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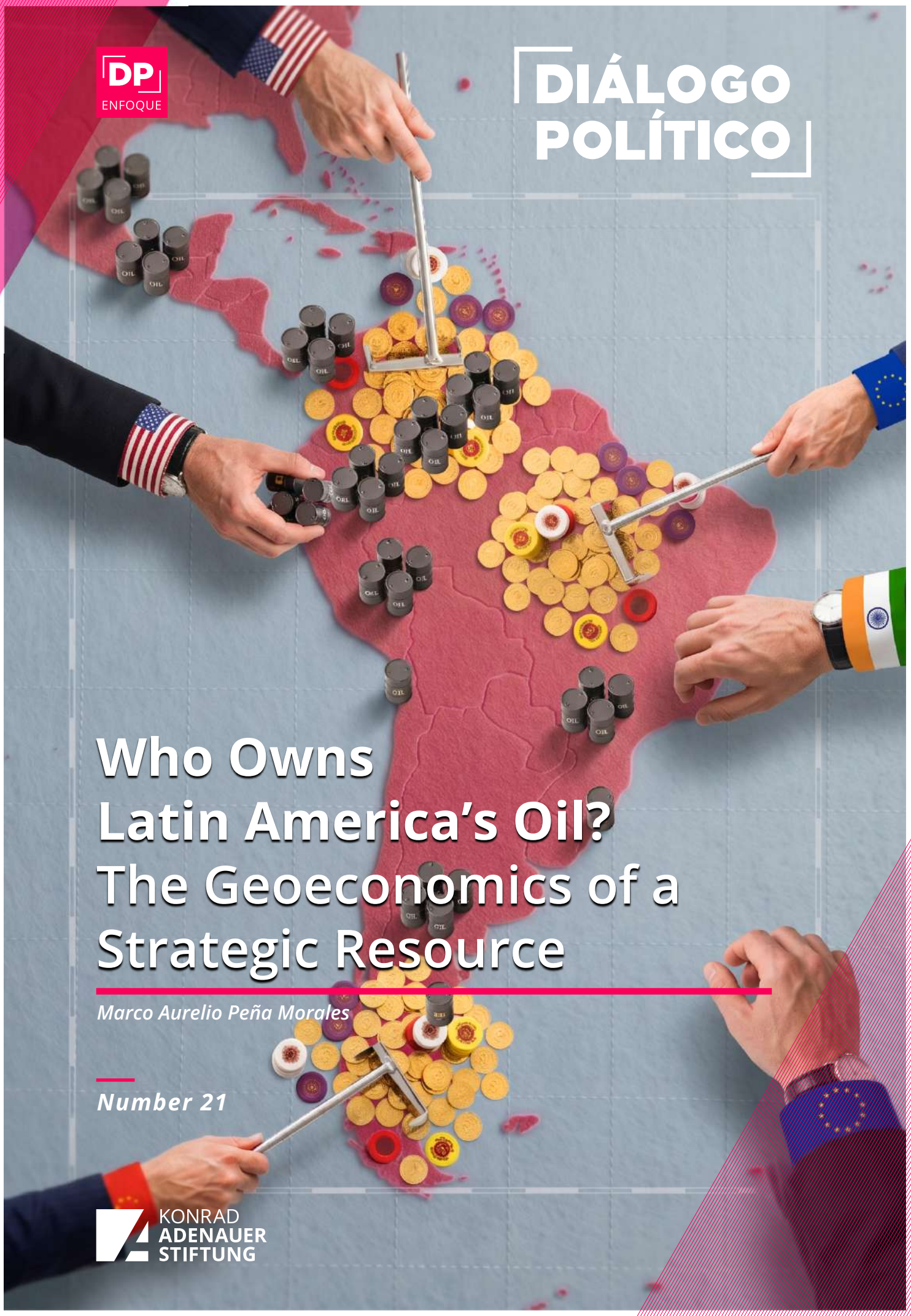

Who Owns Latin America's Oil? The Geoeconomics of a Strategic Resource

Marco Aurelio Peña Morales

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Summary

As the international agenda increasingly focuses on the energy transition, the global powers—China, Russia, and the West—are waging a war without missiles or drones over Latin America's oil. This study reveals how investment, political influence, and strategic alliances have become the weapons of choice in a contest driven by geoeconomic interests—one that places national sovereignty under strain and shapes governments' geopolitical alignments. Latin America is not an actor in this contest; it is the arena in which it unfolds. Where are Latin America's oil exports headed amid the ongoing reconfiguration of the global order? What role does the United States' new security strategy play? How are Europe and China positioning themselves within the region's energy sector? And what has become of Russia's investments across the continent?

1. Introduction

Oil—often referred to as black gold—is one of the most consequential strategic resources in the architecture of global power. In Latin America and the Caribbean (LAC), its significance extends beyond the economic sovereignty and development models of producing countries to encompass a complex web of geoeconomic interests pursued by the world's major powers in their competition for spheres of influence. We are witnessing a geopolitical realignment in which the rules that once functioned with relative effectiveness have lost much of their force. This transformation is unfolding amid profound uncertainty, at the intersection between the decline of one era and the emergence of another. That uncertainty extends even to the member states of the Organization of the Petroleum Exporting Countries (OPEC).

