

WEBVTT

00:00:07.237 --> 00:00:21.497

<v SPEAKER\_1>Hello and welcome to Energy Security Cubed, Canada's foremost energy geo strategy podcast, where we explore the factors shaping energy and economic security in Canada and around the world.

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<v SPEAKER\_1>I'm Joe Calnan, Vice President, Energy and Calgary Operations at the Canadian Global Affairs Institute.

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<v SPEAKER\_1>For today's podcast, we're having the first of our monthly series where we bring Kelly Ogle back on to talk about oil prices and some of the major energy news stories unfolding in Canada and around the world.

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<v SPEAKER\_1>Welcome back, Kelly.

00:00:51.428 --> 00:00:53.548

<v SPEAKER\_2>Great to be back, Joe.

00:00:53.548 --> 00:01:01.208

<v SPEAKER\_2>You know, I'd be remiss and untruthful if I didn't say I miss the podcast, because I do.

00:01:01.208 --> 00:01:05.548

<v SPEAKER\_2>But everything comes to an end, but here we are, and I certainly look forward to today.

00:01:05.748 --> 00:01:06.388

<v SPEAKER\_2>Let's start.

00:01:06.608 --> 00:01:08.108

<v SPEAKER\_1>Where do you want to start?

00:01:08.108 --> 00:01:11.208

<v SPEAKER\_1>It's not going to be long before the beginning of next month, too, here, Kelly.

00:01:11.208 --> 00:01:12.828

<v SPEAKER\_1>So don't worry.

00:01:12.828 --> 00:01:15.568

<v SPEAKER\_1>This will be a recurring feature.

00:01:15.568 --> 00:01:19.368

<v SPEAKER\_2>Seems like yesterday we did January, and here we are in February.

00:01:19.368 --> 00:01:20.928  
<v SPEAKER\_1>No, no.

00:01:20.928 --> 00:01:22.148  
<v SPEAKER\_2>Yeah.

00:01:22.148 --> 00:01:33.748  
<v SPEAKER\_1>But yeah, there's a lot of stuff going on in the world, many updates since January, and I think that people will be very interested in hearing us talk through some of these things.

00:01:34.248 --> 00:01:38.208  
<v SPEAKER\_1>So I think we'll start with an update on global oil.

00:01:38.208 --> 00:01:49.328  
<v SPEAKER\_1>So Brent crude oil prices briefly popped up again above \$70 per barrel earlier this month, and most commentators agreed that Iran is the major concern.

00:01:49.328 --> 00:01:55.068  
<v SPEAKER\_1>The Abraham Lincoln carrier strike group is currently operating in the Arabian Sea south of Iran.

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<v SPEAKER\_1>This includes the aircraft carrier itself as well as four Arleigh Burke destroyers in the region, and each of these destroyers has 96 vertical launch cells for both defending from incoming missiles and drones as well as striking targets.

00:02:10.188 --> 00:02:24.328  
<v SPEAKER\_1>Besides the aircraft carrier's complement of F-35s and EA-18G Growlers, and those are electronic warfare aircraft, there's also other specialized communications and electronic warfare aircraft being moved into the region.

00:02:24.328 --> 00:02:34.668  
<v SPEAKER\_1>There's the E-11A airborne communications plane and the new EA-37B Compass Call electronic warfare aircraft, which have moved into the region.

00:02:34.668 --> 00:02:38.248  
<v SPEAKER\_1>Now, those are some interesting things to be placed in there.

00:02:38.248 --> 00:02:44.928  
<v SPEAKER\_1>I'm not an expert on military matters, but I think it's a signal that the US is really preparing for this.

00:02:44.928 --> 00:02:53.968

<v SPEAKER\_1>We should also remember that the B-2 bombers, which were used in 2025 to attack Iran's nuclear facilities, they do not need to be deployed to the region.

00:02:53.968 --> 00:03:04.908

<v SPEAKER\_1>These planes were able to take off from Missouri and fly for 37 hours straight with the help of mid-air refueling to hit Iran without ever touching the ground.

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<v SPEAKER\_1>But even without these planes, the amount of offensive assets in the region is substantial.

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<v SPEAKER\_1>The Americans are also deploying missile defense systems to the region, including the 200-kilometer-range THAAD, Terminal High Altitude Air Defense, for high-altitude ballistic missiles, and the 120-kilometer-range Patriots for low-altitude aircraft and cruise missiles.

00:03:28.548 --> 00:03:30.628

<v SPEAKER\_1>So quite a few assets being surged into the region.

00:03:30.628 --> 00:03:34.188

<v SPEAKER\_2>A lot of assets in the Gulf, eh?

00:03:34.188 --> 00:03:41.428

<v SPEAKER\_1>There's quite a bit of airborne offensive capacity and quite a bit of aerial defense being put into the region.

00:03:41.788 --> 00:03:43.088

<v SPEAKER\_2>Yeah, I was just going to say that.

00:03:43.548 --> 00:03:49.968

<v SPEAKER\_2>There's as much defensive firepower as offensive or more maybe.

00:03:49.968 --> 00:04:00.148

<v SPEAKER\_2>And right now, the Trump administration is framing this surge to the Middle East as a way to pressure Iran into a nuclear deal favorable to the United States.

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<v SPEAKER\_2>However, Trump has also at times framed a more expansive vision of regime change.

00:04:05.488 --> 00:04:12.508

<v SPEAKER\_2>This deployment to the region reinforces the credibility of American threats, but it's also immensely expensive, imagine.

