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### Inherency

#### Mexico ratified TBA all that remains is US implementation

Goldwyn ’13 (David L. Goldwyn, president of Goldwyn Global Strategies, LLC, an international energy advisory consultancy, and a nonresident senior fellow with the Energy Security Initiative at the Brookings Institution. David Goldwyn served as the U.S. State Department’s special envoy and coordinator for international energy affairs from 2009-2011, Neil R. Brown, Cory R. Gill, “Time to Implement the U.S.-Mexico Transboundary Hydrocarbons Agreement — Congress: Drop the Poison Pill”, http://www.brookings.edu/blogs/up-front/posts/2013/08/14-us-mexico-transboundary-hydrocarbon-goldwyn-brown-gill?rssid=LatestFromBrookings, August 14th//JG)

The United States and Mexico concluded a transboundary hydrocarbons agreement, officially titled the “Agreement between the United States and Mexico Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico,” (TBA) in February 2012. The agreement provides the United States substantial geopolitical, energy security and environmental benefits while potentially helping the U.S. oil and gas industry gain access to a huge market that may offer jobs and gains across a long value chain. The Mexican Senate ratified the agreement in April 2012. However, the U.S. Congress needs to enact implementing legislation to give the Department of Interior the authority to play its role in the agreement. This otherwise uncontroversial agreement is now at risk. After nearly a year of benign neglect from the Obama administration, legislation is now being considered to implement TBA. The TBA is a new type of international agreement, and using proven tools for considering treaties and executive agreements, Congress has an important role to play in its interpretation. Regrettably, without strong leadership and engagement from the administration or Congressional leaders, the U.S. House of Representatives included an unnecessary “poison pill” in its June 27, 2013 version of the authorizing bill. The Senate can do better

### Plan

#### The United States federal government should implement the Agreement between the United States and Mexico Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico.

### Advantage 1: The United States

#### The US economy is fragile and only surviving because of consumers

Jasinowski 7/24 (Jerry Jasinowski, an economist and author, served as President of the National Association of Manufacturers for 14 years and later The Manufacturing Institute, MA in economics from Columbia university, “A Fragile Economy”, http://www.huffingtonpost.com/jerry-jasinowski/a-fragile-economy\_b\_3643560.html)//TC

The U.S economy is beginning to resemble a house of mirrors. Look to the left and you see a sluggish economy, look to the right and you see a stock market hitting an all-time high, and look behind and you see an 800 pound gorilla -- the Federal Reserve -- sending contradictory signals about the future of its Quantitative Easing (QE) policy. What is a business CEO or a market investor to make of these different images of the economy and the investment environment? Many assumed the September Federal Reserve meeting would bring an announcement of the start of tapering of QE. That now seems unlikely because the second quarter gross national product is likely to be under 1 percent real annual growth, which follows the first quarter's squishy 1.8 percent. The third quarter growth is the subject of substantial debate with many suggesting it will be in the 2 percent range while more bullish forecasters have it bumping up to 3 percent. So what's the picture on the real economic fundamentals at this point? Export growth, new investment spending and, of course, government spending have all been slowing. In addition, manufacturing is flat because of a slowdown in export growth and a continued uncertainty of what Washington will do about budget, tax and healthcare issues. All this leaves the economy riding on the back of consumers. Consumer confidence has been healthy due to modest improvement in both housing and employment. But even some of this is now in question as recent soft housing numbers due to rising mortgage rates suggest that consumers are finally beginning to retrench -- retail sales have been weak. Turning to that real funhouse mirror -- the stock market -- it has risen 15 percent this year, driven largely by belief that economic data will improve in the second half of the year and fueled by the injection of new money into the banking system by the Fed. Between January and the start of the tapering talks in May, the stock market added $2.8 trillion in market value. However, the real U.S. economy expanded just $500 billion. Given this huge gap between the stock market and economic fundamentals, one can logically conclude that roughly three-quarters the stock market increase has been due to the Fed's QE initiative. In sum, the economy is still quite fragile and will remain soft this quarter. Given the weak condition of Europe and the slowing Chinese economy, it is highly unlikely that the Fed will significantly tighten monetary policy much before the end of 2013. In other words, markets are going to swim along on the surf of QE for the rest of this year. The fundamental economy does not at this point show any major drivers for economic growth above 2 percent. Given this huge gap between the stock market and economic fundamentals it would be wise for business leaders and investors to be cautious about betting on a strong second half of economic growth. In fact, given the potential for renewed budget confrontation in September we could see renewed economic and market volatility.

#### The plan improves the economy in the short-term – creating jobs, lowering energy prices, and generating federal revenue.

Hastings ’13 (Doc, Chairman on the Natural Resource House Committee, 5-15-13, “House Committee Approves Legislation to Approve Transboundary Hydrocarbon Agreement with Mexico”, http://naturalresources.house.gov/news/documentsingle.aspx?DocumentID=334042, accessed 6-30-13]

WASHINGTON, D.C., May 15, 2013 - Today, the House Natural Resources Committee approved H.R. 1613, the “Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act” with a bipartisan vote of 25-16. This important legislation would approve and implement the terms of the U.S. - Mexico Transboundary Hydrocarbons Agreement that governs the development of shared oil and natural gas resources along the U.S. – Mexico maritime border in the Gulf of Mexico. The bill would lift the current moratorium on drilling along the maritime border and provide new access to an area estimated to contain as much as 172 million barrels of oil and 304 billion cubic feet of natural gas. This will expand energy development, create new American jobs, lower energy prices, generate new revenue, and make America more energy secure. “Today we took another step towards embracing an all-of-the-above approach to energy that safely develops our natural resources to help achieve North American energy independence. This bipartisan bill will help lower energy costs while creating American jobs by safely opening up more than 1.5 million acres in the Gulf of Mexico for exploration and production. This is a common sense approach to work with our partners south of the border to make both countries more energy secure, while protecting our sovereignty. This legislation works out the vast majority of differences with the Obama Administration, while also ensuring that those seeking to harvest these resources have the certainty they need to move forward. I’m optimistic that this legislation will pass the House of Representatives, and continue on its path towards becoming law,” said Rep. Jeff Duncan (SC-03). “Approval of this legislation by the Committee is important to finalizing this agreement and expanding American energy production. This bill would create jobs, lower energy prices by increasing our domestic supply, generate new federal revenue to help lower the debt and strengthen our economy, and make America more energy secure by opening up new areas in the Gulf of Mexico to exploration and development. In addition, this important legislation would lay the framework for transboundary agreements with other nations that will allow America to fully utilize its shared natural energy reserves.” said Natural Resources Committee Chairman Doc Hastings (WA-04). The House Natural Resources Committee recently held an [oversight hearing](http://naturalresources.house.gov/calendar/eventsingle.aspx?EventID=330029) on H.R. 1613 where the Obama Administration and expert witnesses both voiced their support of the “Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act.”