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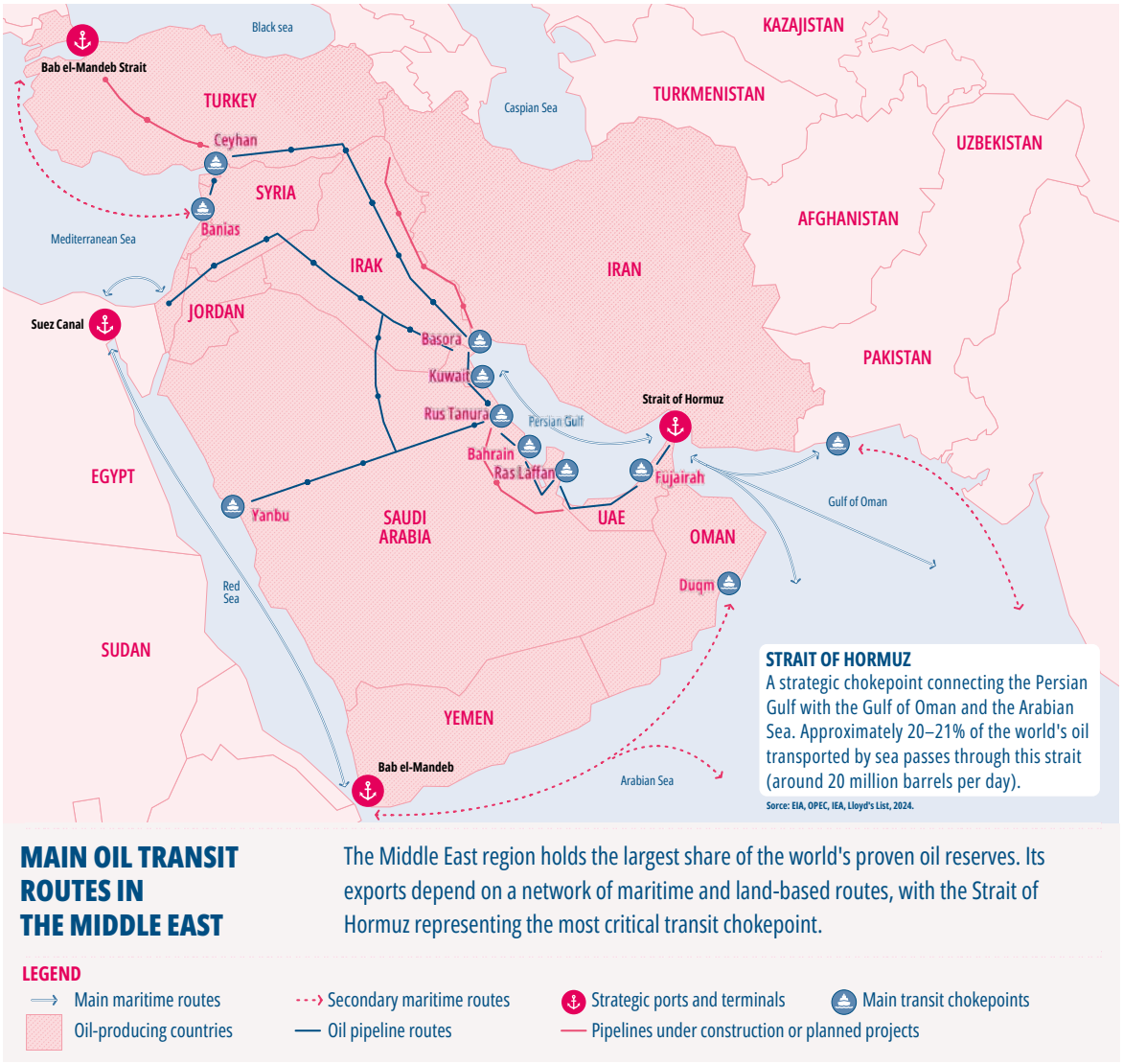
This article examines the favorable conditions underpinning Latin America's oil boom and the region's production capacity. It identifies the countries leading oil supply in LAC, analyzes their export performance and trade patterns, and highlights their principal destination markets. It then turns to the Chinese, European, and Russian corporations that hold dominant positions in the region's crude oil industry as extra-regional actors. Finally, it explores how Latin America's oil has become the object of strategic competition among the world's major powers amid the ongoing reset of the global political and economic order.

2. Latin America's Oil Boom

Russia's military invasion of Ukraine triggered a sweeping package of sanctions imposed by the United States and Europe, exposing the risks and vulnerabilities associated with dependence on oil and natural gas. For European leaders, securing alternative energy sources and diversifying suppliers has now become a strategic priority. At the same time, Europe has made investment in research and development (R&D) for clean energy technologies a top priority. In this context, Latin America and the Caribbean (LAC) has emerged as an attractive partner thanks to its abundant natural resources with significant potential for wind, hydropower, and geothermal energy.



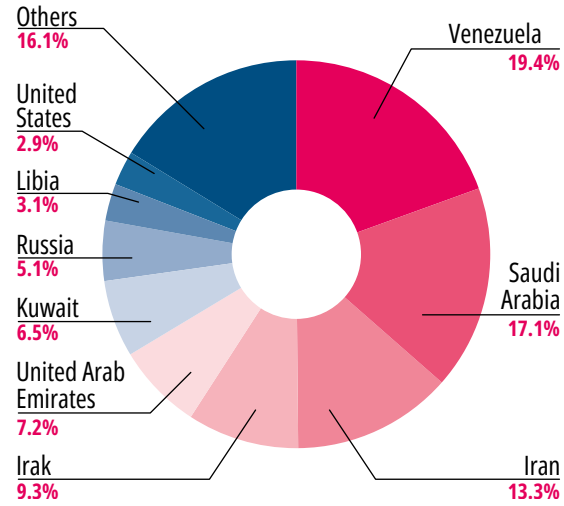
Source: Own elaboration using AI.

Compounding these challenges, the Middle East has long been marked by armed conflict, now intensified by the recent war involving the United States and Israel against Iran. Restrictions on shipping through the Strait of Hormuz—which handles roughly 20 percent of the world's traded oil—have fueled uncertainty and added upward pressure to global inflation.

These external shocks have caused uncertainty about future global oil supply and oil price trends. As of May 26, benchmark crude prices fluctuated between USD 96.00 and USD 103.94 per barrel. Under these circumstances, LAC is benefiting from increased oil revenues and has become an increasingly attractive region because of its relative peace. Although the region continues to face serious challenges related to organized crime, drug trafficking, and public insecurity, it remains free of interstate armed conflict. With a reasonable degree of political stability, LAC is experiencing an oil boom that has placed the region on the radar of global powers competing for black gold.

Figure I shows that Venezuela accounts for the world's largest share of proven oil reserves, at 19.4 percent. Followed by Saudi Arabia (17.1 percent), Iran (13.3 percent), Iraq (9.3 percent), and the United Arab Emirates (7.2 percent). According to

Figure 1. **Countries with the Largest Proven Oil Reserves, 2026**



Source: Statista, based on OPEC data

estimates published by BP (British Petroleum) in 2021, North America held only 13.4 percent of global proven oil reserves . This suggests that the conflict in the Middle East is redirecting the geoeconomic interests of the major powers toward Venezuela. The country's vast reserves not only underscore the region's production potential but also make it a magnet for competing global powers seeking to expand their influence and secure strategic advantage.

According to the International Energy Agency (IEA), global oil demand is projected to reach 104 million barrels per day (mb/d) while worldwide oil supply stood at 95.1 mb/d in April 2026, bringing cumulative production losses since February to -12,8 mb/d (May 2026). The market experienced a severe supply deficit as a result of the conflict in the Middle East and the closure of the Strait of Hormuz. Assuming commercial traffic through the Strait resumes in June (following a possible agreement to end the conflict), global oil supply could recover to approximately 102.2 mb/d in 2026, representing an average year-on-year decline of -3,9 mbd. Meanwhile OPEC+ countries produced 33.19 mb/d in April 2026 while Gulf producers reduced their output by -14.4 mb/d compared with pre-war levels.