00:04:12.508 --> 00:04:17.708

<v SPEAKER\_2>The current Iranian regime has very little domestic support or legitimacy.

00:04:17.708 --> 00:04:31.908

<v SPEAKER\_2>While true opinion polling in Iran is almost impossible because of the regime's hostility to dissent and free expression, some surveys find as little as 11% support for the principles of Islamic Revolution and the Supreme Leader.

00:04:33.008 --> 00:04:37.728

<v SPEAKER\_2>If certain elites are brought on board, then the nature of the Iranian government could change very quickly.

00:04:37.848 --> 00:04:49.808

<v SPEAKER\_2>I think, as we have seen in Venezuela, we should not discount the back channeling that has been set up by American and Israeli intelligence services in hostile countries.

00:04:49.808 --> 00:05:03.068

<v SPEAKER\_2>In fact, on Friday, the Greek government told the country's vessel owners to steer clear of sea lanes near Iran, something that is essentially impossible if you are trying to carry oil or LNG from the Persian Gulf.

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<v SPEAKER\_2>Moreover, it now seems that the geopolitical risk factor has cooled down.

00:05:09.888 --> 00:05:15.688

<v SPEAKER\_2>On Saturday, Trump said that serious negotiations have started between the United States and Iran.

00:05:17.188 --> 00:05:20.048

<v SPEAKER\_2>We are still, however, in a state of high tension in the Strait.

00:05:20.048 --> 00:05:28.728

<v SPEAKER\_2>Early on Tuesday, Iranian gunboats reportedly approached a US flagged carrier, sorry, approached a US flagged tanker in the Strait of Hormuz.

00:05:29.848 --> 00:05:34.308

<v SPEAKER\_2>Nevertheless, oil prices have come down to \$66.34 as of Monday morning.

00:05:34.308 --> 00:05:36.028

<v SPEAKER\_2>That's Brent price.

00:05:36.028 --> 00:05:43.648

<v SPEAKER\_2>At the time that Joe and I are recording this on Tuesday afternoon, Brent crude prices are about \$67 a barrel.

00:05:43.648 --> 00:05:44.668

<v SPEAKER\_1>Yeah.

00:05:44.768 --> 00:05:55.828

<v SPEAKER\_1>I think that there was another new story that a Iranian drone was actually shot down by an F-35 as it approached, I believe it was approaching the Abraham Lincoln aircraft carrier.

00:05:56.808 --> 00:06:08.308

<v SPEAKER\_1>There is still some Iranian testing of American defenses and this could always escalate into something serious.

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<v SPEAKER\_1>But I think overall markets are indicating that they don't anticipate a closure of the Strait of Hormuz or a major disruption.

00:06:14.968 --> 00:06:15.528

<v SPEAKER\_2>No.

00:06:15.528 --> 00:06:17.088

<v SPEAKER\_1>In Iranian oil supply.

00:06:17.088 --> 00:06:18.848

<v SPEAKER\_2>But there's a lot of tension.

00:06:18.848 --> 00:06:20.988

<v SPEAKER\_1>Yeah, there sure is.

00:06:20.988 --> 00:06:34.788

<v SPEAKER\_1>We should keep in mind that the risks of a disruption of, let's say, a million barrels per day of oil for a certain amount of time, it's much less than the risks that there were back in, say, 2022 of a disruption.

00:06:34.788 --> 00:06:37.148

<v SPEAKER\_1>Like the oil markets are fairly loose.

00:06:37.148 --> 00:06:40.668

<v SPEAKER\_1>There's a ton of oil on water right now.

00:06:40.668 --> 00:06:49.548

<v SPEAKER\_1>A lot of this is sanctioned crude oil, but I think that if things got into a bad state, then you'd see those cargoes being snapped up pretty soon.

00:06:49.548 --> 00:06:52.908

<v SPEAKER\_1>So there's a bit of flexibility in the market right now.

00:06:53.448 --> 00:07:03.008

<v SPEAKER\_1>So that could improve the likelihood, perhaps, or the freedom of movement for the United States making moves like this.

00:07:03.008 --> 00:07:13.048

<v SPEAKER\_1>Nevertheless, if we did have a real closure of the Strait of Hormuz, then who knows how much all that oil and water would last, all the storage would last if we see that.

00:07:13.048 --> 00:07:14.648

<v SPEAKER\_1>What is it?

00:07:15.028 --> 00:07:18.508

<v SPEAKER\_1>20 million barrels per day moving through that channel every day?

00:07:18.508 --> 00:07:19.748

<v SPEAKER\_1>Is it more than that?

00:07:19.748 --> 00:07:20.488

<v SPEAKER\_2>I'm not sure, Joe.

00:07:20.848 --> 00:07:26.928

<v SPEAKER\_1>No, but it's definitely in the tens of millions of barrels per day of oil.

00:07:26.928 --> 00:07:32.288

<v SPEAKER\_1>Definitely the most important conduit for international oil trade.

00:07:32.288 --> 00:07:35.088

<v SPEAKER\_2>For international trade, period.

00:07:35.088 --> 00:07:44.688

<v SPEAKER\_1>So it's very serious and that could always flare up and there's a huge geopolitical risk premium right now.

00:07:44.688 --> 00:07:49.488

<v SPEAKER\_1>But we should talk a little bit about oil prices and our guesses for this month.

00:07:50.408 --> 00:08:02.728

<v SPEAKER\_1>So on our first podcast recording this year, I guessed that we would be sitting at \$60 per barrel across the average of the month and you guessed \$62 per barrel for January.