#### The plan also resolves the long-term sustainability needs of the economy.

Quest ‘11(Quest Offshore, June 2011, “United States Gulf of Mexico Oil and Natural Gas Industry Economic Impact Analysis”, <http://www.api.org/~/media/Files/Policy/Jobs/QuestGoMEconomicAnalysis7-11-2011.pdf>)

The positive economic impacts of the offshore oil and natural gas industry investments/spending in the Gulf of Mexico are not restricted to the Gulf States or limited to the oil and natural gas industry. They are spread over a wide geographic area and ripple through many sectors of the economy, from oil and natural gas machinery manufacturers to marine and air transport services to food service providers servicing offshore operations and financial companies that provide financial services and insurance to the industry. The offshore Gulf of Mexico oil and natural gas industry is estimated to have spent $6.7 billion in 2010 outside the Gulf Coast states. This accounted for 35 percent of annual investment/spending and supported 65 thousand jobs in the non-Gulf of Mexico Coast States. The 2010 spending was 4 percent lower than in 2008 with employment 7 percent lower. In 2013, Quest projects spending in the non-Gulf States due to the offshore Gulf of Mexico activity to increase to $10.8 billion as operators invest heavily to bring forward delayed projects. This estimated 29 percent increase in spending from 2010 is projected to spur an expansion of non-Gulf State employment to 110 thousand, a 66 percent increase. While the industry remains committed to developing the natural resources located in the Gulf of Mexico, they will only be able to do so according to the speed with which offshore drilling permits are granted. Quest’s projections of domestic spending increasing by 71 percent from 2010-2013, contributions to GDP increasing by 70 percent, and employment increasing 77 percent are all predicated on the assumption of a return to historical rates of permitting. Growth of the offshore Gulf of Mexico oil and natural gas industry will be crucial for meeting U.S. energy needs over the coming decades, and for spurring job creation and economic growth. In light of the potential of the offshore oil and natural gas industry to create jobs, enhance U.S. energy security, and increase U.S. GDP, the return to normal activity in the Gulf of Mexico in a safe and environmentally responsible manner is of utmost importance to the United States.

#### US economic strength is a firewall – great power wars are impossible because of it and inevitable without it.

Gelb ’10 [Leslie. President of the Council on Foreign Relations. “GDP Now Matters more than Force” A US Foreign Policy for the Age of Economic Power, 2010. Foreign Affairs]

Today, the United States continues to be the world's power balancer of choice. It is the only regional balancer against China in Asia, Russia in eastern Europe, and Iran in the Middle East. Although Americans rarely think about this role and foreign leaders often deny it for internal political reasons, the fact is that Americans and non-Americans alike require these services. Even Russian leaders today look to Washington to check China. And Chinese leaders surely realize that they need the U.S. Navy and Air Force to guard the world's sea and trading lanes. Washington should not be embarrassed to remind others of the costs and risks of the United States' security role when it comes to economic transactions. That applies, for example, to Afghan and Iraqi decisions about contracts for their natural resources, and to Beijing on many counts. U.S. forces maintain a stable world order that decidedly benefits China's economic growth, and to date, Beijing has been getting a free ride. A NEW APPROACH In this environment, the first-tier foreign policy goals of the United States should be a strong economy and the ability to deploy effective counters to threats at the lowest possible cost. Second-tier goals, which are always more controversial, include retaining the military power to remain the world's power balancer, promoting freer trade, maintaining technological advantages (including cyberwarfare capabilities), reducing risks from various environmental and health challenges, developing alternative energy supplies, and advancing U.S. values such as democracy and human rights. Wherever possible, second-tier goals should reinforce first-tier ones: for example, it makes sense to err on the side of freer trade to help boost the economy and to invest in greater energy independence to reduce dependence on the tumultuous Middle East. But no overall approach should dictate how to pursue these goals in each and every situation. Specific applications depend on, among other things, the culture and politics of the target countries. An overarching vision helps leaders consider how to use their power to achieve their goals. This is what gives policy direction, purpose, and thrust--and this is what is often missing from U.S. policy. The organizing principle of U.S. foreign policy should be to use power to solve common problems. The good old days of being able to command others by making military or economic threats are largely gone. Even the weakest nations can resist the strongest ones or drive up the costs for submission. Now, U.S. power derives mainly from others' knowing that they cannot solve their problems without the United States and that they will have to heed U.S. interests to achieve common goals. Power by services rendered has largely replaced power by command. No matter the decline in U.S. power, most nations do not doubt that the United States is the indispensable leader in solving major international problems. This problem-solving capacity creates opportunities for U.S. leadership in everything from trade talks to military-conflict resolution to international agreements on global warming. Only Washington can help the nations bordering the South China Sea forge a formula for sharing the region's resources. Only Washington has a chance of pushing the Israelis and the Palestinians toward peace. Only Washington can bargain to increase the low value of a Chinese currency exchange . rate that disadvantages almost every nation's trade with China. But it is clear to Americans and non-Americans alike that Washington lacks the power to solve or manage difficult problems alone; the indispensable leader must work with indispensable partners. To attract the necessary partners, Washington must do the very thing that habitually afflicts U.S. leaders with political hives: compromise. This does not mean multilateralism for its own sake, nor does it mean abandoning vital national interests. The Obama administration has been criticized for softening UN economic sanctions against Iran in order to please China and Russia. Had the United States not compromised, however, it would have faced vetoes and enacted no new sanctions at all. U.S. presidents are often in a strong position to bargain while preserving essential U.S. interests, but they have to do a better job of selling such unavoidable compromises to the U.S. public. U.S. policymakers must also be patient. The weakest of nations today can resist and delay. Pressing prematurely for decisions--an unfortunate hallmark of U.S. style--results in failure, the prime enemy of power. Success breeds power, and failure breeds weakness. Even when various domestic constituencies shout for quick action, Washington's leaders must learn to buy time in order to allow for U.S. power--and the power of U.S.-led coalitions--to take effect abroad. Patience is especially valuable in the economic arena, where there are far more players than in the military and diplomatic realms. To corral all these players takes time. Military power can work quickly, like a storm; economic power grabs slowly, like the tide. It needs time to erode the shoreline, but it surely does nibble away. To be sure, U.S. presidents need to preserve the United States' core role as the world's military and diplomatic balancer--for its own sake; and because it strengthens U.S. interests in economic transactions. But economics has to be the main driver for current policy, as nations calculate power more in terms of GDP than military might**.** U.S. GDP will be the lure and the whipin the international affairs of the twenty-first century. U.S. interests abroad cannot be adequately protected or advanced without an economic reawakening at home.