The IEA projects that global oil production will increase by 5.8 mb/d by 2028, with nearly one-quarter of that additional output expected to come from LAC. In fact, Latin America's oil boom could extend through the end of this decade. Leading energy analysts argue that oil consumption is likely to remain substantial for at least another three decades , as demand for fossil fuels is expected to decline only gradually alongside the global transition toward renewable energy sources.

3. Opportunities and Costs

Oil-producing economies in Latin America and the Caribbean (LAC) have a unique opportunity to generate domestic savings and pursue a development strategy capable of anticipating future crises. From an economic standpoint, the expected benefits must outweigh the costs incurred if the gains from international trade are to provide a viable path toward shared prosperity—one that avoids structural dependence on a single commodity and preserves economic sovereignty.

The rush for black gold calls for visionary and efficient governance that extends beyond the resource itself. Latin America's political and economic elites must implement sound public policies, establish an effective system of incentives, and promote long-term investment to advance a path of shared prosperity. They must also have the foresight to cultivate mutually beneficial multilateral relationships amid an ongoing realignment and strategic competition among the world's major powers. While the United States is promoting reshoring and friend-shoring strategies,

The cost of producing a barrel of oil in LAC ranges from USD 15 to USD 40, while market prices reached USD 104 in May 2026. Brazil currently ranks among the world's top ten oil producers, a list led by the United States, Saudi Arabia, and Russia. Mexico, Argentina, Colombia, and Venezuela, meanwhile, rank among the top 30.

Europe has shifted from its traditional model of cooperation to the Global Gateway strategy, backed by a substantial investment in the digital, energy, and transport sectors. Within this framework, LAC has become a region of significant strategic interest.

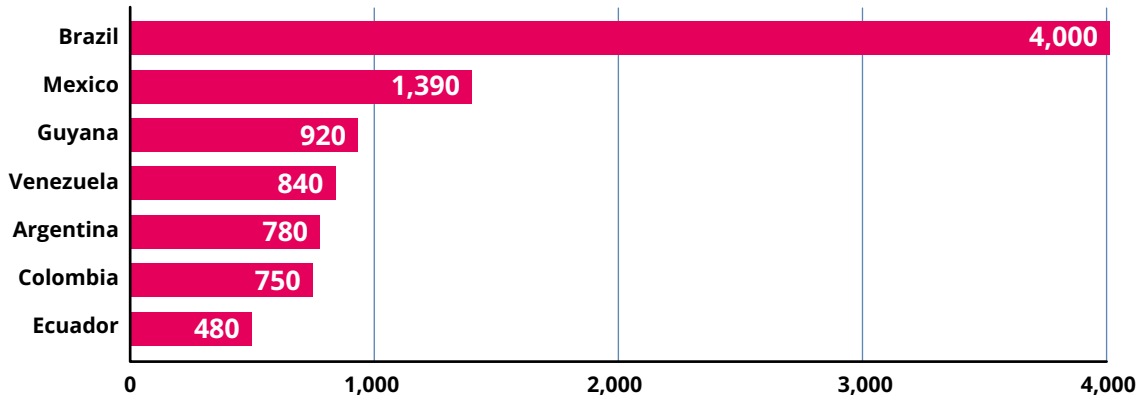
The cost of producing a barrel of oil in LAC ranges from USD 15 to USD 40, while market prices reached USD 104 in May 2026. Brazil currently ranks among the world's top ten oil producers, a list led by the United States, Saudi Arabia, and Russia. Mexico, Argentina, Colombia, and Venezuela, meanwhile, rank among the top 30. Persian Gulf countries have reduced their output by 10 mb/d, arguably the largest supply disruption in history. This contraction in global crude oil supply, together with the emergence of alternative suppliers, has created favorable conditions for LAC producers as Asian buyers seek new sources of supply in response to disrupted shipping routes in the Middle East.

LAC occupies an ambivalent position in the global energy market. Venezuela is the region's only active member of OPEC, following Ecuador's withdrawal in 2020 (while Brazil participates in the OPEC+ alliance). This limits the region's influence over global production decisions and its ability to shape market prices through economic leverage. In fact, Venezuela's influence within OPEC has diminished in recent years.

Although LAC plays an important role as a crude oil supplier, its capacity to coordinate production policies and influence global prices remains limited. Nevertheless, countries such as Brazil, Mexico, and Guyana, by virtue of their production volumes, exert a certain degree of influence on global oil markets (the first two account for more than two-thirds of Latin America's GDP). As oil production in the Persian Gulf declines, Latin America's leading oil producers are well positioned to increase their revenues by helping meet the needs of global buyers, particularly in response to growing demand across Asia.

India's refining industry has moved swiftly to strengthen its commercial ties with the "Atlantic Basin of the Americas". Capitalizing on the momentum created by recent reforms and negotiations in Venezuela's energy sector, corporations such as Reliance Industries and the Indian Oil Corporation (IOC) have increased their demand for heavy crude from the Orinoco Oil Belt. This is technically advantageous because India's refining infrastructure is specifically designed to process heavy, high-sulfur crude. Likewise, shipments of Guyanese crude are increasingly being acquired by trading firms for delivery to Indian refineries. India has gradually begun replacing Russian crude imports with oil from Guyana while simultaneously becoming the second-largest purchaser of Brazil's oil production.

Figure 2. **Leading Oil Producers in Latin America and the Caribbean. March 2026 (thousand barrels per day)**



Source: Own elaboration based on IEA data.

China, the world's largest oil importer, has had to offset the supply shortfalls previously covered by Middle Eastern producers in order to keep both its state-owned and independent refineries operating (the latter, known as teapot refineries, are concentrated primarily in Shandong Province). As a result, Chinese buyers are increasingly demanding exportable volumes of Brazil's medium-grade and sweet (low-sulfur) crude extracted from the country's pre-salt fields.

4. Latin America's Leading Oil Producers and Their Production Capacity

During the 1990s, the paradigm of globalization, interdependence, and interconnectedness took hold in the oil industries of Latin America and the Caribbean (LAC). Economic liberalization prevailed—with mixed systems combining state-owned enterprises and private investment—as the guiding principle for the sector's organization.