00:08:02.728 --> 00:08:05.528

<v SPEAKER\_1>We were both really way too bearish.

00:08:05.528 --> 00:08:10.188

<v SPEAKER\_1>The actual average price was \$66.67 per barrel.

00:08:10.188 --> 00:08:12.708

<v SPEAKER\_1>We really did not anticipate Iran.

00:08:13.028 --> 00:08:17.708

<v SPEAKER\_2>This Middle Eastern situation, is that \$4 premium being paid, I would guess, Joe?

00:08:19.668 --> 00:08:20.288

<v SPEAKER\_1>Yeah, absolutely.

00:08:20.288 --> 00:08:24.988

<v SPEAKER\_2>Over the course of the month, because it's been festering and building here for the whole month.

00:08:24.988 --> 00:08:25.228

<v SPEAKER\_1>Yeah.

00:08:25.228 --> 00:08:27.128

<v SPEAKER\_2>And it's still building.

00:08:27.128 --> 00:08:32.028

<v SPEAKER\_2>And that average price is about what oil is trading at today, right?

00:08:32.028 --> 00:08:39.988

<v SPEAKER\_1>Yeah, right now, as of the time of this recording, it's actually popped up a little bit, \$68.14, Brent Crude.

00:08:39.988 --> 00:08:41.408

<v SPEAKER\_2>Well, that's what I was going to guess, Joe.

00:08:41.408 --> 00:08:43.088

<v SPEAKER\_1>The risk is going up a little bit.

00:08:43.128 --> 00:08:44.628

<v SPEAKER\_1>Is that what you're guessing for this month?

00:08:44.628 --> 00:08:46.448

<v SPEAKER\_2>\$68 for the month, yeah.

00:08:46.448 --> 00:08:47.388

<v SPEAKER\_1>Okay.

00:08:47.768 --> 00:08:50.548

<v SPEAKER\_1>I'm going to take the under on this, Kelly.

00:08:50.668 --> 00:08:55.628

<v SPEAKER\_1>I'm guessing it's going to be \$65 over the course of February.

00:08:55.668 --> 00:09:06.208

<v SPEAKER\_1>Either this risk is going to keep hanging over, but I'm just skeptical that any sort of confrontation here will be such a huge disruption to oil markets.

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<v SPEAKER\_1>I think it might be very limited and not so much a...

00:09:11.648 --> 00:09:17.988

<v SPEAKER\_1>I'm very skeptical of the regime change framing of this, but I could be wrong.

00:09:17.988 --> 00:09:19.668

<v SPEAKER\_2>Well, you're one down now.

00:09:19.668 --> 00:09:22.628

<v SPEAKER\_2>I won the month even though it was \$4 off.

00:09:22.628 --> 00:09:24.388

<v SPEAKER\_2>You're one down.

00:09:24.388 --> 00:09:25.248

<v SPEAKER\_1>Yeah.

00:09:25.248 --> 00:09:30.048

<v SPEAKER\_1>Your guess was 68 and my guess 65.

00:09:30.048 --> 00:09:30.668

<v SPEAKER\_1>Okay.

00:09:30.668 --> 00:09:33.148

<v SPEAKER\_1>That's a wider spread than we normally have.

00:09:33.148 --> 00:09:33.828

<v SPEAKER\_2>Okay.

00:09:33.828 --> 00:09:35.128

<v SPEAKER\_2>What's next?

00:09:35.128 --> 00:09:39.548

<v SPEAKER\_1>I think all of the stories this week are mainly about US foreign policy.

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<v SPEAKER\_2>Well, we got the great orange hair disruptor here.

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<v SPEAKER\_2>It's hard not to have an international story that doesn't involve something that lunatic Trump is doing.

00:09:50.328 --> 00:09:54.528

<v SPEAKER\_2>Yeah.

00:09:54.528 --> 00:09:59.508

<v SPEAKER\_1>So we'll talk about the deal between the United States and India now.

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<v SPEAKER\_1>US President Donald Trump announced on Monday that the United States would drop tariffs in India to 18 percent down from the previous 50 percent.

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<v SPEAKER\_1>The kicker is that according to Trump, this deal will involve India agreeing to stop buying Russian oil and buying much more oil from the United States and potentially Venezuela.

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<v SPEAKER\_1>That's a direct quote from Trump.

00:10:24.548 --> 00:10:32.548

<v SPEAKER\_1>While no Indian refineries have reportedly been ordered to cease Russian oil purchases, this could be a big deal.

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<v SPEAKER\_1>As we can remember, as Europe cut off imports of Russian seaborne crude oil, India was one of the big destinations to soak up this distressed crude.

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<v SPEAKER\_1>India went from buying basically no crude oil from Russia to becoming basically the biggest importer, either it or China every month was the largest importer of Russian oil.

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<v SPEAKER\_1>However, now that oil markets are a little less tight, India has more options for oil imports.

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<v SPEAKER\_2>India's refineries had already been cutting back purchases of Russian oil, reducing imports to their lowest levels in the last two years as of December.

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<v SPEAKER\_2>Nevertheless, Russia remains India's largest source of oil imports, much higher than Iraq and Saudi Arabia.

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<v SPEAKER\_2>We should remember that corporate ties increasingly bind the energy systems of the two countries together.

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<v SPEAKER\_2>Rosneft has a 49% stake in Naira Energy, the owner of India's second largest refinery.