#### Independently, US-Mexico economic integration prevents global recession.

Schiffer ’13 [Michael, President of the Inter-American Dialogue “A More Ambitious Agenda: A Report of the Inter-American Dialogue’s commission on Mexico-US relations.” February <http://www.thedialogue.org/PublicationFiles/IAD9042_USMexicoReportEnglishFinal.pdf>]

The first is to reinforce and deepen economic cooperation. That includes increasing the productivity and international competitiveness of both nations, opening opportunities for longterm growth and job creation, and setting the stage for further economic integration. In a world of persistent, widespread economic insecurity, the more the United States and Mexico coordinate and integrate their economies, the more ably they can compete for global markets. Their economic cooperation is more vital than ever as drivers of the global economy falter—as the European financial crisis persists, as China enters a period of slower growth, as Japan remains stalled, and as many emerging markets appear increasingly vulnerable. Among the concrete objectives the two countries should consider are development of a framework to make their shared labor markets more efficient and equitable; formation of a coherent North American energy market (which could help meet the needs of energy-poor Central America); and coordination among the United States, Mexico, and Canada in negotiations toward the Trans-Pacific Partnership (TPP).

#### Economic collapse causes global wars

Royal ‘10 director of Cooperative Threat Reduction at the U.S. Department of Defense (Jedediah, Economics of War and Peace: Economic, Legal, and Political Perspectives, pg 213-215)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent stales. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level. Pollins (20081 advances Modclski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 19SJ) that leads to uncertainty about power balances, increasing the risk of miscalculation (Fcaron. 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately. Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level. Copeland's (1996. 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Mom berg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write. The linkage, between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict lends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other (Hlomhen? & Hess. 2(102. p. X9> Economic decline has also been linked with an increase in the likelihood of terrorism (Blombcrg. Hess. & Wee ra pan a, 2004). which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DcRoucn (1995), and Blombcrg. Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force arc at least indirecti) correlated. Gelpi (1997). Miller (1999). and Kisangani and Pickering (2009) suggest that Ihe tendency towards diversionary tactics arc greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked lo an increase in the use of force. In summary, rcccni economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict al systemic, dyadic and national levels.' This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

#### The plan solves foreign oil dependence.

CFR, ’12 (Committee on Foreign Relations (John Kerry Chairman, Richard Lugar Ranking, William Danvers Staff Director, 20 other Congressional Representatives, “OIL, MEXICO, AND THE TRANSBOUNDARY AGREEMENT,” A MINORITY STAFF REPORT, December 21, 2012, http://www.gpo.gov/fdsys/pkg/CPRT-112SPRT77567/html/CPRT-112SPRT77567.htm)

The centerpiece of the TBA is the mandate to establish socalled ``unitization'' agreements by which companies licensed by the United States and Mexico's state oil company PEMEX would jointly develop oil and gas reservoirs that have been discovered to extend across the maritime boundary. In effect, unitization agreements would work similarly to more well-known production sharing agreements (PSAs), whereby companies involved will jointly develop a project in order to spread risk given that deep water developments will cost billions of dollars each. Given PEMEX's lack of experience in deep water, the most likely outcome is that IOCs licensed by the United States would operate the developments and utilize infrastructure based on the United States side of the border, which is more extensive than that of Mexico near to the area of operation. However, the United States does have an interest in PEMEX gaining expertise in operation in deep water in order to improve the integrity of potential PEMEX operated developments exclusively in Mexican territory. A key difference between the unitization agreements envisioned under the TBA and traditional PSAs is that physical barrels produced will be allocated to the legal jurisdictions of the United States and Mexico, presumably in proportion to the amount of reserves found on their respective sides of the border. The Mexican barrels, presumably, will be property of PEMEX as a state entity and the U.S. barrels will be treated under standard terms of U.S. licensing in the Gulf of Mexico. It is unlikely that, from the U.S. perspective, the TBA will meaningfully increase U.S. domestic oil production in the near term. The maritime border area is deep water and would require massive investments. Such investments are possible and should be encouraged by the U.S. government, however, it will take years to get through regulatory hurdles and normal project development needs. However, the TBA would unlock the maritime border region from moratoria, thereby offering long-term opportunities to increase U.S. domestic production. The TBA should be seen as a net positive to helping reduce U.S. dependence on imports from troublesome regions and boosting domestic economic activity, and therefore the TBA should be viewed as a benefit for U.S. energy security. Benefits of physical barrels of oil produced are potentially much greater in relative importance on the Mexican side of the border, which is experiencing decline in key fields, and that would be substantially beneficial to U.S. interests in Mexican economic growth. As discussed above, Mexico needs new oil production. Developing deep offshore production would help diversify the Mexican oil portfolio, providing economic benefit to the Mexican state whether that oil is sold for export markets or used domestically. Moreover, having IOCs working with PEMEX to boost domestic Mexican production will provide useful commercial opportunities and, importantly, boost confidence that Mexico will have significant oil available to export to the United States. As a reliable, proximate, and friendly neighbor, Mexican oil imports support U.S. energy security.

#### Dependence on oil breeds conflict – increases the incentive to go to war while short-circuiting barriers to conflict

Glaser ‘11(Professor of Political Science and International Relations Elliot School of International Affairs The George Washington University, “ Reframing Energy Security: How Oil Dependence Influences U.S. National Security,” August 2011, http://depts.washington.edu/polsadvc/Blog%20Links/Glaser\_-\_EnergySecurity-AUGUST-2011.docx,)