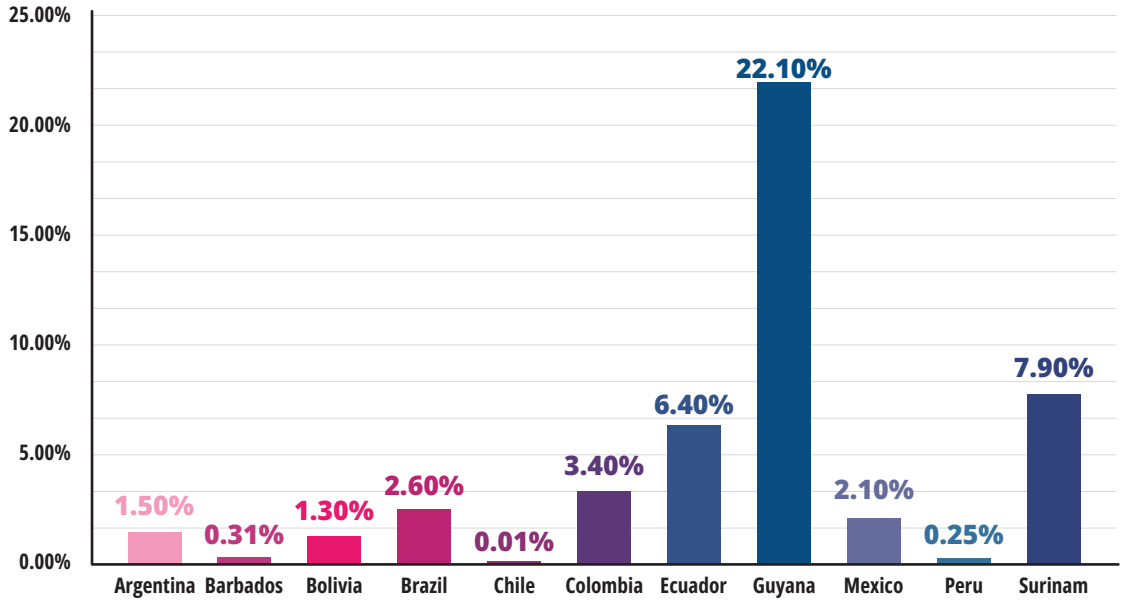
In 2025, LAC accounted for 11 percent of global oil production. Brazil, Mexico, Guyana, Venezuela, Argentina, Colombia, and Ecuador together represented 87 percent of the region's output.

Figure 2 shows that Brazil led oil production in LAC at the end of the first quarter of 2026. The Southern Cone powerhouse produced 4 mb/d, exceeding Mexico's output by a factor of 2.9, as Mexico produced approximately 1.4 mb/d. Venezuela and Mexico had historically dominated regional crude oil production from 1990 through 2016. Brazil emerged as the region's leading energy power in 2017 and has reported steadily increasing output ever since.

Third place belongs to Guyana, the region's emerging oil hub, which is driving regional growth with a production level of 920,000 barrels per day. Under a possible scenario of a controlled political transition in Venezuela, resolving the territorial dispute over the Essequibo (a territory of approximately 160,000 km^2 that is rich in mineral resources) will be decisive, as Guyana's oil production has surged dramatically since ExxonMobil discovered these oil fields in 2015. In 2025, the region's oil production increased by 20 percent, driven primarily by Guyana, and 46 percent of total output was exported.

Figure 3 illustrates oil rents as a share of gross domestic product in Latin American economies (latest data available from the World Bank). Guyana

Figure 3. **Oil Rents as a Percentage of GDP in LAC Countries, 2021**



Source: Own elaboration based on World Bank data.

Table 1. **Principal Export Destinations for Crude Oil from LAC's Major Producers, 2026**

Exporting Country	Million Barrels per Day	Importing Country
	1,30	China
	0,65	Europe
	0,35	United States
	0,40	Europe
	0,25	United States
	0,38	United States
	0,16	Europe
	0,05	Asia (China)
	0,58	United States
	0,18	United States
	0,12	Panama (Others)
	0,08	India
	0,11	United States
	0,08	Chile

Source: Diálogo Político.

exhibits a high degree of dependence on crude oil exports, which account for slightly more than one-fifth of its value added and, ceteris paribus, could rise to as much as one-quarter. The South American country has an opportunity to raise its population's standard of living, provided its economy does not evolve into a single-commodity structure vulnerable to the so-called Dutch disease.

Similarly, oil production accounts for 7.9 percent and 6.4 percent of value added in Suriname and Ecuador, respectively. The region's largest producers do not display the same degree of structural dependence. Brazil has a diversified economy, and oil rents account for only 2.6 percent of its domestic output, while in Mexico, Colombia, and Argentina, they remain below 3.5 percent. No comparable data are available for Venezuela, although oil rents are estimated to have accounted for as much as one-quarter of its domestic output.

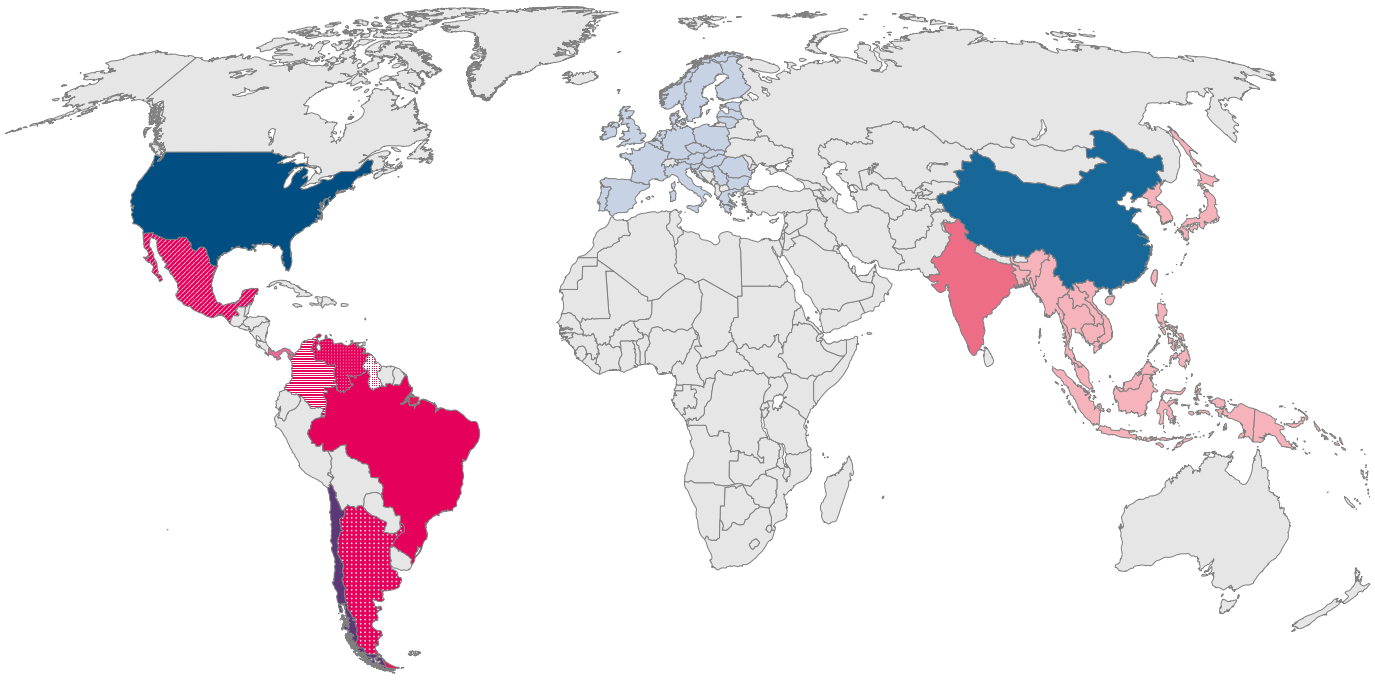
The United States, Asia, and Europe constitute the principal destinations for Latin American crude. Against this backdrop, restoring Venezuela's production capacity is of considerable interest to both U.S. and European oil companies.