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<v SPEAKER\_2>Corporate ties go in the other direction too.

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<v SPEAKER\_2>Several Indian upstream oil and gas companies are part owners of any energy projects in Russia, helping connect upstream Russian supply with Indian demand.

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<v SPEAKER\_2>It is still to be seen what the final version of the India-US deal is, but I'm skeptical it implies a wholesale break between the two countries.

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<v SPEAKER\_2>There's so much subterfuge and renaming and black night tankers and who knows, Joe.

00:12:04.208 --> 00:12:10.888

<v SPEAKER\_2>What do you think it says about the larger geopolitical oil nexus?

00:12:11.668 --> 00:12:14.348

<v SPEAKER\_2>What does this say to you?

00:12:14.348 --> 00:12:22.868

<v SPEAKER\_1>I think it says to me that when oil markets are really tight, I think refiners are willing to take on more risk.

00:12:23.528 --> 00:12:36.648

<v SPEAKER\_1>Right when the war was starting with Russia, that's when Europe really started cutting out supply from Russian crude oil supply, and that's when India started buying.

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<v SPEAKER\_1>But that was also the time when there was really big uncertainty about what the state of this conflict between Russia and NATO would look like, actually.

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<v SPEAKER\_1>I remember at that time, there were quite a few people arguing that NATO needed to close down the airspace over Ukraine.

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<v SPEAKER\_1>And that could have led to direct conflict between NATO and Russia.

00:12:59.628 --> 00:13:04.688

<v SPEAKER\_1>And there's big questions about NATO would have been, whether NATO would have been prepared at that point.

00:13:04.688 --> 00:13:12.868

<v SPEAKER\_1>And that was a time of intense, intense geopolitical risk for anybody to be snapping up Russian cargoes.

00:13:12.868 --> 00:13:19.768

<v SPEAKER\_1>But that was also the time when oil was, you know, over \$100 per barrel.

00:13:19.768 --> 00:13:27.108

<v SPEAKER\_1>And for a big importer like India, I believe, India imports now 5.1 million barrels per day and it's only growing.

00:13:28.508 --> 00:13:34.728

<v SPEAKER\_1>That's a big concern for their economic health if you have \$100 oil.

00:13:34.728 --> 00:13:39.808

<v SPEAKER\_1>So you're willing to take whatever deal you can if it comes to geopolitical risk.

00:13:39.808 --> 00:13:45.088

<v SPEAKER\_2>Just think about that though, Joe, in the context of people and oil.

00:13:45.088 --> 00:13:47.928

<v SPEAKER\_2>So they use 5 million barrels a day for a billion people.

00:13:50.088 --> 00:13:54.148

<v SPEAKER\_2>The United States uses 20 million barrels a day for 400 million people.

00:13:55.788 --> 00:14:08.908

<v SPEAKER\_2>Like the number of people in India who don't have access to crude oil is ginormous relative to the largest consumer in the world, which says a lot to me about the future of energy.

00:14:08.908 --> 00:14:16.408

<v SPEAKER\_1>Yeah, I'd say there's a lot of additional growth in the Indian market for oil consumption.

00:14:18.448 --> 00:14:26.468

<v SPEAKER\_2>Or you could use the same analysis for gas, especially LPG, like we've talked about that.

00:14:26.468 --> 00:14:39.148

<v SPEAKER\_2>What a market, what a place to get people out of poverty and actually reduce emissions by using hydrocarbons, which is an oxymoron and a paradox, but it's true.

00:14:39.148 --> 00:14:39.448

<v SPEAKER\_1>Yeah.

00:14:39.448 --> 00:14:55.168

<v SPEAKER\_1>Well, from what I've heard, there is, and this is something that affects Canada, there is some deep interest from various players in India for beginning to regularly import Canadian crude oil and LNG.

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<v SPEAKER\_1>I think Canada has certain substantial benefits of being a reliable partner and not having expansive geopolitical aims where it comes to its trade relationships.

00:15:10.908 --> 00:15:24.948

<v SPEAKER\_1>And that's something that Canadian policymakers and Canadian companies are going to continue hammering on as we continue to expand our energy relations in the Indo-Pacific region.

00:15:24.948 --> 00:15:28.308

<v SPEAKER\_1>So yeah, that's definitely something that's going to be happening here.

00:15:28.308 --> 00:15:32.848

<v SPEAKER\_1>And it's a good thing for the Canadian industry.

00:15:32.848 --> 00:15:33.828

<v SPEAKER\_2>Okay.

00:15:33.828 --> 00:15:34.848

<v SPEAKER\_2>What else, Joe?

00:15:34.848 --> 00:15:37.368

<v SPEAKER\_1>Well, now a few quick stories.

00:15:37.368 --> 00:15:47.008

<v SPEAKER\_1>Well, first up, one quick story is that the Trump administration announced on February 2nd that it will be pursuing a strategic critical minerals reserve.

00:15:47.008 --> 00:15:54.488

<v SPEAKER\_1>And this includes a \$10 billion loan from the Export-

Import Bank of the United States, as well as \$2 billion of private capital.

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<v SPEAKER\_1>So about \$12 billion in total has apparently been committed to building up a major store of certain critical minerals.

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<v SPEAKER\_1>It's unclear which exact minerals will be targeted, but the broad consensus is that rare earth elements will be included, and this has boosted the share prices of rare earth mining companies.

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<v SPEAKER\_2>So I guess this is sort of, and I'm spitballing here, but this would, this is kind of part of this whole Greenland idea, right?

