not progress.

00:44:33.476 --> 00:44:52.876
<v SPEAKER_3>And it's just the design of the Impact Assessment Act, before it was forced reformed by the Supreme Court of Canada, it effectively allowed the Environment, the Minister of Environment and Climate Change to kibosh any project that was determined to be designated.

00:44:52.876 --> 00:45:19.996
<v SPEAKER_3>And they could, I believe, designate whatever projects they effectively wanted, which was very damaging for the ability of companies to plot out what their capital spending strategy would be, when any project could become a political problem, a political third rail and get kiboshed by the federal government, no matter whether or not it was within their wheelhouse.

00:45:19.996 --> 00:45:22.116
<v SPEAKER_3>So that was a huge problem.

00:45:22.116 --> 00:45:42.136
<v SPEAKER_3>And then, Heather, talking about all of the other regulations that were piled on as well, we had any number of emissions-based regulations, local environmental regulations, the federal and provincial, and all sorts of other things that made it very difficult to justify investment.

00:45:42.136 --> 00:46:11.016
<v SPEAKER_3>And, you know, Venezuela, of course, even worse managed, but I've heard so many stories about places where companies are able to operate that are in absurdly difficult conditions in terms of corruption or local violence or lack of adequate supply chains or anything like that, where they still decide to invest there rather than in Canada, which really makes you wonder about the climate here, the investment climate, I mean.

00:46:11.476 --> 00:46:15.996
<v SPEAKER_2>So that song, that movie isn't over yet.

00:46:16.556 --> 00:46:36.516
<v SPEAKER_3>Yeah, there's still more work to be done to get regulatory timelines sorted out, as well as some more clear headedness about what position Canada should play in the world going forward and what sort of infrastructure we need to make that happen.

00:46:36.516 --> 00:46:41.256
<v SPEAKER_2>Well, we're really gonna see Joe here in the next 24 months what this government does about that.

00:46:41.316 --> 00:46:52.576
<v SPEAKER_2>Like, you know, Tokarni was questioned today by somewhere in Europe, wherever he is today, about, you know, does this change

your view about how quickly we can get a pipeline built?

00:46:52.576 --> 00:46:59.976
<v SPEAKER_2>And, you know, he danced around it again saying, yeah, because of course we're going to do better because we produce this low carbon oil.

00:46:59.976 --> 00:47:05.376
<v SPEAKER_2>Well, you know what, on the margin, the buyer doesn't care about low carbon.

00:47:05.376 --> 00:47:07.816
<v SPEAKER_2>The buyer buys oil on the margin.

00:47:07.816 --> 00:47:14.236
<v SPEAKER_2>And I know we're going to get into that probably a little bit more with one of the couple of these other discussion or other little clips you've got.

00:47:14.236 --> 00:47:33.296
<v SPEAKER_2>But, you know, again, I still I'm the jury is still out on whether or not this government has the self, the will, the political will to get going forward with what is probably the most important project right now would be another line to somewhere to the West Coast or reinvention of Energy East.

00:47:33.716 --> 00:47:41.096
<v SPEAKER_3>Well, our next clip, also keeping with the same theme of energy diversification is Building Major Products to Asia.

00:47:41.096 --> 00:47:56.616
<v SPEAKER_3>So this is a longer podcast, but one of the segments of it is a clip from my conference in the fall, my which was titled Canada's Next Chapter in the Indo-Pacific.

00:47:56.616 --> 00:48:07.516
<v SPEAKER_3>This features Mark Maki, who is the Chief Executive Officer of Trans Mountain Corporation, while he was being interviewed by CGI fellow Rory Johnston for this conference.

00:48:07.516 --> 00:48:12.216
<v SPEAKER_3>This podcast episode was released November 19th, 2025.

00:48:14.756 --> 00:48:22.416
<v SPEAKER_1>The startup of Trans Mountain has very much changed the access of Canadian oil to the global market.

00:48:22.556 --> 00:48:36.496
<v SPEAKER_1>Heavy oil, particularly as it relates to Asian demand, and especially in the petrochemical sector, and I'll get into that a

little bit in some of my comments, is one of the great advantages I think Canada has.

00:48:36.496 --> 00:48:48.316
<v SPEAKER_1>Then mentioned by many other panelists today, and as a rule of law, well understood, a great trading partner, all of these things, and for Canada, is diversification of market.

00:48:48.316 --> 00:49:05.616
<v SPEAKER_1>If I go back to my earlier history with the other companies to work for, part of the story I used to tell in meeting in New York or other places was, we talk about Canada and supply and what a reliable partner it was, and the United States was all over that, and loved Canada as a partner.

00:49:07.196 --> 00:49:12.236
<v SPEAKER_1>Enter Donald Trump and all that history blows up.

00:49:12.516 --> 00:49:16.016
<v SPEAKER_1>For Canada, it's critically important.

00:49:16.016 --> 00:49:21.396
<v SPEAKER_1>One of the real promises of the Trans Mountain Project was diversification of markets.

00:49:21.396 --> 00:49:25.336
<v SPEAKER_1>Part of that messaging when I was speaking to people in New York was, why are you trying to build Gateway?