Oil dependence could reduce a state’s security if its access to oil is vulnerable to disruption and if oil is necessary for operating the state’s military forces. Vulnerable energy supplies can leave a state open to coercion—recognizing that it is more likely to lose a war, the state has a weaker bargaining position and is more likely to make concessions.[[1]](#footnote-1) Closely related, if war occurs the state is more likely to lose. Conflict that is influenced by this mechanism is not fundamentally over the oil;[[2]](#footnote-2) rather, when states already have incentives for conflict, the oil vulnerability influences their assessment of military capabilities and in turn the path to war. Recognizing this type of danger during the Cold War, U.S. planning to protect its sea lanes of communication with the Persian Gulf was motivated partly by the importance of insuring the steady flow of oil that was necessary to enable the United States to fight a long war against the Soviet Union in Europe. During the Second World War, Japan’s vulnerability to a U.S. oil embargo played an important role in destroying Japan’s ability to fight.[[3]](#footnote-3) This type of threat to the U.S. military capabilities is not a serious danger today because the United States does not face a major power capable of severely interrupting its access to key supplies of oil. In contrast, China does face this type of danger because its oil imports are vulnerable to disruption by the U.S. Navy. Protecting access to oil threatens other states—an access-driven security dilemma The vulnerability of a state’s access to oil supplies could reduce its security via a second, more complicated mechanism—if the state’s efforts to protect its access to oil threaten another state’s security, then this reduced security could in turn reduce the state’s own security. The danger would follow standard security-dilemma logic, but with the defense of oil supply lines replacing the standard focus on protection of territory. In the most extreme case, a state could try to solve its import vulnerability through territorial expansion. In less extreme cases, the state could deal with its vulnerability by building up military forces required to protect its access to oil, which has the unintended consequence of decreasing its adversary’s military capability and signaling that the state’s motives are malign, which decreases the adversary’s security, which leads the adversary to build up its own military forces.[[4]](#footnote-4) Just as protecting a distant ally can require a state to adopt an offensive capability, protecting access to oil can require offensive power-projection capabilities. Thus, a state’s need to protect its access to oil could create a security dilemma that would not otherwise exist. Conflict fueled by this security dilemma need not be over oil or access to oil; by damaging political relations the security dilemma could prevent the states from resolving political disputes and avoiding the escalation of crises. Here again, the United States does not currently face this type of danger; this is largely because the military status quo currently favors the United States, which relieves it from having to take provocative actions. In contrast, China’s efforts to protect its access to oil could be more provocative and generate military competition with the United States. Oil makes territory increasingly valuable In this type of case, a state places greater value on owning territory because the territory contains energy resources that are increasingly valuable. The greater value of territory can increase competition between states, because the benefits of success grow relative to the costs of competition, for example, the costs of arming. For similar reasons, the greater value of territory increases the probability that crises over territory will lead to war instead of negotiated compromises, as states are more willing to run the risks of fighting.[[5]](#footnote-5) This type of conflict is the classic resource war, which is the path by which oil is most commonly envisioned leading to conflict.[[6]](#footnote-6) We can also hypothesize that the probability of conflict is greater when territorial boundaries are contested and the political status quo is ambiguous. Because the norm of state sovereignty is now widely held, states are less likely to launch expansionist wars to take other states’ territory. However, when boundaries are not settled, states are more likely to compete to acquire territory they value and will compete harder when they value it more.[[7]](#footnote-7) In addition, unsettled boundaries increase the possibilities for boundedly rational bargaining failures that could lead to war. There are two basic paths via which a state could become involved in this type of oil conflict. The more obvious is for the state to be a claimant in the dispute and become directly involved in a territorial conflict. The second is likely more important for the United States—an alliance commitment could draw the state into a resource conflict that initially began between its ally and another state.[[8]](#footnote-8) The state would not have energy interests of its own at stake, but intervenes to protect its ally. Along this path, energy plays an important but less direct role in damaging the state’s security, because although energy interests fuel the initial conflict, they do not motivate the state’s intervention.[[9]](#footnote-9) A later section explores the possibility of conflict between China and Japan in the East China Sea, with the United States drawn in to protect Japan and consequently involved in a war with China. When a state’s economy depends heavily on oil, severe supply disruptions might do sufficiently large economic damage that the state would use military force to protect its prosperity. A state this suffers this vulnerability risks not only suffering the damage that could be inflicted by a supply disruption, which might be the by-product of unrelated domestic or international events, but also risks being coerced by an adversary. Consequently, states will want to be confident that their ability to import oil will be uninterrupted and will pursue policies to ensure secure access.

#### Dependence forces presence in the Mid East, which trades off with the Asia pivot

Krcmaric, 6/20 (Daniel, National Science Foundation Graduate Fellow and a Ph.D. candidate in Political Science at Duke University, 6/20/12, “Looking Ahead: America’s Role in the Middle East,” Global Trends 2030, http://gt2030.com/2012/06/20/looking-ahead-americas-role-in-the-middle-east/

As the United States winds down its involvement in Iraq and Afghanistan and implements a “strategic pivot” from the Middle East to Asia, it seems appropriate to take stock of America’s future role in the Middle East. The logic underlying the strategic pivot is that the dominant foreign policy issues of the coming decades—in particular, the rise of China’s economic and military power—will occur in Asia. Since the pivot is occurring in an era of defense spending cuts, the U.S. will need to reduce significantly its commitments in the Middle East if it wants to make a true strategic pivot toward Asia. While the pivot makes sense given the current and anticipated future power projection capabilities of China (and several other states in the Asia-Pacific region), it is not clear that pivoting away from the Middle East is feasible. Why not? Oil. Simply put, the health of the American economy depends in part on the stable flow of affordable oil, thus making the Middle East a strategically important region. While much of the rhetoric surrounding the pivot correctly notes that vital U.S. interests were not at stake in Iraq or Afghanistan, it obscures the fact that America’s commitment to maintaining a strong military presence in the Middle East predates these recent conflicts. Indeed, the U.S. has long sought to prevent the rise of a regional power and/or the intervention of a hostile foreign power that could potentially control the region’s oil wealth. This is especially true in the years since the 1973 OPEC oil embargo, during which oil-rich states in the Middle East have consumed an extensive share of America’s time and resources. Looking ahead, the prospect of a nuclear-armed Iran that could potentially threaten to cut off the flow of oil through the Strait of Hormuz suggests continued U.S. involvement in the region is likely. Moreover, China currently depends—and will rely even more heavily in the future—on oil imports from the Middle East. As a result, it is reasonable to expect that at least part of the coming geopolitical competition between the U.S. and China will occur in the Middle East. Given this, is the U.S. doomed to remain bogged down in the Middle East? Not necessarily. Revolutionary technological advances in hydraulic fracturing (“fracking”) and massive new discoveries of natural gas—along with improved fuel economy standards—mean America’s energy dependence on the Middle East will decrease in the following years. The magnitude of that decrease, however, is open to debate. Talk of American energy independence is popular within some circles, although more prudent analysts warn against over-optimism. While we can’t predict the future of developments in American energy, one thing seems clear: a true strategic pivot from the Middle East to Asia is possible only to the extent that the United States reduces its dependence on Middle Eastern oil.