00:16:22.948 --> 00:16:27.408

<v SPEAKER\_2>Like this is what, like a lot of these things are available supposedly in Greenland.

00:16:27.408 --> 00:16:32.908

<v SPEAKER\_2>And is that, would you not suggest that that's part of what Trump's trying to do here with Greenland?

00:16:32.908 --> 00:16:34.308

<v SPEAKER\_1>Well, it's unsure.

00:16:34.308 --> 00:16:37.488

<v SPEAKER\_1>I think that there's a few ways that we could take this.

00:16:38.548 --> 00:16:52.508

<v SPEAKER\_1>One of which could be that this is going to be a means by which the US government provides subsidies for building mines within the United States, mines and processing facilities for rare earth minerals.

00:16:53.548 --> 00:16:58.228

<v SPEAKER\_1>Because there's a question about, like, where are you going to be buying these minerals from?

00:16:59.788 --> 00:17:04.248

<v SPEAKER\_1>If it's just buying minerals on the free market, quite a bit of that's going to be coming from China.

00:17:04.248 --> 00:17:06.928

<v SPEAKER\_1>But it could still reduce your strategic dependence on China.

00:17:07.568 --> 00:17:16.708

<v SPEAKER\_1>If you're effectively trying to take away its ability to

just cut off your supply and make it so that you don't have these minerals.

00:17:16.708 --> 00:17:19.188

<v SPEAKER\_1>Yeah, so it's a strategic question.

00:17:19.188 --> 00:17:24.848

<v SPEAKER\_1>And I think, you know, we'll see where exactly these are coming from.

00:17:24.848 --> 00:17:30.028

<v SPEAKER\_2>You know, although the US is a lot better at permitting and regulation than we are, they're still not great.

00:17:30.028 --> 00:17:35.128

<v SPEAKER\_2>Like, and I don't, you know, this is a multi-year project, if you're trying to do it in North America.

00:17:35.948 --> 00:17:46.348

<v SPEAKER\_2>Whereas, you know, if you're swinging a big hammer and you go into a place like Greenland, I'm just assuming that a lot of these particular minerals and rare earths are available there.

00:17:46.348 --> 00:17:51.028

<v SPEAKER\_2>With a lot, you know, the cost of, we know what it costs to do things in the Arctic.

00:17:51.028 --> 00:17:57.448

<v SPEAKER\_2>This is the same schematic, but I don't know that this administration in Washington has thought that part all the way through.

00:17:57.448 --> 00:17:58.328

<v SPEAKER\_1>Yeah.

00:17:58.328 --> 00:18:01.188

<v SPEAKER\_2>You know, the Arctic is a hard place to operate, right?

00:18:01.328 --> 00:18:02.408

<v SPEAKER\_1>Yeah, yeah, absolutely.

00:18:03.068 --> 00:18:06.408

<v SPEAKER\_1>I don't, I'm not sure if this is really directly to do with Greenland.

00:18:06.408 --> 00:18:18.368

<v SPEAKER\_1>I think that, like, we've had people in the podcast before, who have been talking about rare earth elements, and, you know, they've always said it's a misnomer that they're not really rare.

00:18:18.368 --> 00:18:24.668

<v SPEAKER\_1>Like, there's a lot of them in the crust of the earth, but they're in really low concentrations in most places.

00:18:24.668 --> 00:18:32.728

<v SPEAKER\_1>Like, China's benefit is that they have extremely, like, they've just gotten really lucky with really high concentration areas.

00:18:32.728 --> 00:18:38.528

<v SPEAKER\_1>And the other problem with them, with these sorts of elements, is that they're often associated with radioactive rock.

00:18:38.528 --> 00:18:42.188

<v SPEAKER\_1>So basically, when you mine them, you have a lot of radioactive tailings.

00:18:42.188 --> 00:18:48.788

<v SPEAKER\_1>And you really don't want to have radioactive tailings lying around, not in a tailings pond, not anywhere.

00:18:49.008 --> 00:18:51.568

<v SPEAKER\_1>It's not a nice thing to have lying around.

00:18:51.568 --> 00:19:05.508

<v SPEAKER\_1>So in places like China and in certain other developing countries, they do not have the storage of these radioactive materials, it's not adequate for the health of people nearby.

00:19:05.508 --> 00:19:12.448

<v SPEAKER\_1>And so we shouldn't be aiming to, you know, create mines where we're making an ecological disaster nearby.

00:19:12.708 --> 00:19:18.908

<v SPEAKER\_1>That's something that China does to keep things cheap, but I don't think long term it's going to be a smart move.

00:19:18.908 --> 00:19:27.048

<v SPEAKER\_1>So to a certain extent, I can see the idea of subsidizing it so that we can do it properly with their own countries.

00:19:27.048 --> 00:19:35.308

<v SPEAKER\_1>It might make things a bit more expensive, but at least we don't have a bunch of, you know, radioactive tailings lying around polluting a place for centuries.

00:19:35.308 --> 00:19:35.708

<v SPEAKER\_2>Right.

00:19:35.708 --> 00:19:37.548

<v SPEAKER\_1>But anyways, that's just my opinion.

00:19:37.548 --> 00:19:38.828

<v SPEAKER\_1>I'm not an expert on this, though.

00:19:38.828 --> 00:19:39.948

<v SPEAKER\_1>I'm sure there's going to be people.

00:19:39.948 --> 00:19:40.788

<v SPEAKER\_2>No, I certainly not.