00:49:25.496 --> 00:49:27.256
<v SPEAKER_1>I hope it will come our way.

00:49:27.376 --> 00:49:31.616
<v SPEAKER_1>It was, well, it's really important for Canada to diversify markets.

00:49:31.616 --> 00:49:32.576
<v SPEAKER_1>TMX did that.

00:49:33.316 --> 00:49:40.996
<v SPEAKER_1>And so it took a while, cost a lot of money, and there's things we have to do to make that change in the future.

00:49:43.176 --> 00:49:48.456
<v SPEAKER_2>Before we start, Joe, I want to just commend you on that conference, which I attended as well.

00:49:48.916 --> 00:49:56.456
<v SPEAKER_2>And there's a lot more meat on Mark's comments than I would encourage folks, if they haven't listened to this podcast, to

listen to it.

00:49:56.456 --> 00:50:09.896
<v SPEAKER_2>But I was astounded by the reaction of East Asian diplomats to Canadian energy and the Canadian energy nexus.

00:50:09.896 --> 00:50:23.156
<v SPEAKER_2>And I felt, and I may have said this on one of our earlier podcasts, I felt like I was being scolded by these folks from Vietnam, Japan, Korea, and Malaysia about, look at you people in Canada.

00:50:23.156 --> 00:50:26.816
<v SPEAKER_2>You have what we want, why can't you get it to us?

00:50:26.816 --> 00:50:30.376
<v SPEAKER_2>And that was the first major point that I learned on that conference.

00:50:30.376 --> 00:50:48.676
<v SPEAKER_2>The other would be, and I think it was part of Mark's interview with Rory, or it might have been when Jennifer Pierce was on one of your panels, she also works for Trans Mountain, was that the world doesn't care one iota about whether or not the oil is low carbon.

00:50:48.676 --> 00:50:53.296
<v SPEAKER_2>They will pay the price on the margin.

00:50:53.296 --> 00:50:59.436
<v SPEAKER_2>And we've been able to get into that market in a small way so far with Trans Mountain.

00:50:59.656 --> 00:51:01.536
<v SPEAKER_2>We need to build on that.

00:51:01.536 --> 00:51:22.336
<v SPEAKER_2>And again, it's like he said in the conversation, the whole thing changed when Trump became president and treated Canada like its young, real young brother and could care less about what's going on in Canada as long as it fit his modus operandi.

00:51:22.336 --> 00:51:29.416
<v SPEAKER_2>But let's also remember, the US produces 13 million barrels a day oil, largest producer in the world.

00:51:29.416 --> 00:51:32.296
<v SPEAKER_2>But they use 20 million barrels a day.

00:51:32.296 --> 00:51:35.716

<v SPEAKER_2>And I don't see that changing a lot in the next five years.

00:51:35.716 --> 00:51:41.196
<v SPEAKER_2>So their energy security is largely a function of Canadian crude oil into their market, too.

00:51:41.196 --> 00:51:47.156
<v SPEAKER_2>At this point, not to say that we're having this discussion about getting other sources like Venezuela.

00:51:47.156 --> 00:51:49.016
<v SPEAKER_2>But they'd have to get it somewhere.

00:51:49.016 --> 00:51:58.096
<v SPEAKER_2>And I think that we have to all step back, take a look at the horizon and just relax a little bit about all of this because we are doing the things we need to do.

00:51:58.096 --> 00:52:02.356
<v SPEAKER_2>We just have to keep doing them as far as trying to find other markets.

00:52:02.356 --> 00:52:02.736
<v SPEAKER_3>Yeah.

00:52:02.736 --> 00:52:02.896
<v SPEAKER_3>Yeah.

00:52:02.896 --> 00:52:10.116
<v SPEAKER_3>I think the diversification angle here, and I've been doing a little bit of research on the Northern Gateway, and it's some really interesting stuff.

00:52:10.116 --> 00:52:11.576
<v SPEAKER_3>Originally called the Gateway Pipeline.

00:52:11.576 --> 00:52:14.256
<v SPEAKER_3>I'm sure you remember that, Kelly.

00:52:14.256 --> 00:52:18.216
<v SPEAKER_3>Originally proposed, I believe it was in the early 2000s.

00:52:18.216 --> 00:52:26.236
<v SPEAKER_3>2005, there were some thoughts that PetroChina and then later SinoPeC would actually partner with Enbridge on building it.

00:52:26.236 --> 00:52:28.736
<v SPEAKER_3>So lots of stuff going on there.

00:52:28.796 --> 00:52:32.496
<v SPEAKER_3>And it was in 2016 that the Northern Gateway Pipeline was Kibosh.

00:52:32.496 --> 00:52:43.876
<v SPEAKER_3>So, you know, whatever, in 13 to 15 years where it took to, for the pipeline to go through all these processes and then eventually get-

00:52:43.876 --> 00:52:46.756
<v SPEAKER_2>Well, it had been approved, subject to 61 conditions, right?

00:52:46.756 --> 00:52:48.216
<v SPEAKER_3>Yes, in 2014.