#### Effective Asia pivot is key to solve China rise and multiple scenarios for war

Colby ‘11 (Elbridge Colby, research analyst at the Center for Naval Analyses, served as policy advisor to the Secretary of Defense’s Representative to the New START talks, expert advisor to the Congressional Strategic Posture Commission, August 10, 2011, “Why the U.S. Needs its Liberal Empire,” The Diplomat, online: http://the-diplomat.com/2011/08/10/why-us-needs-its-liberal-empire/2/?print=yes)

But the pendulum shouldn’t be allowed to swing too far toward an incautious retrenchment. For our problem hasn’t been overseas commitments and interventions as such, but the kinds of interventions. The US alliance and partnership structure, what the late William Odom called the United States’ ‘liberal empire’ that includes a substantial military presence and a willingness to use it in the defence of US and allied interests, remains a vital component of US security and global stability and prosperity. This system of voluntary and consensual cooperation under US leadership, particularly in the security realm, constitutes a formidable bloc defending the liberal international order. But, in part due to poor decision-making in Washington, this system is under strain, particularly in East Asia, where the security situation has become tenser even as the region continues to become the centre of the global economy. A nuclear North Korea’s violent behaviour threatens South Korea and Japan, as well as US forces on the peninsula; Pyongyang’s development of a road mobile Intercontinental Ballistic Missile, moreover, brings into sight the day when North Korea could threaten the United States itself with nuclear attack, a prospect that will further imperil stability in the region. More broadly, the rise of China – and especially its rapid and opaque military build-up – combined with its increasing assertiveness in regional disputes is troubling to the United States and its allies and partners across the region. Particularly relevant to the US military presence in the western Pacific is the development of Beijing’s anti-access and area denial capabilities, including the DF-21D anti-ship ballistic missile, more capable anti-ship cruise missiles, attack submarines, attack aircraft, smart mines, torpedoes, and other assets. While Beijing remains a constructive contributor on a range of matters, these capabilities will give China the growing power to deny the United States the ability to operate effectively in the western Pacific, and thus the potential to undermine the US-guaranteed security substructure that has defined littoral East Asia since World War II. Even if China says today it won’t exploit this growing capability, who can tell what tomorrow or the next day will bring? Naturally, US efforts to build up forces in the western Pacific in response to future Chinese force improvements must be coupled with efforts to engage Beijing as a responsible stakeholder; indeed, a strengthened but appropriately restrained military posture will enable rather than detract from such engagement. In short, the United States must increase its involvement in East Asia rather than decrease it. Simply maintaining the military balance in the western Pacific will, however, involve substantial investments to improve US capabilities. It will also require augmented contributions to the common defence by US allies that have long enjoyed low defence budgets under the US security umbrella. This won’t be cheap, for these requirements can’t be met simply by incremental additions to the existing posture, but will have to include advances in air, naval, space, cyber, and other expensive high-tech capabilities. Yet such efforts are vital, for East Asia represents the economic future, and its strategic developments will determine which country or countries set the international rules that shape that economic future. Conversely, US interventions in the Middle East and, to a lesser degree, in south-eastern Europe have been driven by far more ambitious and aspirational conceptions of the national interest, encompassing the proposition that failing or illiberally governed peripheral states can contribute to an instability that nurtures terrorism and impedes economic growth. Regardless of whether this proposition is true, the effort is rightly seen by the new political tide not to be worth the benefits gained. Moreover, the United States can scale (and has scaled) back nation-building plans in Iraq, Afghanistan, and the Balkans without undermining its vital interests in ensuring the free flow of oil and in preventing terrorism. The lesson to be drawn from recent years is not, then, that the United States should scale back or shun overseas commitments as such, but rather that we must be more discriminating in making and acting upon them. A total US unwillingness to intervene would pull the rug out from under the US-led structure, leaving the international system prey to disorder at the least, and at worst to chaos or dominance by others who could not be counted on to look out for US interests. We need to focus on making the right interventions, not forswearing them completely. In practice, this means a more substantial focus on East Asia and the serious security challenges there, and less emphasis on the Middle East. This isn’t to say that the United States should be unwilling to intervene in the Middle East. Rather, it is to say that our interventions there should be more tightly connected to concrete objectives such as protecting the free flow of oil from the region, preventing terrorist attacks against the United States and its allies, and forestalling or, if necessary, containing nuclear proliferation as opposed to the more idealistic aspirations to transform the region’s societies. These more concrete objectives can be better met by the more judicious and economical use of our military power. More broadly, however, it means a shift in US emphasis away from the greater Middle East toward the Asia-Pacific region, which dwarfs the former in economic and military potential and in the dynamism of its societies. The Asia-Pacific region, with its hard-charging economies and growing presence on the global stage, is where the future of the international security and economic system will be set, and it is there that Washington needs to focus its attention, especially in light of rising regional security challenges. In light of US budgetary pressures, including the hundreds of billions in ‘security’ related money to be cut as part of the debt ceiling deal, it’s doubly important that US security dollars be allocated to the most pressing tasks – shoring up the US position in the most important region of the world, the Asia-Pacific. It will also require restraint in expenditure on those challenges and regions that don’t touch so directly on the future of US security and prosperity. As Americans debate the proper US global role in the wake of the 2008 financial crisis and Iraq and Afghanistan, they would do well to direct their ire not at overseas commitments and intervention as such, but rather at those not tied to core US interests and the sustainment and adaptation of the ‘liberal empire’ that we have constructed and maintained since World War II. Defenders of our important overseas links and activities should clearly distinguish their cause from the hyperactive and barely restrained approach represented by those who, unsatisfied with seeing the United States tied down in three Middle Eastern countries, seek intervention in yet more, such as Syria. Indeed, those who refuse to scale back US interventions in the Middle East or call for still more are directly contributing to the weakening of US commitments in East Asia, given strategic developments in the region and a sharply constrained budgetary environment in Washington. We can no longer afford, either strategically or financially, to squander our power in unnecessary and ill-advised interventions and nation-building efforts. The ability and will to intervene is too important to be so wasted.

