**The Geopolitical Impacts of oil production**

**IB Geography – Notes Sheet**

**International relations**: If your country depends on foreign imports of oil, it is very important that you are able to maintain good relations. This is not always possible as highlighted by the relationship between the US and Venezuela.

***Quote from The Washington Post- President Hugo Chávez threatened Sunday to cut off oil sales to the United States if Venezuela is attacked by its U.S.-allied neighbor Colombia in a dispute over allegations that Venezuela gives haven to Colombian rebels.***

***Chávez made his warning in an outdoor speech to thousands of supporters, saying, "If there is any armed aggression against Venezuela from Colombian territory or anywhere else supported by the Yankee empire, we . . . would suspend shipments of oil to the United States."***

***If carried out, such a threat would be a titanic economic blow for Chávez's government, which depends heavily on oil sales. The United States is the top buyer of oil from Venezuela, which is its fifth-biggest foreign supplier.***

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**Political instability**: Many countries that are rich in oil are politically unstable. Political instability can effect supplies and cause price increases. Libya has had recent political problems and countries like Iran and Iraq are not totally stable.

***Quote from The Daily Mail - Oil company employees and installations in the Niger Delta are frequently attacked by activists and gangs of thugs demanding compensation for land use and environmental damage caused by drilling. Although Nigeria is the world's sixth-largest oil producer, many residents of the Niger Delta live in desperate poverty - without paved roads, electricity or running water.***

***In recent years, oil companies have begun large-scale aid programs in the region, supplying millions of dollars for facilities such things as schools and clinics. Shell's joint venture with Nigeria's government and other oil companies accounts for more than half of the country's total oil production, worth more than dlrs 20 billion last year.***

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**Emissions quotas**: International agreements like Kyoto are setting greenhouse gas emission quotas. Individual regions like the EU and France are also setting targets. With targets to meet more countries are looking to invest in alternatives (renewable energy that pollutes less).

***Quote from the BBC News website - The UK is not on track to hit its climate change targets through the 2020s, government advisers have warned.The Committee on Climate Change said carbon emissions rose in 2012 by 3.5%. After the figures were adjusted for the cold weather and a greater use of coal to make electricity, emissions fell - but by 1% compared with the 3% target.***

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**Carbon tax:** If carbon taxes are introduced it will greatly increase the value of oil products, making alternatives relatively cheap and more attractive.

***Quote from IB Times - A new carbon tax in France will generate €4bn by 2016, according to Prime Minister Jean-Marc Ayrault. The ruling Socialist Party have also argued that the measure, which is to be introduced next year and applied to all fossil fuels in proportion to the emissions they generate, would raise €2.5bn (£2.1bn, $3.3) in 2015 alone.But Ayrault stressed that there will be no impact on the nation's households next year from the levy.Transport companies based in France would be exempt from the tax but industrial organisations covered by carbon quotas would have to pay the levy. The news follows President Hollande's announcement that France should aim for a 30% reduction in fossil fuel use by 2030.***

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