00:52:48.216 --> 00:52:51.756
<v SPEAKER_3>And then the Trudeau government got in and reopened negotiations.

00:52:51.756 --> 00:53:06.396
<v SPEAKER_3>So there's a whole consideration around that, about the need to diversify and, you know, what position would Canada be in now if we had built the Northern Gateway Pipeline all those years ago?

00:53:06.396 --> 00:53:10.436
<v SPEAKER_3>It would have been, we would have had a lot more leverage vis-a-vis the United States.

00:53:10.436 --> 00:53:15.456
<v SPEAKER_3>So, you know, this is all to say that we should be thinking about diversification.

00:53:15.456 --> 00:53:27.456
<v SPEAKER_3>We should be thinking about our leverage where it comes to our relationship with the United States, because, you know, if you leave yourself vulnerable to one of your trade partners, they're going to take advantage of it.

00:53:27.636 --> 00:53:28.616
<v SPEAKER_3>It doesn't matter.

00:53:28.736 --> 00:53:34.236
<v SPEAKER_3>It's not even just a question of the United States being some sort of especially evil trade partner.

00:53:34.236 --> 00:53:42.656
<v SPEAKER_3>They just, it's just that they're, you have to act in the interests of your citizens, not in the, not in anything else.

00:53:42.656 --> 00:53:44.976
<v SPEAKER_3>And we left ourselves vulnerable, unfortunately.

00:53:44.976 --> 00:53:54.956
<v SPEAKER_3>Along those lines, we should also talk about, finally, the MOU that was released between the Government of Canada and the Government of Alberta last November.

00:53:55.636 --> 00:54:12.936
<v SPEAKER_3>And to kind of unpack this and also kind of the competitiveness side of this, we had Jack Mintz, noted Canadian economist, on our recent episode, A Pipeline or a Pipe Dream, released November 26, 2025.

00:54:14.876 --> 00:54:29.416
<v SPEAKER_5>But assuming the demand is there, which I think it will be, the question is, will companies want to invest in Alberta to build more capacity for oil production or not?

00:54:29.416 --> 00:55:00.176
<v SPEAKER_5>And that's where the competitiveness issue comes in, because if you're a company like Exxon, and you're looking at the world, and you could put money into Guyana, you could put money into Nigeria, you could put money into potential new Russian construction, which now people are talking about, or let's say Venezuela does open up, you know, you have, you can go back into Venezuela, which they withdrew from, or Chevron can make that decision, whether or not they still have production in Venezuela.

00:55:00.176 --> 00:55:11.476
<v SPEAKER_5>The main point is that they're going to look at what's happening around the world, they're going to look at their cost of production, and they're going to, and what their net backs are going to be ultimately in the rate of return.

00:55:11.476 --> 00:55:16.016
<v SPEAKER_3>Very interesting that Jack Mintz talked about Venezuela toward the end there.

00:55:16.016 --> 00:55:23.156
<v SPEAKER_3>But overall, what he's talking about here is, you know, the MOU that was signed between the government of Canada and the government of Alberta.

00:55:23.156 --> 00:55:24.436
<v SPEAKER_3>It was not only a pipeline.

00:55:24.436 --> 00:55:27.676
<v SPEAKER_3>Pipeline is a huge part of it, but it wasn't only a pipeline.

00:55:27.676 --> 00:55:30.996
<v SPEAKER_3>It kind of created a number of conditions that were attached to this pipeline.

00:55:30.996 --> 00:55:35.416
<v SPEAKER_3>One of these was the Pathways Carbon Capture and Storage Project.

00:55:35.416 --> 00:55:41.656
<v SPEAKER_3>Another one was raising the effective carbon price up to, I believe, $130 per ton.

00:55:41.656 --> 00:55:54.936
<v SPEAKER_3>And there are a few other important conditions attached to this that kind of are very important for thinking about how do we actually get enough oil production to fill a new pipeline.

00:55:54.936 --> 00:55:58.516
<v SPEAKER_3>And so that's a whole question here.

00:55:58.516 --> 00:56:00.376
<v SPEAKER_3>And of course, Mr.

00:56:00.376 --> 00:56:22.796
<v SPEAKER_3>Mintz thought that there's a number of concerns where it comes to trying to track this investment from companies, such as, of course, the infrastructure companies like Enbridge and TC Energy, but also the major producers like Sinovus, CNRL, Suncor, all of these folks.

00:56:23.636 --> 00:56:26.536
<v SPEAKER_3>There's still waiting on the sidelines.

00:56:26.836 --> 00:56:36.856
<v SPEAKER_3>There's a lot of noise about how regulations are changing and how things are getting aligned to allow major projects or even smaller projects to move forward.

00:56:36.856 --> 00:56:41.356
<v SPEAKER_3>But we still haven't seen it move enough to get this investment going again.

00:56:41.856 --> 00:56:57.476
<v SPEAKER_3>And so that's when I think it is necessary in order to really bring about that economic growth engine and the diversification of trade that Canada really needs right now.