### Advantage 2: Mexico

#### Mexico oil reforms won’t pass – public demonstrations and political opposition.

Kavanagh, 9/8 (Michael, “Mexico: Public hostility threatens Pemex reforms,” Financial Times, September 8, 2013, http://www.ft.com/cms/s/0/99d3422a-13ce-11e3-9289-00144feabdc0.html#ixzz2eJttoiMw

Plans by Mexico’s president to open up its oil and gas industry to private and foreign investment have provoked calls for mass demonstrations in the country this weekend. Enrique Peña Nieto’s agenda for reforming Mexico’s nationalised energy sector is just one of a number of “transformational” reforms proposed to stimulate the country’s stalling economic growth that have provoked a backlash from his political opponents. Andrés Manuel López Obrador, the former mayor of Mexico City and a narrowly defeated presidential candidate in 2006, is among those who have vowed to oppose Mr Nieto’s unravelling of the monopoly that state-owned operator Pemex has enjoyed over country’s hydrocarbon resources for three quarters of a century. Though foreign and privately owned oil companies have welcomed the bold move, proponents and opponents of Mr Peña Nieto’s drive to reform Mexico’s energy sector still await full details of how, in practice, outsiders will be invited to partner Pemex in attempt to increase the country’s oil and gas production. Pablo Medina, Latin America oil industry analyst at consultancy Wood Mackenzie, predicts it could be well into next year before the full shape of reforms and opportunities on offer to outside companies becomes clear. “The devil is in the detail – let’s see what happens,” he says. And mounting opposition to a basket of measures – including radical changes to Mexico’s union-dominated education system and possible extension of taxes under fiscal reforms – could yet damage plans to loosen the grip of Pemex over the country’s oil and gas sector. Article 27 of Mexico’s constitution enshrines national ownership of hydrocarbons. And Mr Peña Nieto has insisted that this constitutional underpinning of the 1938 nationalisation of Mexico’s oil sector by then president Lázaro Cárdenas will remain in place. But he has also insisted that this is not incompatible with Mexico encouraging collaboration with private and foreign companies to exploit its resources.

#### The plan reverses that trend and builds momentum for reform.

CFR, ’12 (Committee on Foreign Relations (John Kerry Chairman, Richard Lugar Ranking, William Danvers Staff Director, 20 other Congressional Representatives, “OIL, MEXICO, AND THE TRANSBOUNDARY AGREEMENT,” A MINORITY STAFF REPORT, December 21, 2012, <http://www.gpo.gov/fdsys/pkg/CPRT-112SPRT77567/html/CPRT-112SPRT77567.htm>)

First, the TBA will, for the first time, allow U.S.-listed IOCs to work in partnership with PEMEX, not including service contracts. Many observers are optimistic that the TBA is the metaphorical camel's nose under the tent, paving the way to broader reform in Mexico. There is no guarantee of such an outcome, however, **failure for the U.S. to approve the TBA may put a** drag **on Mexican domestic energy reform momentum**. The TBA helps demonstrate that Mexico's oil patrimony can be protected in a joint production regime with U.S. companies. It was suggested by some senior officials that passage of the TBA could help prompt broader domestic energy reform in Mexico.

#### PEMEX collapses takes out the entire country.

Samples & Vittor ‘12(Tim R Samples and José Luis Vittor are associates in the Houston office of Hogan Lovells US LLP who focuses on transactions in Latin America, 6/21/12, “ENERGY REFORM AND THE FUTURE OF MEXICO’S OIL INDUSTRY: THE PEMEX BIDDING ROUNDS AND INTEGRATED SERVICE CONTRACTS”, <http://tjogel.org/wp-content/uploads/2012/07/Samples-Formatted_Final_June13.pdf>)

Current declines in productivity **will have** major consequences **for the Mexican government**. Pemex is Mexico’s largest taxpayer and has typically accounted for 30%–40% percent of federal government revenues.28 As one of the three largest suppliers of foreign oil to the United States, Mexico’s declining production carries consequences north of the border as well.29 B. Pemex Is Burdened by Heavy Tax Obligations to the Mexican Government Pemex does not perform well in comparison with peer companies in economic efficiency and other key indicators.30 The most difficult issue facing Pemex is its heavy tax burden.31 Historically, this tax burden routinely amounts to well over half of the company’s revenues.32 Pemex recently recorded a quarterly loss of 81 billion Mexican pesos—one of its worst quarterly results in recent years—with tax payments representing 55% of income.33 Though recent reforms have eased Pemex’s tax burden slightly, disturbing the status quo remains politically daunting.34 Additionally, Pemex employs roughly 140,000 people, a payroll which some have suggested is far too large.35 Pemex is under immense pressure to finance the Mexican government, sponsor social programs, and provide for Mexico’s energy needs—all while remaining a major employer of the Mexican people.36 In many ways, Pemex has succeeded in accomplishing these goals.37 However, the sustainability of the current model has been brought into question.38 Pemex is suffering the consequences of a prolonged strategy focused on maximizing immediate revenues for the government at the expense of research and development, new exploration, technical innovation, infrastructure spending, and capital reinvestment.39 In other words, Pemex has been focused on sustaining immediate production rather than exploration and future development. During the most bountiful years of the supergiant Cantarell field, significant investments in exploration and new development were not necessary to sustain high levels of production.40 However, sharp declines at Cantarell have exposed weaknesses in the Pemex business model.41 Pemex is hobbled by factors beyond its tax burden, such as high debt and pension liabilities, cumbersome internal governance, complicated administrative and political relationships with the federal government, the Petroleum Workers Union of Mexico (the Pemex Union), and deficiencies in capital and technology. Reversing the tide of declining production will require changes within Pemex as well as a deeper overhaul of the existing regulatory framework constraining Pemex. C. **Continued Declines Will Have Far-Reaching Consequences for Mexico** As the most important company in Mexico, a source of national pride, and a symbol of sovereignty, **Pemex’s troubles are Mexico’s troubles.** Though it is clear that declining production must be reversed, questions remain as to how Mexico will approach its production conundrum. The most immediate question facing Pemex is whether existing fields can be effectively managed to extend production and slow decline through various recovery strategies.42 In order to boost long-term production, Mexico will likely need to look to the Chicontepec Basin and to deep-sea reserves in the Gulf of Mexico.43 All of the above scenarios—and particularly the long-term solutions—require advanced technology and capital investments beyond what Pemex is currently capable of providing.44

#### Mexican collapse causes arms race and global instability

Haddick ’10 (Robert Haddick, Managing editor of the Small Wars Journal, 9/10/2010. Foreign Policy,[http://www.foreignpolicy.com/articles/2010/09/10/this\_week\_at\_war\_if\_mexico\_is\_at\_war\_does\_america\_have\_to\_win\_it](http://www.foreignpolicy.com/articles/2010/09/10/this_week_at_war_if_mexico_is_at_war_does_america_have_to_win_it" \t "_blank) SW)

Most significantly, a strengthening Mexican insurgency would very likely affect America's role in the rest of the world. An increasingly chaotic American side of the border, marked by bloody cartel wars, corrupted government and media, and a breakdown in security, would likely cause many in the United States to question the importance of military and foreign policy ventures elsewhere in the world. Should the southern border become a U.S. president's primary national security concern, nervous allies and opportunistic adversaries elsewhere in the world would no doubt adjust to a distracted and inward-looking America, with potentially disruptive arms races the result**.** Secretary Clinton has looked south and now sees an insurgency. Let's hope that the United States can apply what it has recently learned about insurgencies to stop this one from getting out of control.