Table 1 presents the production performance of the region's leading crude oil producers and their principal export destinations. China is the largest buyer of Brazilian crude, importing 1.3 mb/d. Brazil's exports to Europe and the United States amount to 650,000 and 350,000 barrels per day, respectively. Guyanese crude is exported primarily to Europe and the United States, with shipments of 400,000 and 250,000 barrels per day, respectively.

Likewise, the principal destinations for Venezuelan crude are the United States, Europe, and Asia (where China stands out as the leading market). The United States is by far the largest purchaser of Mexican oil and is also the leading destination for crude exports from both Colombia and Argentina. Chile ranks as the second most important market for Argentine oil, while India and Panama are Colombia's principal export destinations.

The United States imports a combined 1.9 mb/d from Latin America's major oil producers. China purchases a baseline volume of 1.3 mb/d from Brazil alone. Latin America's oil exports to Asian markets exceed 1.4 mb/d, while shipments to Europe amount to at least 1.2 mb/d. Thus, the United States, Asia, and Europe constitute the principal destinations for Latin American crude. Against this backdrop, restoring Venezuela's production capacity is of considerable interest to both U.S. and European oil companies.

Latin America's Oil Exports in 2026



OIL-EXPORTING COUNTRIE (Latin America)
- Mexico
- Venezuela
- Colombia
- Guyana
- Brazil
- Argentina

PAÍSES COMPRADORES (Resto del mundo)
- United States
- Europe (European Union and other European countries)
- Rest of Asia (Japan, South Korea, Singapore, Indonesia, Malaysia, Thailand, etc.)
- Panama
- Chile
- China
- India

The flows correspond to oil exports measured in millions of barrels per day (mb/d) for 2026.

Source: Own elaboration based on information from Diálogo Político using AI.

According to the Latin American and Caribbean Energy Organization (OLACDE), in 2025 LAC directed 22 percent of its crude oil exports to intraregional trade, 31 percent to China, 18 percent to the United States, 15 percent to the European Union, 9 percent to the rest of Asia, 1 percent to Africa, and 5 percent to the rest of the world. These figures reveal increasingly diversified export destinations, alongside an intraregional market that accounts for nearly one-quarter of the region's exportable crude supply. The Americas and Europe together absorb 55 percent of Latin America's crude oil exports, while Asia accounts for 40 percent.

Unlike the performance of crude oil exports, revenues from refined petroleum products depend on favorable market prices and robust international demand, even though average export volumes over the most recent five-year period have been the lowest since 1990. Since the first decade of the 2000s, export performance has exhibited diminishing returns. During the 2000–2009 commodity boom in LAC, average exports reached nearly 5 mb/d, peaking at 5.3 mb/d in 2005. By contrast, the average for the 2020–2024 period declined to 4.2 mb/d.

Table 2. **Average Exports of Refined Petroleum Products in Latin America (Million Barrels per Day)**

	1990-99	2000-09	2010-19	2020-24
Million Barrels per Day	4.308	4.980	4.696	4.187

Source: Own elaboration based on OPEC data.

5. Brazil: At the Helm of Oil Industry

Brazil has consolidated its position as the region's leading crude oil producer thanks to the development of its pre-salt reserves. The pre-salt province is one of te world's largest oil-bearing formations, encompassing 23,800 km2 under concession for the exploration and production of oil and natural gas in ultra-deep waters (at depths of up to 7,000 meters). Crude oil has become Brazil's leading export, surpassing soybeans. Exports of black gold reached USD 44.8 billion in 2024.

Crude oil exports accounted for 13 percent of Brazil's total exports in 2025 and, together with natural gas production, are estimated to represent 10 percent of the Brazilian economy. The oil industry's marginal contribution is largely attributable to the pre-salt layer, which accounted for as much as 30 percent of the country's crude oil production during the reference period. These outstanding figures have made the mixed-capital company Petróleo Brasileiro (Petrobras) one of the continent's most profitable and financially solid enterprises.

Cantarell Complex facility in the Gulf of Mexico

Jose Petrochemical Complex, Anzoátegui, Venezuela (Aerial view)

In 2025, Brazil exported USD 44 billion worth of crude. Its principal export destinations were China (USD 20 billion), the United States (USD 4.7 billion), Spain (USD 3.2 billion), the Netherlands (USD 3.2 billion), and Portugal (USD 2 billion). In April 2026, Brazil's principal export destinations were China (USD 2.7 billion), India (USD 338 million), Singapore (USD 295 million), the United States (USD 254 million), and Indonesia (USD 240 million).

6. Mexico: Technological Innovation for the Long Term

Mexico has experienced a sustained decline following the depletion and overexploitation of the Cantarell oil field (whose production decline dates back to 2004). Output once peaked at 2 mb/d but has now fallen to approximately 137,000 barrels per day. EAt its height, Cantarell was one the world's one hundred most important oil fields and accounted for as much as 45 percent of global production. Short-term government decisions and corporate inefficiencies contributed to its decline, while the possible impact of nitrogen injection to increase oil production remains a matter of debate.