00:56:57.476 --> 00:57:02.296
<v SPEAKER_2>Well, I've got a bit of a different take, Joe, although I

agree with Jack completely.

00:57:03.436 --> 00:57:08.036
<v SPEAKER_2>And remember, people need to remember, Jack Mintz was on the Board of Imperial Oil for about a decade.

00:57:09.156 --> 00:57:20.736
<v SPEAKER_2>And so he had a window into where Exxon, how Exxon views things more than anyone probably in Canada does, other than those people that work for Exxon or Imperial.

00:57:22.256 --> 00:57:25.016
<v SPEAKER_2>It's all a question of return though, right?

00:57:25.016 --> 00:57:36.216
<v SPEAKER_2>Like the big oil sands producers could add a million barrels a day in two years of Sagdee exploration and or I don't think we ever built another mine in Canada.

00:57:37.676 --> 00:57:41.736
<v SPEAKER_2>But the economics are pretty skinny in this price band.

00:57:43.056 --> 00:57:46.976
<v SPEAKER_2>They're still economic, but not great.

00:57:46.976 --> 00:57:50.816
<v SPEAKER_2>You need more than, you probably need 80 bucks or 70 anyways.

00:57:51.936 --> 00:57:58.916
<v SPEAKER_2>But so I don't see a problem filling a new pipeline, but they're not going to start that development work.

00:57:59.776 --> 00:58:05.236
<v SPEAKER_2>And building out of Brownfield, Sagdee projects, if there's no takeaway capacity.

00:58:05.236 --> 00:58:21.736
<v SPEAKER_2>And if you look at Trevor, at what Trevor's had to say, Heather, one of our other fellows, Kevin Byrne at S&P Global, you know, by 29, we are out of capacity, pipeline takeaway capacity.

00:58:22.956 --> 00:58:33.756
<v SPEAKER_2>So, you know, there has to be a come to Jesus meeting of the minds nationally to understand where those economics are.

00:58:33.756 --> 00:58:40.896
<v SPEAKER_2>And, you know, further on in the conversation, we talked to Jack about that carbon price of 130 bucks a ton.

00:58:40.896 --> 00:58:46.816
<v SPEAKER_2>And he did a quick back of the envelope calculation at current pricing.

00:58:46.816 --> 00:58:50.516
<v SPEAKER_2>You know, the margin, the net value becomes pretty skinny.

00:58:50.656 --> 00:58:53.436
<v SPEAKER_2>If you're looking at six bucks a barrel of carbon cost.

00:58:55.056 --> 00:59:11.736
<v SPEAKER_2>And there's only so much you can do with your research and development arm of your big company to eradicate and slow down that, take that out of the value stack by reinvesting in clean technologies.

00:59:11.796 --> 00:59:15.836
<v SPEAKER_2>I can tell you that from my experiences of the emissions reduction of albutajil.

00:59:15.836 --> 00:59:19.476
<v SPEAKER_2>There's only so much blood you can get out of a stone.

00:59:20.196 --> 00:59:20.916
<v SPEAKER_2>You can't.

00:59:21.276 --> 00:59:23.516
<v SPEAKER_2>And that's the big concern.

00:59:25.196 --> 00:59:30.856
<v SPEAKER_2>We're not on a level playing field selling our barrel globally with a six dollar charge for carbon.

00:59:31.796 --> 00:59:44.456
<v SPEAKER_3>And I feel like I should clarify what I meant by what I was saying is that, you know, you have to compare this with, for example, shipping on the Enbridge main line.

00:59:44.456 --> 00:59:53.556
<v SPEAKER_3>You know, the attractiveness of doing that using, like continuing to, like, we're going to continue to see oil production here in Alberta grow over time.

00:59:53.556 --> 00:59:59.396
<v SPEAKER_3>And more and more of that additional capacities that are going to go to, of course, the Trans Mountain Pipeline.

00:59:59.516 --> 01:00:01.096
<v SPEAKER_3>We'll see probably an expansion of that.

01:00:01.096 --> 01:00:05.636
<v SPEAKER_3>That's going to be big, but also continued expansions of the Enbridge Mainline.

01:00:05.636 --> 01:00:12.076
<v SPEAKER_3>And if we're going to be talking about a big new pipeline, we'd be talking about a completely different competitiveness situation.

01:00:12.076 --> 01:00:20.076
<v SPEAKER_3>We can't just have a pipeline that's cost $40 billion, having the tolling arrangements necessary to pay that back.

01:00:20.076 --> 01:00:23.416
<v SPEAKER_3>Also having a carbon tax on this oil production.

01:00:23.416 --> 01:00:30.256
<v SPEAKER_3>Also having, you know, the layering of regulatory regimes like this is not going to enable this sort of trade diversification.

01:00:30.356 --> 01:00:36.896
<v SPEAKER_3>You need more, you need a better model to make this happen, I guess, is what I'm trying to say.

01:00:36.896 --> 01:00:43.476
<v SPEAKER_3>To finish things off, we will review a few of the books that we read over the holidays.

01:00:43.476 --> 01:00:46.076
<v SPEAKER_3>So, Kelly, how about you go first?