00:19:40.808 --> 00:19:43.728

<v SPEAKER\_1>Real experts on rare earth elements who are going to be shutting me up.

00:19:43.728 --> 00:19:46.868

<v SPEAKER\_1>But anyhow, blue sky ideas.

00:19:46.868 --> 00:19:48.488

<v SPEAKER\_1>Yeah, yeah.

00:19:48.548 --> 00:19:49.208

<v SPEAKER\_1>So I don't know.

00:19:49.388 --> 00:19:54.168

<v SPEAKER\_1>I'd say with Greenland, I'm not sure if this is directly related to Greenland.

00:19:54.168 --> 00:19:57.808

<v SPEAKER\_1>I'm not really sure what is the real impetus for the situation.

00:19:57.808 --> 00:19:58.668

<v SPEAKER\_2>I don't either.

00:19:59.228 --> 00:20:01.428

<v SPEAKER\_2>I was just throwing something out there for discussion.

00:20:01.428 --> 00:20:02.628

<v SPEAKER\_1>Yeah, yeah.

00:20:02.628 --> 00:20:02.948

<v SPEAKER\_1>Absolutely.

00:20:02.948 --> 00:20:05.888

<v SPEAKER\_2>I think you wanted to talk about Venezuela.

00:20:05.888 --> 00:20:06.808

<v SPEAKER\_1>Yeah.

00:20:06.808 --> 00:20:07.788

<v SPEAKER\_1>One last thing.

00:20:07.788 --> 00:20:15.808

<v SPEAKER\_1>This is regarding the flow of money from the sale of Venezuelan oil and the powers that it provides the US government over Venezuela.

00:20:15.808 --> 00:20:20.248

<v SPEAKER\_1>This is not only, I think, for direct coercion, although that's part of this.

00:20:20.248 --> 00:20:31.008

<v SPEAKER\_1>I think it's very obvious that the United States, under the Trump administration, is flexing its muscles, its powers of coercion in the Western hemisphere and perhaps elsewhere in the world.

00:20:31.008 --> 00:20:37.088

<v SPEAKER\_1>But also increasingly as a shield from the Venezuelan state's creditors.

00:20:37.228 --> 00:20:53.028

<v SPEAKER\_1>It's interesting that the United States is disrupting the power structures of Venezuela, but also in some ways, the United States could be seen as being like a protector of the Venezuelan state from capitalism, from global capitalism.

00:20:53.028 --> 00:20:57.088

<v SPEAKER\_1>So I think that there's a lot of interesting parts here.

00:20:57.088 --> 00:21:09.828

<v SPEAKER\_1>So last week on January 28th, US Secretary of State Marco Rubio gave testimony for the Senate Committee on Foreign Relations talking about American policy on Venezuelan oil.

00:21:09.828 --> 00:21:18.148

<v SPEAKER\_1>In this committee meeting, Rubio described a short-term mechanism by which the, and that's a direct quote from Rubio, short-term mechanism.

00:21:18.148 --> 00:21:19.568

<v SPEAKER\_1>Those aren't my words.

00:21:19.568 --> 00:21:27.628

<v SPEAKER\_1>But basically, this is a mechanism by which the US government is beginning to control the country's budget spending.

00:21:27.628 --> 00:21:38.068

<v SPEAKER\_1>So basically, every month, the Venezuelan regime is submitting a request to the US government for cash to pay supplies and

salaries for public services and the like.

00:21:38.068 --> 00:21:46.988

<v SPEAKER\_1>And this money is currently being sourced not directly from the United States, but seemingly instead from an offshore account in Qatar.

00:21:46.988 --> 00:21:49.148

<v SPEAKER\_2>Interesting.

00:21:49.148 --> 00:21:56.128

<v SPEAKER\_2>Rubio says the money is being transferred through Qatar to avoid the possibility that it could be seized by Venezuela's creditors.

00:21:56.128 --> 00:21:58.128

<v SPEAKER\_2>This is a major potential concern.

00:21:58.128 --> 00:22:10.008

<v SPEAKER\_2>The International Monetary Fund estimates that Venezuela's sovereign debt could be as much as 150 billion, including huge debts to Russia and China, as well as funds owned to American companies because of expropriation.

00:22:13.728 --> 00:22:18.008

<v SPEAKER\_2>I remember that some of the oil companies were never paid for their assets.

00:22:18.008 --> 00:22:20.268

<v SPEAKER\_1>Yeah, particularly Conoco Phillips.

00:22:20.268 --> 00:22:21.068

<v SPEAKER\_2>Yeah.

00:22:21.068 --> 00:22:25.888

<v SPEAKER\_2>Effectively, the Trump administration is shielding the Venezuelan regime from its creditors.

00:22:25.888 --> 00:22:29.128

<v SPEAKER\_2>The increased price of Venezuelan oil is part of this.

00:22:29.128 --> 00:22:36.388

<v SPEAKER\_2>Previously, Venezuela was selling oil to China at a huge discount to market as part of a debt repayment agreement.

00:22:36.388 --> 00:22:39.288

<v SPEAKER\_2>It's thought that Venezuela still owes China 10 to 12 billion.

00:22:41.068 --> 00:22:51.748

<v SPEAKER\_2>So, the status of this debt that Venezuela owes to China could be a major component of the unresolved issues in the US-China relationship with an unknown role for Chinese creditors in resolving this issue.