Cantarell is expected to remain in operation until at least 2035. Productive investment and the application of new technologies are intended to extend its operational life and enhance its output. Despite its administrative and technical inefficiencies, the state-owned company Petróleos Mexicanos (PEMEX) remains one of the most significant players in Latin America's oil industry.

7. Venezuela: The Challenge of Restoring Its Production Capacity

In Venezuela's case, a country that was once among the world's leading oil producers, production volumes have declined dramatically since the mid-2010s as a result of the collapse of the state-owned oil industry. This reflects a seemingly unending crisis characteristic of a failed economy.

The South American country went from producing 3.5 mb/d in 1998 —before Hugo Chávez came to power — to 800.000 barrels per day reported in December 2025, representing less than 0.8 percent of global oil production. These figures indicate a 77 percent decline, attributed to the destruction of the country's productive capacity resulting from the state's policy of resource nationalism and harmful government intervention. Nevertheless,

Vaca Muerta, Argentina, October 30, 2018: Aerial view of unconventional oil extraction in Añelo, Neuquén. Editorial credit: Sobrevolando Patagonia / Shutterstock.com

Venezuela possesses the world's largest proven oil reserves, thanks to its extra-heavy crude deposits in the Orinoco Oil Belt, one of the world's most expensive types of crude to extract and process because of its high density.

Following the U.S. military operation Absolute Resolution and the capture of Nicolás Maduro, the country appears to be entering a new phase of economic change. Under a new Hydrocarbons Law enacted by the interim government of Delcy Rodríguez, the Venezuelan state and Petróleos de Venezuela S.A. (PDVSA) have signed agreements with several oil companies—primarily U.S. firms—to restore the country's oil production capacity.

8. Argentina: The Appeal of an Emerging Market

Argentina has historically maintained more modest levels of oil production, although its growth potential has steadily increased. The Rosario Board of Trade projects that Argentina's oil production could grow by 16 percent in 2026 compared with 2025, reaching a historic high. The driving force behind this growth is Vaca Muerta, the unconventional hydrocarbon formation located in the Neuquén Basin, whose economic dynamism has transformed the country's energy matrix since YPF and Chevron began operations there in 2014.

Average daily oil production increased from 700,000 barrels per day in 2024 to 790,000 barrels per day in 2025. According to current projections, average daily hydrocarbon production could exceed 900,000 barrels per day in 2026. This potential growth would be driven by hydraulic fracturing (fracking) at Vaca Muerta, where unconventional production has been underway since 2014. In fact, nearly 70 percent of Argentina's oil production in 2026 has come from unconventional sources. Exports of crude oil and refined fuels account for 5 percent of the country's total exports. Argentina is on the rise, ranking below Guyana and Venezuela, but above Colombia and Ecuador in terms of oil production.

9. The Expansion of Chinese Corporations

China National Petroleum Corporation (CNPC) is China's leading state-owned oil and gas exploration and production company. Through its Venezuelan subsidiary, CNPC Venezuela BV, the company has participated directly in two projects: (i) the exploration and development of the Carabobo Block in the Orinoco Oil Belt; and (ii) the exploration and development of the Zumano Area in the Ayacucho Division of the Orinoco Oil Belt.

Together with China Petrochemical Corporation (Sinopec), China's largest oil refiner, CNPC holds equity stakes in joint ventures established by Petróleos de Venezuela S.A. (PDVSA) to carry out oil production projects. Of particular note is the recent

entry of China Concord Resources Corp. (CCRC) into Venezuela, where it is focused on reactivating oil fields in Lake Maracaibo.

The Andes Petroleum consortium, jointly owned by CNPC and Sinopec, is responsible for crude oil exploration and production in Pastaza Province, in Ecuador's Amazon region. The project began in 2016, with an estimated investment of USD 72 million. Meanwhile, the El Nogal Oil Block, located in Colombia's Amazon region, is operated by the Chinese state-owned company SINOCHEM. The Llanos 69 Oil Block, with projected investment exceeding USD 37.2 million, is operated by Mansarovar Energy Colombia Ltda, a joint venture between India's Oil and Natural Gas Corporation (ONGC) and China's Sinopec, focused on the production of crude oil and natural gas in Colombia.

In Brazil, Sinopec acquired a 40 percent stake in the Spanish company Repsol for USD 7.1 billion in 2010. The following year, it expanded its operations by acquiring a 30 percent stake in the Brazilian assets of GALP, the Portuguese energy company. Both transactions illustrate Sinopec's market strength in Brazil and China's broader regional strategy of acquiring partial ownership stakes in—or merging with—well-established companies already operating in the market. A few months after its investment in Repsol, Sinopec acquired the Argentine operations of the U.S. company Occidental Petroleum for USD 2.5 billion.

In Argentina, China National Offshore Oil Corporation (CNOOC) is the country's second-largest oil company after the state-controlled YPF. Its principal investment took place in March 2010, when CNOOC acquired a 50 percent stake in the Argentine company Bridas for USD 3.1 billion. Likewise, the nationalization of YPF in 2012, which generated conflicts of interest in several Western countries, did not deter China. In January 2013, CNOOC partnered with Argentina's state-owned oil company to develop shale hydrocarbons in the vast Vaca Muerta formation.

Chinese corporations have built a growing investment portfolio in Latin America's oil industry as part of the relentless expansion of the Chinese economy—or, viewed from a broader historical perspective, of globalization with

Chinese corporations have built a growing investment portfolio in Latin America's oil industry as part of the relentless expansion of the Chinese economy—or, viewed from a broader historical perspective, of globalization with Chinese characteristics.

Illustrative image of oil drilling activities in the Ecuadorian Amazon, an area where companies like CNPC and Sinopec operate

Repsol Sinopec floating platform operating in deepwater Brazil

Facilities of the state oil company Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) in Bolivia

Chinese characteristics. A clear pattern emerges: acquiring experienced companies and securing control over strategic production centers to strengthen China's energy security. These corporations maintain close ties with the Chinese Communist Party, whose political strategy could be described as a masterful application of the art of exercising influence without overt domination in its pursuit of global hegemony.

10. Russia: Sanctions, Withdrawal, and a Diminished Presence

According to a report by the European think tank Center for the Study of Democracy (CSD), approximately 23 percent of the bilateral agreements signed between Caracas and Moscow between 2004 and 2023 were related to black gold: joint ventures, acquisitions, investments, loans, debt restructuring, oil field allocations, crude oil trade, and cooperation agreements.