01:00:46.356 --> 01:00:48.256
<v SPEAKER_3>What were you reading?

01:00:48.256 --> 01:00:51.776
<v SPEAKER_3>What was on your bedside table over Christmas?

01:00:51.776 --> 01:00:54.496
<v SPEAKER_2>Well, on the bedside table is a Kindle.

01:00:56.136 --> 01:01:06.156
<v SPEAKER_2>Because, you know, when your wife or your partner or whoever has a different sleep pattern than you, it's nice to be able to turn the light out earlier, right?

01:01:06.156 --> 01:01:25.096
<v SPEAKER_2>So, on the bedside table was a fascinating book that I read called, it's a biography of James Garfield, the I believe 18th or 19th president, no more now, 26th president of the United States,

somewhere in there.

01:01:25.096 --> 01:01:39.676
<v SPEAKER_2>He was president in 1881 for about 100 days only because he was assassinated by a maniac who believed that he shouldn't be president.

01:01:39.676 --> 01:01:52.076
<v SPEAKER_2>Anyways, Garfield, it's a very interesting book about someone I knew nothing about because he was president for such a short period of time.

01:01:52.076 --> 01:01:57.516
<v SPEAKER_2>But he was a very interesting guy and a champion congressman.

01:01:57.516 --> 01:02:01.916
<v SPEAKER_2>Kind of was, and it was, oh, I'll just leave it at that.

01:02:01.956 --> 01:02:05.136
<v SPEAKER_2>The book was, I forget what it's biography of James Garfield.

01:02:05.136 --> 01:02:17.516
<v SPEAKER_2>And why I read it was we watched a Netflix series called Death by Lightning, which is a four-episode series on his assassination, which triggered me to read it.

01:02:17.516 --> 01:02:19.236
<v SPEAKER_2>So that was on the bedside table.

01:02:19.236 --> 01:02:21.376
<v SPEAKER_3>Why was he assassinated, Kelly?

01:02:21.376 --> 01:02:24.396
<v SPEAKER_2>The guy that killed him was not all there.

01:02:24.396 --> 01:02:34.876
<v SPEAKER_2>And he dreamed about being a foreign diplomat, and he was mentally challenged from a bipolar or something.

01:02:34.876 --> 01:02:57.836
<v SPEAKER_2>And he believed that Chester Arthur, who he'd met through some of his escapades in his travels around the election of 1880, he met Arthur and in his mind, he should be President.

01:02:58.636 --> 01:03:02.516
<v SPEAKER_2>And he felt that Garfield had let people down.

01:03:03.836 --> 01:03:08.816

<v SPEAKER_2>So he was deranged, Joe.

01:03:08.816 --> 01:03:21.556
<v SPEAKER_2>In fact, the book spends very little time talking about this man, whereas the short miniseries was a lot about his mental capacity.

01:03:22.636 --> 01:03:39.236
<v SPEAKER_2>Garfield was from Ohio, had been a congressman from 1861 to 1880, had been a general in the Union Army, was a very progressive guy.

01:03:39.236 --> 01:03:56.516
<v SPEAKER_2>And a lot of the progressive was a big proponent of reconstruction and the work of Lincoln to get more recognition of an acceptance of black people, getting black people to vote, man, the vote.

01:03:56.516 --> 01:04:04.876
<v SPEAKER_2>No, I learned a lot about that period and the toing and froing of Republican politics at the time.

01:04:04.876 --> 01:04:06.476
<v SPEAKER_2>It's a very interesting book.

01:04:06.476 --> 01:04:08.476
<v SPEAKER_2>I would highly recommend it.

01:04:08.516 --> 01:04:10.676
<v SPEAKER_3>Yeah, absolutely.

01:04:10.676 --> 01:04:11.876
<v SPEAKER_2>How about you?

01:04:11.876 --> 01:04:17.056
<v SPEAKER_3>Well, I've been reading, which is something that I got over Christmas.

01:04:17.056 --> 01:04:24.336
<v SPEAKER_3>And this is The Golden Thread, A History of the Western Tradition, Volume 1, The Ancient World and Christendom.

01:04:24.336 --> 01:04:29.416
<v SPEAKER_3>It's by James Hankins and Allan Guelzo.

01:04:29.416 --> 01:04:30.936
<v SPEAKER_3>Fantastic book so far.

01:04:30.936 --> 01:04:32.556
<v SPEAKER_3>Very, very interesting.

01:04:32.556 --> 01:04:33.816
<v SPEAKER_3>Very, very long.

01:04:33.816 --> 01:04:37.976
<v SPEAKER_3>It's like a, it's about 10 pounds when you pick it up.

01:04:38.676 --> 01:04:46.416
<v SPEAKER_3>But it's, it's, you know, it covers a lot of the ground that was covered in my undergrad.

01:04:46.416 --> 01:04:54.796
<v SPEAKER_3>So for those of you who are unaware or listeners, my undergrad was in Western Society and Culture at Concordia University.

01:04:55.576 --> 01:05:04.516
<v SPEAKER_3>If your kids are kind of at loose ends and don't really know what to do in terms of what program to go into, I highly recommend it.