#### Latin America instability causes extinction

Manwaring ‘5 (Max G., Retired U.S. Army colonel and an Adjunct Professor of International Politics at Dickinson College, venezuela’s hugo chávez, bolivarian socialism, and asymmetric warfare, October 2005, pg. PUB628.pdf)

President Chávez also understands that the process leading to state failure is the most dangerous long-term security challenge facing the global community today. The argument in general is that failing and failed state status is the breeding ground for instability, criminality, insurgency, regional conflict, and terrorism. These conditions breed massive humanitarian disasters and major refugee flows. They can host “evil” networks of all kinds, whether they involve criminal business enterprise, narco-trafficking, or some form of ideological crusade such as *Bolivarianismo.* More specifically, these conditions spawn all kinds of things people in general do not like such as murder, kidnapping, corruption, intimidation, and destruction of infrastructure. These means of coercion and persuasion can spawn further human rights violations, torture, poverty, starvation, disease, the recruitment and use of child soldiers, trafficking in women and body parts, trafficking and proliferation of conventional weapons systems and WMD, genocide, ethnic cleansing, warlordism, and criminal anarchy. At the same time, these actions are usually unconfined and spill over into regional syndromes of poverty, destabilization, and conflict.62 Peru’s *Sendero Luminoso* calls violent and destructive activities that facilitate the processes of state failure “armed propaganda.” Drug cartels operating throughout the Andean Ridge of South America and elsewhere call these activities “business incentives.” Chávez considers these actions to be steps that must be taken to bring about the political conditions necessary to establish Latin American socialism for the 21st century.63 Thus, in addition to helping to provide wider latitude to further their tactical and operational objectives, state and nonstate actors’ strategic efforts are aimed at progressively lessening a targeted regime’s credibility and capability in terms of its ability and willingness to govern and develop its national territory and society. Chávez’s intent is to focus his primary attack politically and psychologically on selected Latin American governments’ ability and right to govern. In that context, he understands that popular perceptions of corruption, disenfranchisement, poverty, and lack of upward mobility limit the right and the ability of a given regime to conduct the business of the state. Until a given populace generally perceives that its government is dealing with these and other basic issues of political, economic, and social injustice fairly and effectively, instability and the threat of subverting or destroying such a government are real.64 But failing and failed states simply do not go away. Virtually anyone can take advantage of such an unstable situation. The tendency is that the best motivated and best armed organization on the scene will control that instability. As a consequence, failing and failed states become dysfunctional states, rogue states, criminal states, narco-states, or new people’s democracies. In connection with the creation of new people’s democracies, one can rest assured that Chávez and his Bolivarian populist allies will be available to provide money, arms, and leadership at any given opportunity. And, of course, the longer dysfunctional, rogue, criminal, and narco-states and people’s democracies persist, the more they and their associated problems endanger global security, peace, and prosperity.65

### Advantage 3: The Relationship

#### US-Mexico relations are in a time of transition – Prisoner releases and NSA scandals have them on the decline.

Dallas News, 8/11 (“Drug lord’s release in DEA agent's 1985 death adds uncertainty to U.S.-Mexico relations,” By ALFREDO CORCHADO Mexico Bureau, August 11, 2013, <http://www.dallasnews.com/news/nationworld/mexico/20130811-drug-lords-release-in-dea-agent-s-1985-death-adds-uncertainty-to-u.s.-mexico-relations.ece>)

CIUDAD JUÁREZ, Mexico — The release from prison of infamous drug lord Rafael Caro Quintero comes at a time when U.S.-Mexico relations are already uncertain, as Obama administration officials await clear signs from their counterparts to define the U.S. role in Mexico’s security challenges. At stake are millions of unused U.S. federal dollars — tens of millions, funds that are part of the Mérida Initiative, U.S. aid aimed at helping Mexico deal with organized crime, which poses the greatest risk to Mexico’s stability. But the administration of President Enrique Peña Nieto of the Institutional Revolutionary Party, leery of deeper American involvement, has been reluctant to receive U.S. help, saying it continues to re-evaluate U.S. cooperation on security matters. The money may be returned to Washington in the weeks to come, officials familiar with the issue say. On Friday, Caro Quintero walked free after 28 years of prison when an appeals court, citing a technicality, overturned a 40-year sentence he was serving in the 1985 kidnapping and murder of U.S. Drug Enforcement Administration agent Enrique “Kiki” Camarena. The killing stained the U.S.-Mexico relationship for years, a low point underscored by the closing of international bridges along the border, including the one here crossing into El Paso. ‘Same old, same old’ While the two sides continue to talk about cooperation, widening lack of trust remains the biggest obstacle, law enforcement officials say. “This is an insult to every law enforcement agent, here and in Mexico,” said longtime DEA agent Phil Jordan, a Dallas resident. “It’s back to the same old, same old.” Mexico Attorney General Jesús Murillo Karam said in a written statement that he was “worried” and had been “completely caught off-guard” about the court’s decision, as did other Mexican officials, including Javier Treviño, a federal congressman and former deputy foreign minister. “This unfortunate event is very bad news for the U.S.-Mexican bilateral relations,” said Treviño, a PRI member. “This is a challenge for the two governments in the management of the security agenda. It will force the two sides to pay attention to growing law enforcement agencies’ anxiety. Cooperation should be based on trust, and trust-building is a permanent task.” Justice Department spokesman Brian Fallon said Attorney General Eric Holder is in touch with Mexican authorities to convey U.S. concerns about Caro Quintero’s release. U.S. National Security Council spokeswoman Caitlin Hayden said the U.S. is deeply concerned by the release and is working with Mexican authorities to see that those responsible for the agent’s death face justice. “We remain as committed today in seeing Quintero and others involved in this crime face justice in the United States as we were in the immediate aftermath of Kiki Camarena’s murder and will work closely with the Mexican authorities on this,” she said in prepared statement Sunday. It’s here along the U.S.-Mexico border, particularly the 1,000-mile border between Texas and Mexico, that the relationship is usually tested and defined, as it was in 1985, when the administration of Ronald Reagan ordered the border shut down, crippling the economy on both sides. Much has changed since then. Trade between both countries has boomed from $50 billion in 1989 to more than $500 billion last year. Moreover, more than 30 million Americans have family ties to Mexico. Shannon O’Neil, author of Two Nations Indivisible: Mexico, the United States, and the Road Ahead, said there also has been “much more interchange at all levels of government” and decentralization of power in Mexico, with the growing independence of the three branches of government. After the Camarena killing, “many felt the murder orders came from high up in the political establishment,” she said. “Today, so far there is no evidence that the judge’s ruling came from the upper echelon of the political establishment.” Even so, ties remain testy. For now, all eyes are on Peña Nieto to see how he handles the thorny fallout.