00:22:51.768 --> 00:22:55.508

<v SPEAKER\_2>Very interesting realpolitik here, Joe.

00:22:55.508 --> 00:23:00.408

<v SPEAKER\_1>Yeah, there's a lot of moving parts here, and I can't claim to understand the whole context.

00:23:03.088 --> 00:23:12.968

<v SPEAKER\_1>Some of this could explain why it seems as though we've talked a lot about the Venezuelan government and what sort of the Trump administration wants out of this.

00:23:12.968 --> 00:23:24.488

<v SPEAKER\_1>And at least from what Marco Rubio is saying, it seems as though they're looking to stabilize the place economically before they pursue any sort of political transformation.

00:23:24.488 --> 00:23:27.788

<v SPEAKER\_1>And who knows when that sort of thing would happen?

00:23:27.788 --> 00:23:33.008

<v SPEAKER\_1>And who knows what economic stabilization really means?

00:23:34.248 --> 00:24:02.628

<v SPEAKER\_1>But I think that when you have \$150 billion owed to creditors, that Venezuela has been slowly getting pushed out of things because they haven't been paying their debts, then the United States steps in and is effectively imposing like a semi-IMF style debt reconstruction plan here.

00:24:03.228 --> 00:24:12.688

<v SPEAKER\_1>And forcing the Venezuelan government to report to the United States on what their spending, what their budgetary spending is.

00:24:12.688 --> 00:24:24.088

<v SPEAKER\_1>It's just a strange thing where the United States is stepping in on territory that's traditionally reserved for international institutions, for independent international institutions.

00:24:24.088 --> 00:24:30.528

<v SPEAKER\_1>And the question is whether the United States is institutionally set up itself to actually do this well.

00:24:31.228 --> 00:24:43.268

<v SPEAKER\_1>And I guess I'm wondering what the long-term plan is for the United States where it comes to doing more of this sort of stuff in the Western Hemisphere.

00:24:43.268 --> 00:24:45.408

<v SPEAKER\_2>Yeah, because Venezuela is not alone, right?

00:24:45.408 --> 00:24:55.928

<v SPEAKER\_2>Like, you know, although it's the worst failed state in the Western Hemisphere, or Western Hemisphere, it certainly isn't the only one.

00:24:56.288 --> 00:25:15.108

<v SPEAKER\_2>And there's no question that the Trump longer-term strategy is to have much more control over these weak states, and with always the attitude that what will best benefit America.

00:25:15.108 --> 00:25:18.968

<v SPEAKER\_2>I think it's interesting, but it's troubling and...

00:25:21.048 --> 00:25:23.528

<v SPEAKER\_1>Yeah, I think it will be kind of stressful.

00:25:23.528 --> 00:25:32.808

<v SPEAKER\_1>It will be easier for us to wrap our heads around, you know, the whole thing if it's just, you know, American national interest and all the like.

00:25:32.848 --> 00:25:48.048

<v SPEAKER\_1>But like the motivations here, I'm not 100% sure if they are American national interest or if it's, you know, more narrow political concerns for the Republican Party of the United States.

00:25:48.048 --> 00:25:48.468

<v SPEAKER\_2>Yeah.

00:25:48.468 --> 00:25:54.488

<v SPEAKER\_1>Or if it's even more narrow personal concerns of Trump and the Trump family.

00:25:54.488 --> 00:25:58.948

<v SPEAKER\_1>And so, you know, that's a big part of this whole thing.

00:25:58.948 --> 00:26:06.988

<v SPEAKER\_1>Because there's also some people saying that, you know, it's a strange, it's a very strange thing to have this money going through an offshore account in Qatar.

00:26:06.988 --> 00:26:12.968

<v SPEAKER\_1>That, as far as I know, that kind of goes against the guidelines of the US Treasury.

00:26:13.328 --> 00:26:20.388

<v SPEAKER\_1>It's kind of thumbing your nose at American law in certain ways, too, by keeping this money away from American creditors.

00:26:20.388 --> 00:26:23.128

<v SPEAKER\_1>It's just a strange, strange scenario.

00:26:23.128 --> 00:26:30.668

<v SPEAKER\_1>So, yeah, I'm not going to, I'm not going to pass judgment yet, but it makes me a little bit nervous.

00:26:31.248 --> 00:26:32.788

<v SPEAKER\_2>We'll stay tuned, eh?

00:26:32.788 --> 00:26:34.208

<v SPEAKER\_1>Absolutely.

00:26:34.208 --> 00:26:34.488

<v SPEAKER\_1>Yeah.

00:26:34.488 --> 00:26:36.548

<v SPEAKER\_1>Well, any last stories that you want to cover, Kelly?

00:26:36.548 --> 00:26:37.388

<v SPEAKER\_1>Anything coming up on the news?

00:26:37.388 --> 00:26:38.708

<v SPEAKER\_2>No, that's great, Joe.

00:26:38.708 --> 00:26:44.768

<v SPEAKER\_2>Next month, though, I'm going to work on a couple of things over the course of the month and bring them to you.

00:26:45.008 --> 00:26:51.628

<v SPEAKER\_2>And we'll do some research into a couple of ideas I've got that are longer-term energy security strategically.

00:26:51.628 --> 00:26:52.468

<v SPEAKER\_2>Yeah, absolutely.

00:26:52.468 --> 00:26:54.088

<v SPEAKER\_2>And talk about those in March.

00:26:54.088 --> 00:26:58.348

<v SPEAKER\_2>Did you have anything, did you want to talk about anything you got coming up here?