01:05:05.956 --> 01:05:21.636
<v SPEAKER_3>But this book, it's another addition in a long culture war over what should be considered kind of part of the Western intellectual tradition.

01:05:21.636 --> 01:05:38.616
<v SPEAKER_3>And it covers the history and the controversies and a lot of the modern debates over what parts of Western culture should be celebrated and what parts should be dispensed with, I suppose.

01:05:39.456 --> 01:05:46.816
<v SPEAKER_3>There's a long history of people talking about what is good and what is bad about Western culture.

01:05:46.816 --> 01:05:56.136
<v SPEAKER_3>And it goes all the way back to the Greeks and the Romans who were constantly fighting with each other about what are the good traditions and what are the bad traditions.

01:05:56.376 --> 01:06:04.536
<v SPEAKER_3>And I find that, I find it to be a very interesting work and kind of an addition to that.

01:06:04.536 --> 01:06:23.336
<v SPEAKER_3>I'm not going to say that it's like, in of itself, like a fantastic work of literature like Shakespeare, but it really does unpack a lot of these debates that have been happening and kind of the evolution of the Western culture and ethos.

01:06:23.916 --> 01:06:26.176

<v SPEAKER_3>So, very, very good book so far.

01:06:26.176 --> 01:06:29.196
<v SPEAKER_3>I really recommend people pick it up.

01:06:29.196 --> 01:06:30.676
<v SPEAKER_2>Not a light read though.

01:06:30.676 --> 01:06:31.996
<v SPEAKER_3>No, not at all.

01:06:31.996 --> 01:06:32.896
<v SPEAKER_3>Not at all.

01:06:32.896 --> 01:06:33.936
<v SPEAKER_3>It's not dry though.

01:06:34.216 --> 01:06:35.176
<v SPEAKER_3>I can guarantee that.

01:06:35.176 --> 01:06:35.536
<v SPEAKER_3>Okay.

01:06:35.536 --> 01:06:37.116
<v SPEAKER_1>It's a narrative.

01:06:37.116 --> 01:06:38.156
<v SPEAKER_3>It's a narrative.

01:06:38.156 --> 01:06:41.896
<v SPEAKER_3>It's kind of like a history, but a history of ideas.

01:06:41.896 --> 01:06:46.356
<v SPEAKER_3>And so I was glad to get that for Christmas.

01:06:46.356 --> 01:06:48.276
<v SPEAKER_2>I'll have a look at it.

01:06:48.276 --> 01:06:50.416
<v SPEAKER_2>So do you want another one?

01:06:51.616 --> 01:06:52.076
<v SPEAKER_3>Sure, Kelly.

01:06:53.256 --> 01:06:55.936
<v SPEAKER_2>So I read a book called The Gold.

01:06:55.936 --> 01:07:02.536
<v SPEAKER_2>And it's the, again, from my wife and I surfing around
Brit Box and Netflix to watch television.

01:07:02.536 --> 01:07:13.736
<v SPEAKER_2>It was a short series, I think six episodes on this, the largest robbery in the history of the world at the time.

01:07:14.396 --> 01:07:28.336
<v SPEAKER_2>In 1983, six men broke into a storage facility at Heathrow Airport and stole three tons of gold, a lot of gold bricks.

01:07:28.336 --> 01:07:32.696
<v SPEAKER_2>And the whole book, then, is about how do they deal with that?

01:07:32.696 --> 01:07:34.816
<v SPEAKER_2>Like what do you do with three tons of gold?

01:07:34.816 --> 01:07:35.496
<v SPEAKER_2>Three tons, Joe!

01:07:37.056 --> 01:07:44.636
<v SPEAKER_2>And the Metropolitan Police trying to find these guys and find it, get it back.

01:07:44.796 --> 01:07:48.256
<v SPEAKER_2>It was quite an interesting book too.

01:07:48.256 --> 01:07:49.876
<v SPEAKER_2>Just finished that yesterday.

01:07:49.876 --> 01:07:51.596
<v SPEAKER_3>Yeah, very interesting.

01:07:51.596 --> 01:07:54.296
<v SPEAKER_3>Yeah, I'm not sure what I'd do with three tons of gold.

01:07:54.296 --> 01:07:56.376
<v SPEAKER_2>Well, no, they didn't know what to do either.

01:07:56.376 --> 01:07:58.916
<v SPEAKER_2>Like how, and the bars are all marked, right?

01:07:58.916 --> 01:08:05.316
<v SPEAKER_2>Like there's, you know, you don't just take it into a, you just don't take one to Switzerland and go into a bank and say I want to put this in a safe deposit box.

01:08:05.436 --> 01:08:07.536
<v SPEAKER_2>Like, you don't get to do that.

01:08:07.536 --> 01:08:12.396

<v SPEAKER_2>You know, 6,800 different bars have different sizes.

01:08:13.136 --> 01:08:14.556
<v SPEAKER_3>Couldn't you melt down gold?

01:08:14.696 --> 01:08:15.096
<v SPEAKER_2>They did.