The Russian state-owned company Rosneft was a key commercial intermediary in Venezuela's oil sector, facilitating—through its subsidiaries—the export of PDVSA crude and its placement in the Chinese and Indian markets while circumventing international sanctions. Rosneft was awarded the development of five oil fields in Venezuela, through joint ventures with PDVSA, which eventually reached production levels of approximately 100,000 barrels per day. Following U.S. sanctions, Rosneft's assets in Venezuela were acquired by the Russian state-owned company Roszarubezhneft (established in 2020), while the Russian company Petrolera Cyprus Limited (PCL) announced the cessation of its operations in Venezuela at the end of 2025.

In LAC, investments by other Russian oil companies, such as Gazprom and LUKOIL, also increased. In 2022, LUKOIL announced that it had acquired a 50 percent stake in Fieldwood México, which was responsible for the development of the Ichalkil and Pokoch oil fields in the state of Campeche, in southeastern Mexico.

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In 2018, Gazprom and the state-owned Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) signed an agreement under which the Russian energy corporation committed to investing approximately USD 1.2 billion in the exploration and production of the Vitiacua reserve field in southern Bolivia. It is worth noting that, in order to circumvent Western sanctions, Moscow employs various methods. According to the Bolivian NGO Fundación Tierra, Russian

capital in Bolivia often operates through third parties; LUKOIL and Gazprom appear in Bolivian records as Dutch investments involved in hydrocarbon exploration and development activities. Gazprom maintains a representative office in Brazil and previously participated in exploration activities in Venezuela.

Russian corporations have lost ground in the regional oil market due to international sanctions, which have forced them to sell assets and withdraw from operations. This has been compounded by fierce competition from Latin American, U.S., European, and Chinese corporations active in the sector. It can be inferred that Venezuela served as Russia's gateway into the dynamics of regional geoeconomics and that Russia has quietly established a position in Bolivia's energy market.

11. Europe: Strategic Investments, Energy Transition, and High Profitability

The British-Dutch company Shell exited Colombia based on profitability considerations, but agreed to acquire Canadian company ARC Resources Ltd. for USD 16.4 billion in order to strengthen its resource base over the next decade. This transaction provides Shell with 2 billion barrels of reserves and focuses on unconventional natural gas.

Shell is one of the leading international players in Brazil's offshore oil production and has consolidated its position in the pre-salt fields. It also maintains a significant presence in Argentina's Vaca Muerta formation. Recently, the company signed agreements with the Venezuelan government and PDVSA to promote oil and gas exploration and production, adapting to the country's new Hydrocarbons Law. The company is accelerating the Dragon gas project and seeks to develop the Loran-Manatee liquefied natural gas (LNG) export project, shared with Trinidad and Tobago, as part of the country's economic stabilization phase.

French company TotalEnergies has adopted a strategy of diversifying its hydrocarbon investments with renewable energy sources, including gas and hydrogen. It is Argentina's largest gas operator, with daily production of 37.1 million cubic meters. In 2025, the company sold its unconventional oil assets in Vaca Muerta to YPF. The French company continues expanding its operations in Brazil, focusing on deepwater oil and gas exploration and production. In Chile, it is advancing H2 Magallanes, a large-scale green hydrogen and ammonia project with an estimated investment of USD 16 billion, with construction projected to begin in 2027.

Illustrative image of TotalEnergies' offshore platform in Argentina

BP has a significant presence in the region. In Mexico, it has maintained a strong presence since 2017 and operates a network of service stations across 29 states. In addition, it supplies natural gas to industrial customers and develops decarbonization projects. BP made a major discovery in the Bumerangue Block, located in Brazil's Santos pre-salt basin off the coast. In Venezuela, BP signed an agreement to explore offshore natural gas fields, while in Colombia it continues its exploration and production operations, with notable participation in the Cusiana and Cupiagua fields.

Following an energy conference held in Caracas that attracted international companies and investors, European oil companies have shown particular interest in expanding their operations in Venezuela. Italian company Eni SpA announced an oil project this year and has a plan to begin exporting natural gas together with Spain's Repsol S.A. in 2031.

Equinor, Norway's state-owned energy company, has a strong presence in Brazil's oil and gas production sector, with growth objectives focused on offshore exploration. As part of its clean energy strategy, it holds stakes in solar plants such as Apodi (43.5 percent) and Mendubim (30 percent). Through offshore exploration activities, Equinor is drilling and conducting seismic studies in Argentine waters, approximately 300 km from Mar del Plata. In 2026, the company consolidated its strategy by focusing on offshore assets and selling its onshore operations in Vaca Muerta to Vista Energy for USD 1.1 billion.

Repsol S.A. operates in seven LAC countries and, following agreements with PDVSA, assumed direct control of key operations (such as Petroquiriquire), with the goal of tripling its production within three years, starting from approximately 45,000 barrels per day. The Spanish corporation operates and owns 51 percent of the La Pampilla refinery in Peru, which has a production capacity of up to 102,000 barrels per day. It also maintains a significant presence in Brazil and, in 2026, increased its purchases of heavy crude from the Atlantic Basin (Venezuela, Colombia, Brazil, and Canada) for its refineries, replacing supplies from the Middle East. Together with Italian company Eni SpA, Repsol leads the Cardón IV project in the Gulf of Venezuela, one of the country's largest natural gas fields.

European corporations are obtaining extraordinary profits (as are U.S. companies) as a result of the ongoing conflict in the Middle East. They are positioning themselves as financially strong and profitable players in the Latin American oil sector, while pursuing strategies focused on the energy transition toward clean energy sources. Following the U.S. military extraction operation in Venezuela and the realignment of the Chavista government with the interests of the U.S. administration, European companies have signed significant agreements with PDVSA and are planning medium-term investments in the South American energy market.

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12. Competitive Advantages of Latin American Oil Production

Latin America and the Caribbean possess competitive advantages and hold significant untapped or partially explored reserves. This increases the region's geostrategic appeal, namely:

- Brazil's pre-salt fields contain highly productive offshore reserves, although they require advanced and costly technologies.
- Venezuela's Orinoco Oil Belt holds one of the world's largest reserves of heavy crude oil, whose development requires capital-intensive investment.
- Argentina's Vaca Muerta formation has significant potential, dependent on foreign investment and macroeconomic stability (with

exchange rate, inflationary, and reserve-related challenges facing the Milei administration).