00:26:58.348 --> 00:26:58.908

<v SPEAKER\_1>Yeah, for sure.

00:26:59.508 --> 00:27:04.088

<v SPEAKER\_1>I'd just like to flag something that we're doing out in Ottawa on March 9th.

00:27:04.088 --> 00:27:07.668

<v SPEAKER\_1>This is our third annual Energy Analyst Summit.

00:27:07.668 --> 00:27:13.548

<v SPEAKER\_1>And this summit will focus on is Canadian energy competitive internationally?

00:27:13.548 --> 00:27:17.228

<v SPEAKER\_1>So tickets will be on sale very soon for this summit.

00:27:17.228 --> 00:27:24.348

<v SPEAKER\_1>I'm happy to say that our keynote speaker is Minister of Energy and Natural Resources, Tim Hodgson.

00:27:24.348 --> 00:27:26.628

<v SPEAKER\_1>And we have another great group of speakers.

00:27:27.008 --> 00:27:33.688

<v SPEAKER\_1>We'll be putting the event program up on our website very soon here as well as information on how to buy tickets.

00:27:33.688 --> 00:27:35.748

<v SPEAKER\_1>So please do watch out for that, folks.

00:27:35.748 --> 00:27:37.468

<v SPEAKER\_1>It'll be a fascinating event.

00:27:37.468 --> 00:27:38.348

<v SPEAKER\_1>I'll be there.

00:27:38.348 --> 00:27:45.988

<v SPEAKER\_1>You can chat with me if you want to do that rather than talk with one of the other much more interesting speakers who will be there.

00:27:45.988 --> 00:27:48.008

<v SPEAKER\_1>And yeah, looking forward to that.

00:27:48.008 --> 00:27:52.908

<v SPEAKER\_1>And the focus of that will be is Canadian energy competitive internationally?

00:27:53.848 --> 00:28:04.708

<v SPEAKER\_1>So one of the most crucial aspects of these conversations that we're having about getting this infrastructure put in place to diversify Canadian energy trade.

00:28:04.708 --> 00:28:05.748  
<v SPEAKER\_2>Great idea.

00:28:05.748 --> 00:28:06.448  
<v SPEAKER\_2>And it'll be good.

00:28:06.448 --> 00:28:09.568  
<v SPEAKER\_2>I'm sure I don't know if I'll be able to make it or not.

00:28:09.888 --> 00:28:11.328  
<v SPEAKER\_2>What date, Joe?

00:28:11.328 --> 00:28:12.628  
<v SPEAKER\_1>March 9th.

00:28:12.628 --> 00:28:13.848  
<v SPEAKER\_2>Okay, in Ottawa.

00:28:13.848 --> 00:28:15.408  
<v SPEAKER\_1>In Ottawa, yeah.

00:28:16.468 --> 00:28:20.408  
<v SPEAKER\_2>Did you want to mention your new person?

00:28:20.408 --> 00:28:21.168  
<v SPEAKER\_1>Yeah, absolutely.

00:28:22.108 --> 00:28:27.188  
<v SPEAKER\_1>Also, happy to say that I have been joined here in the Calgary office by a new employee.

00:28:27.188 --> 00:28:30.028  
<v SPEAKER\_1>Her name is Nicole Butler.

00:28:30.028 --> 00:28:41.788  
<v SPEAKER\_1>She is an expert in Arctic policy, actually wrote her master's thesis on American securitization policy in Greenland when she was taking her master's at Georgetown.

00:28:41.788 --> 00:28:47.468  
<v SPEAKER\_1>She'll be publishing that pretty soon with, I believe it's with NAADSN.

00:28:47.468 --> 00:28:48.348  
<v SPEAKER\_1>I might have butchered that.

00:28:48.848 --> 00:29:06.028

<v SPEAKER\_1>But we're really happy to have her on board, and I'm sure that you'll be hearing her on one or another of our podcasts fairly soon here to talk about Arctic policy, or also all the other parts of the security apparatus of Canada and North America.

00:29:06.028 --> 00:29:06.248

<v SPEAKER\_2>Yeah.

00:29:06.248 --> 00:29:07.468

<v SPEAKER\_2>Welcome aboard, Nicole.

00:29:07.468 --> 00:29:13.708

<v SPEAKER\_2>I'm sure you're going to have fun working with Joe and the rest of our people in Ottawa, and we're happy to have you.

00:29:13.708 --> 00:29:16.068

<v SPEAKER\_2>Okay, Joey, talk to you soon.

00:29:16.528 --> 00:29:17.208

<v SPEAKER\_1>All right.

00:29:17.208 --> 00:29:18.668

<v SPEAKER\_1>Talk to you soon, Kelly.

00:29:20.128 --> 00:29:27.668

<v SPEAKER\_1>Thanks for listening to this episode of Energy Security Cubed on The CGAI Podcast Network.

00:29:27.668 --> 00:29:30.748

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00:29:30.748 --> 00:29:32.888

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00:29:32.888 --> 00:29:37.688

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00:29:37.688 --> 00:29:48.668

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00:29:53.028 --> 00:29:57.288

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00:29:57.288 --> 00:30:00.288

<v SPEAKER\_1>Thanks go out to Drew Phillips for our music.

00:30:00.288 --> 00:30:01.608  
<v SPEAKER\_1>I'm Joe Calnan.

00:30:01.608 --> 00:30:03.828  
<v SPEAKER\_1>Thanks for listening to Energy Security Cubed.