01:08:15.096 --> 01:08:16.396
<v SPEAKER_2>That's what they did, Joe.

01:08:16.396 --> 01:08:17.596
<v SPEAKER_2>They melted, they would.

01:08:17.596 --> 01:08:19.836
<v SPEAKER_3>But then what do you do with melted down gold?

01:08:19.836 --> 01:08:20.676
<v SPEAKER_3>Who do you sell that to?

01:08:20.976 --> 01:08:30.016
<v SPEAKER_2>You go back into, you can go back and sell it because it's not, there's nothing, there's nowhere to, there's, you know, not clandestine, but you can go right into the gold buyers that would buy it.

01:08:30.016 --> 01:08:30.796
<v SPEAKER_3>I guess so.

01:08:30.796 --> 01:08:31.536
<v SPEAKER_2>And that's what they did.

01:08:31.536 --> 01:08:39.676
<v SPEAKER_2>They melted down with, with, they add other things to it, like nickel and copper to make it not, not pure gold.

01:08:39.676 --> 01:08:41.436
<v SPEAKER_2>That's exactly what they did.

01:08:43.856 --> 01:08:47.236
<v SPEAKER_3>Well, I think with that, we'll bring this to a close.

01:08:47.236 --> 01:08:49.576
<v SPEAKER_3>Really looking forward to 2026.

01:08:52.556 --> 01:08:54.096
<v SPEAKER_2>Yeah, alone.

01:08:54.096 --> 01:08:56.716
<v SPEAKER_2>You're looking forward to 2026, Joe.

01:09:00.736 --> 01:09:19.276
<v SPEAKER_2>I've stepped back from CGAI Effective four days ago, as far as day-to-day operations and I've told Joe that this is his podcast, other than hopefully I'll come on now and then, at least once a month to talk about current situation and crude oil prices.

01:09:20.636 --> 01:09:27.336
<v SPEAKER_2>But I don't know how many episodes this is, but I think we've been doing this podcast for six or seven years.

01:09:29.016 --> 01:09:30.816
<v SPEAKER_2>And I've got some melancholy here, Joe.

01:09:31.256 --> 01:09:39.476
<v SPEAKER_2>I'm a bit torn about where I go from here, but I know you can manage this.

01:09:39.476 --> 01:09:40.636
<v SPEAKER_3>Well, thanks, Kelly.

01:09:41.796 --> 01:09:46.536
<v SPEAKER_3>And I'm not sure if this podcast can be quite the same without you.

01:09:49.616 --> 01:09:50.876
<v SPEAKER_3>It's been a good run for sure.

01:09:51.016 --> 01:09:56.276
<v SPEAKER_3>I'm sure that, you know, I'm trying to think about who your first guest was way back when.

01:09:56.276 --> 01:09:57.216
<v SPEAKER_2>Dennis McGonaghy.

01:09:57.496 --> 01:09:58.516
<v SPEAKER_3>Oh, of course it was.

01:09:58.516 --> 01:09:59.396
<v SPEAKER_2>Dennis was our first guest.

01:09:59.396 --> 01:09:59.996
<v SPEAKER_2>Yeah.

01:09:59.996 --> 01:10:00.536
<v SPEAKER_2>Yeah.

01:10:00.536 --> 01:10:02.156
<v SPEAKER_2>And we've had him on several times since.

01:10:02.156 --> 01:10:03.656
<v SPEAKER_2>We should probably have him on again.

01:10:03.656 --> 01:10:06.596
<v SPEAKER_2>He'll have an opinion on Venezuela.

01:10:06.596 --> 01:10:08.196
<v SPEAKER_3>Oh, yeah, for sure.

01:10:08.196 --> 01:10:14.876
<v SPEAKER_3>You know, what sort of infrastructure is required and why we should have built the buddy Keyzone XL pipeline.

01:10:14.876 --> 01:10:16.436
<v SPEAKER_5>Right.

01:10:16.436 --> 01:10:16.776
<v SPEAKER_3>Anyhow.

01:10:16.896 --> 01:10:18.736
<v SPEAKER_2>So carry on, Joe.

01:10:18.736 --> 01:10:26.616
<v SPEAKER_2>I'm still involved with CGI in a fundraising capacity, as well as some of the events that Joe and I have planned.

01:10:26.636 --> 01:10:33.636
<v SPEAKER_2>We've got an exciting event coming up here on February 12th, which Joe will start marketing in the next couple of weeks.

01:10:33.676 --> 01:10:35.256
<v SPEAKER_2>Well, next week.

01:10:35.256 --> 01:10:49.516
<v SPEAKER_2>I'm talking largely about the Chinese effect in the global economy as it relates to many, many facets of global security.

01:10:49.516 --> 01:10:59.456
<v SPEAKER_2>But yeah, I'm still around as a director of the organization and proud to say that CGI is in a totally different spot than it was nine years ago when I started.

01:11:00.896 --> 01:11:15.416
<v SPEAKER_2>And thanks to not just me, though, like the whole team we have at CGI is really punching above their weight, as we always like to say about Canada or what we used to say about Canada as an international player.