- The maritime basins of the Caribbean and Guyana-Suriname represent recent discoveries that have positioned Guyana as one of the region's most dynamic emerging producers.

In 2015, ExxonMobil discovered in Guyana the first of the country's proven crude oil reserves in the deep waters of the Atlantic, estimated at 11 billion barrels. Guyana's production is expected to reach 1.2 mb/d by 2028. Both Guyana and Brazil emit lower levels of CO_2 per barrel compared with the global average. According to the International Energy Agency (IEA), Argentina ranks as the country with the world's second-largest shale gas resources and the fourth-largest shale oil resources. Meanwhile, Rystad Energy estimates that Argentina's oil production will increase from 700,000 barrels per day in 2024 to 1 mb/d in 2030.

Corporate enthusiasm and strategic calculations surround the recovery of Venezuela's oil industry, driven by agreements signed with several foreign corporations. Brazil is projected to maintain a production floor of 3 mb/d throughout this decade. In Ecuador's case, production is expected to decline, falling from 460,000 barrels per day in 2024 to 370,000 barrels per day in 2028.

LAC is naturally endowed with light crude oils (which are more valuable and easier to refine), such as those produced in Colombia and some Brazilian fields. However, the region is also naturally endowed with heavy and extra-heavy crude oils, such as Venezuela's, which require greater processing capacity and investment due to their density. The development of new projects may take between 5 and 15 years; therefore, energy investments are medium- and long-term projects within the intertemporal dynamics of the capital structure of this strategic sector, determined by: (i) geological complexity; (ii) available infrastructure; (iii) political stability; and (iv) access to financing and technology.

Among the region's main oil producers, only Venezuela and Guyana show a high dependence

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on crude oil production and exports, exceeding 20 percent of domestic production. In the other countries, oil rents account for less than 3.5 percent of domestic production, which is positive and desirable for the intelligent management of this strategic resource within a diversified economic development model.

The world's most important oil companies include Saudi Aramco (Saudi Arabia), ExxonMobil (United States), Chevron (United States), Shell (Europe), BP (Europe), PetroChina (China), Rosneft (Russia), and Petrobras (Brazil). Many of these companies operate in Latin America's energy industry, confirming the attractiveness and potential of a region where virtually all known extraction techniques are applied: conventional production, offshore operations, hydraulic fracturing (fracking), oil sands, and heavy crude oil production.

13. A Strategic Resource Contested by Global Powers

Unlike the twentieth century, when global powers used war as a continuation of politics by other means to secure direct control over strategic resources, the twenty-first century has witnessed the careful weaving of political alliances, strategic partnerships, and spheres of influence, without overlooking the particularities of national realities, which are complex, simultaneous, and multifaceted. This is taking place during a phase of redefining the terms of globalization, with the adoption of corporate reshoring and friendshoring strategies in the international movement of capital.

Under current circumstances, the United States dominates global oil production, China is the world's largest crude oil importer, Venezuela and the Middle East hold the largest proven reserves,

Russia continues to carry significant geopolitical weight, and Europe is focusing its investments on the energy transition.

Europeans retain a strong presence in the countries leading regional production through innovative energy transition strategies.

Latin American oil-producing economies have a valuable opportunity to generate domestic savings and define long-term development models. Their challenge is to reap the benefits of international trade without becoming structurally dependent on a mono-production economy, while wisely managing their diplomacy within the dynamics of international political relations. The United States' hemispheric security policy (Donroe Doctrine) has brought an end to Washington's indifference toward LAC, materializing in the Shield of the Americas, an alliance of partner countries with common interests aimed at responding to the presence of extra-regional actors and, particularly, China's dominant expansionism in the Southern Cone.

Russia's military invasion of Ukraine, the conflict in the Middle East, and the international geopolitical realignment have been decisive factors in making LAC's relative peace, hydrocarbon reserves, and competitive advantages attractive to the geoeconomic interests of global powers. Within this dynamic of international political relations, a contest of interests over influence, investment, and preferential access is emerging, accompanied by a distinct form of diplomacy.

The Russians have lost ground due to international sanctions, although they still maintain a presence in Venezuela and Bolivia. Europeans retain a strong presence in the countries leading regional production through innovative energy transition strategies. Chinese investments are moving through the Southern Cone with feline agility, and China's hegemonic competition with the United States is shaping the dynamics of regional geoeconomics. The United States is the main buyer of Latin American oil, followed by China and Europe. A masterstroke is unfolding on the continental geoeconomic chessboard: the convergence of U.S. and European interests to restore Venezuela's oil industry as quickly as possible.

The potential normalization of bilateral relations between the United States and Brazil depends on resolving trade and tariff issues. It also reveals U.S. interest in exploring Brazil's rare earth reserves and critical minerals, enhancing the South American giant's geostrategic relevance. Within regional geoeconomics, the United States is likely to move closer to Brazil, LAC's leading crude oil producer, which is both a strategic ally and a major trading partner of China.

The contest among global powers for regional crude oil as a strategic resource for their energy security is inseparable from geoeconomic interests and the dynamics of global geopolitics. This places pressure on the economic sovereignty of Latin American countries, which seek to benefit from their oil production boom and international trade as a growth strategy leading toward a desirable state of shared prosperity. Latin American elites must leverage the gains from this boom to finance development models aimed at transforming their energy mix, maintaining control over their resources, and building multilateral relationships that are both lasting and mutually beneficial.

14. Conclusions

- LAC has regained geostrategic relevance due to Russia's military invasion of Ukraine, the conflict in the Middle East, its relative peace, and its competitive advantages in crude oil production.
- Brazil has consolidated its position as the region's leading oil power, while Venezuela retains the largest reserves and Guyana has become the most dynamic emerging market.
- Among Latin America's main oil producers, only Venezuela and Guyana exhibit high structural dependence, with oil accounting for more than 20 percent of their domestic production.
- The United States is the primary destination for Latin American crude oil, followed by Asian markets (particularly China) and European markets.

- Latin America's major oil production centers are the arena for market dynamics involving U.S., Chinese, European, and Russian corporations (the latter having significantly reduced their presence).
- European corporations are positioning themselves in the LAC energy market as financially strong and profitable groups, with energy transition strategies and investments focused on clean energy.
- Global powers are engaged in a contest of geoeconomic interests for economic influence and preferential access to the Latin American energy market through diplomacy, political alliances, investments, and strategic partnerships.
- The main challenge for Latin American countries is to channel their oil boom toward long-term development and broad-based prosperity, while safeguarding economic sovereignty, pursuing beneficial multilateral relations, and advancing their own energy transition.

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