01:11:15.416 --> 01:11:26.876
<v SPEAKER_2>And unfortunately, Joe, it's been an inverse variation

between, in my opinion, this is just my opinion, which all you folks that are still listening have heard enough of my opinions.

01:11:26.996 --> 01:11:38.576
<v SPEAKER_2>But foreign policy just hasn't been enough of a bell-ringer for Canadian government policy in the past decade and a half or two, and even under Harper.

01:11:38.576 --> 01:11:41.216
<v SPEAKER_2>And I think we need to change that.

01:11:41.216 --> 01:12:00.576
<v SPEAKER_2>And I'm kind of, I'm certainly not a big fan of Carney's, but I'm still optimistic that he can move the country in the right direction here in the short term, and we can put it, continue to add leadership that can get us back to being a middle power, which we aren't anymore.

01:12:00.576 --> 01:12:01.756
<v SPEAKER_3>Absolutely.

01:12:01.756 --> 01:12:02.136
<v SPEAKER_3>Yeah.

01:12:02.136 --> 01:12:06.536
<v SPEAKER_3>And thanks so much for shepherding this podcast for so long, Kelly.

01:12:06.536 --> 01:12:09.916
<v SPEAKER_3>And, you know, Joe, it's broader than that, though.

01:12:09.916 --> 01:12:15.436
<v SPEAKER_2>You know, it's you and I together have built the Energy Security Forum over the past four years.

01:12:15.436 --> 01:12:21.956
<v SPEAKER_2>And, you know, the testament to that is that conference you had in November in Ottawa.

01:12:22.076 --> 01:12:34.436
<v SPEAKER_2>And then a month later, we took Jeff Lawson from Sinovastown to talk about the oil sands and the cohort of folks that you're able to bring to the table to listen.

01:12:34.436 --> 01:12:41.756
<v SPEAKER_2>You know, subject matter experts, high level bureaucrats, politicians, diplomats from other countries.

01:12:41.756 --> 01:12:43.456
<v SPEAKER_2>It's more than just the podcast, Joe.

01:12:43.456 --> 01:12:47.016
<v SPEAKER_2>In fact, I would say that it's a small part of the work we've done.

01:12:48.276 --> 01:12:54.496
<v SPEAKER_2>You've helped create and largely built from the ground up by bootstrapping the Energy Security Forum to where it is today.

01:12:54.496 --> 01:12:55.936
<v SPEAKER_2>And I commend you for that work.

01:12:56.316 --> 01:12:58.616
<v SPEAKER_2>And you continue to do that in the future here.

01:12:58.616 --> 01:12:59.196
<v SPEAKER_3>Yeah.

01:12:59.196 --> 01:13:01.576
<v SPEAKER_3>Well, thanks, Kelly.

01:13:02.036 --> 01:13:03.396
<v SPEAKER_2>Well, enough of that sappy stuff.

01:13:03.396 --> 01:13:04.856
<v SPEAKER_5>Let's move to that.

01:13:04.856 --> 01:13:05.536
<v SPEAKER_3>All right.

01:13:05.536 --> 01:13:06.316
<v SPEAKER_3>Yeah.

01:13:06.316 --> 01:13:08.896
<v SPEAKER_3>Well, yeah, thanks to our listeners again.

01:13:08.896 --> 01:13:11.876
<v SPEAKER_3>And looking forward to the rest of 2026.

01:13:11.876 --> 01:13:16.496
<v SPEAKER_3>Well, you'll be continuing to hear me speaking with various guests.

01:13:17.756 --> 01:13:18.876
<v SPEAKER_3>On my own, I suppose.

01:13:18.876 --> 01:13:21.316
<v SPEAKER_3>So until next time.

01:13:21.316 --> 01:13:22.416

<v SPEAKER_5>I'll see you in February.

01:13:26.936 --> 01:13:33.056
<v SPEAKER_2>Thanks everyone for listening to this episode of Energy Security Cubed on The Canadian Global Affairs Podcast Network.

01:13:33.056 --> 01:13:37.596
<v SPEAKER_2>You can find The CGAI Network on iTunes, Spotify and Google Play.

01:13:37.596 --> 01:13:39.756
<v SPEAKER_2>If you like the show, give it a rating.

01:13:39.756 --> 01:13:45.016
<v SPEAKER_2>You can also find The Canadian Global Affairs Institute on Facebook, Twitter and LinkedIn.

01:13:45.016 --> 01:13:51.696
<v SPEAKER_2>If you liked this episode and want to help us keep creating content, you can support us by donating at cgai.ca slash support.

01:13:52.716 --> 01:13:56.276
<v SPEAKER_2>Energy Security Cubed is brought to you by our team at CGAI.

01:13:56.276 --> 01:14:01.336
<v SPEAKER_2>Thanks go out to our producer, Joe Calnan and to Drew Phillips for providing our music.

01:14:01.336 --> 01:14:02.256
<v SPEAKER_2>I'm Kelly Ogle.

01:14:02.256 --> 01:14:04.336
<v SPEAKER_2>Thanks for joining us on Energy Security Cubed.