#### Even if political relations are stable, there’s no energy cooperation is the squo – the plan resolves short and long-term gaps in our relationship.

Brown & Meacham ’13 (Niel is a non-resident fellow at the German Marshall Fund of the United States, Carol is the director of the Americas Program at the Center for Strategic and International Studies. “Time for US-Mexico Transboundary Agreement”, 06/05/13, The Hill, http://thehill.com/opinion/op-ed/303739-time-for-us-mexico-transboundary-agreement)

Such was the concern of many in Mexico that led to an oil exploration moratorium along our maritime border. Congress should now approve a more neighborly solution. The United States-Mexico Transboundary Agreement (TBA) would enable cooperation between our two federal governments and our companies to unlock the potential for oil and natural gas reserves that extend across our Gulf of Mexico maritime boundary. Congressional approval of the TBA would enrich U.S.-Mexico relations in the near term while laying the foundation for improved energy security and enhanced environmental protection for the Gulf Coast. Bilateral relations with Mexico have improved dramatically in recent years, yet energy cooperation has lagged. Oil holds a privileged position of national pride and constitutional protection in Mexico, historically putting it off limits for domestic reform and bilateral cooperation with the U.S. The TBA is, therefore, more than just an energy agreement. Its approval by the Mexican government is a political statement opening a window to richer relations. While the area under future jurisdiction of the TBA could provide incremental domestic oil production, a far greater prize for the U.S. oil portfolio is the prospect of more reliable oil trade with our ally Mexico. The TBA would, for the first time, allow oil majors to work in joint production arrangements with PEMEX and support the confidence building necessary to enable those arrangements more widely in Mexico. That is not only good for oil major shareholders, it is good for our nation’s energy security. Even as U.S. domestic oil production increases, the sources of our imports remain critical for economic stability and national security flexibility. Recently, Mexico was supplanted by Saudi Arabia as our second largest foreign oil source after Canada. Mexican oil production has dropped by more than a quarter over the last decade, and U.S. refiners geared for heavy oil had to look elsewhere to make up the difference. Canadian heavy crude production is increasing in the country’s oil sands region, but pipeline infrastructure is insufficient. Therefore, in effect, the U.S. has had to increase imports of Middle East crudes in order to make up for shortfalls in Mexico. The TBA alone will not structurally reverse Mexico’s oil decline, but it is likely a necessary first step along that path.

#### The aff is the key issue – energy spills over to broader cooperation

**Pascual 13** (Carlos, Vice president and Director of Foreign policy, the Brookings Institution, “U.S. – Mexico Transboundary Hydrocarbon Agreement and Steps Needed for Implementation”, April 25th, 2013, http://naturalresources.house.gov/uploadedfiles/pascualtestimony04-25-13.pdf)//moxley

The Transboundary Agreement is an important step in our national efforts to better secure our energy future and at the same time promote a stronger **and long-term**   **cooperative relationship** with Mexico in meeting each country’s energy security goals. We believe the agreement would help facilitate the safe and responsible management of offshore petroleum reservoirs that straddle our maritime boundary and **strengthen overall our bilateral relations**. The Agreement would enable meaningful energy sector collaboration between the U.S. and Mexico (and in particular between U.S. operators and PEMEX). We anticipate that this collaboration under the Agreement would provide U.S. operators with the ability to demonstrate the benefits of their participation in the Mexican energy market, potentially **leading to deeper and more meaningful**   **collaboration over time.**

#### Strong US-Mexico relations are essential to stopping the spread of organized crime, drug trafficking, and violence.

**Olson ‘9** (Eric L., M.A., International Affairs, American University; B.A., History and Secondary Education, Trinity College, Associate Director of the Latin American Program at the Woodrow Wilson International Center for Scholars in Washington, as a Senior Specialist in the Department for Promotion of Good Governance at the Organization of American States, January 2009, <http://www.wilsoncenter.org/sites/default/files/The%20U.S.%20and%20Mexico.%20Towards%20a%20Strategic%20Partnership.pdf>

It is time to strengthen the U.S. relationship with Mexico. There are few countries—if any—which are as important to the United States as Mexico. We share more than just a two-thousand mile border. Our economies and societies are deeply interwoven and what happens on one side of our shared border inevitably affects the other side. As the United States seeks to redeﬁne its role in the world, it is vital to start at home, with our neighbors. **Today is a time of great opportunity in our**   **relationship with Mexico**, **but also a time of** severe challenges.While the two governments have taken important steps to limit the risk that terrorists will use the shared border as a launching pad for attacks, drug trafficking organizations have developed a lucrative and deadly cross-border trade that creates signiﬁcant vulnerabilities for both countries. Mexican drug trafficking organizations have become increasingly violent in recent years, with over ﬁve thousand deaths tied to narcotics trafficking in 2008 alone, and they have gradually penetrated the institutional framework of the Mexican state, especially local law enforcement authorities. These organizations are fueled by persistent demand in the United States: over twenty million Americans use illegal drugs each month and roughly 15 to 25 billion dollars in proﬁts from U.S. drug sales are pumped back into to the Mexican economy each year in cash and weapons. The violence and corruption wrought by drug trafficking organizations are felt particularly strongly in border communities, but the effects of the trade run deep throughout cities and towns in both countries. Policymakers in the two countries have a shared interest in working together to develop a comprehensive and bilateral approach that limits the reach of organized crime

**Unmitigated drug cartels cause nuclear terrorism.**

**Shanker ’13** (Thom, 5/30/13, New York Times, “Globalization Creates a New Worry: Enemy Convergence,” <http://atwar.blogs.nytimes.com/2013/05/30/globalization-creates-a-new-worry-enemy-convergence/?ref=drugtrafficking&_r=0>, accessed 6/29/13, MC]

**Drug cartels along America’s** southern border, whose smuggling operations **move contraband and people into the** U**nited** S**tates**, **might** come to **make common cause with terrorist or militant organizations to bring in weapons or bomb**er **makers**. “I think that’s a very possible and **very dangerous business** model, and you **have to prevent narco-businessmen crossing those streams with the terrorists**,” Admiral Stavridis said. “What the narco-confederacies **offer** are **routes**, the **trafficking capabilities** — **moving matériel and people**,” he added. “**If you can move 10 tons of cocaine into the U.S**. in a small, semi-submersible vessel, **how hard** do you think it **would be to move a w**eapon of **m**ass **d**estruction?” Although it had long been assumed that drug traffickers would not want to adopt political or militant activities for fear of bringing down even harsher American might to suppress their for-profit operations, Admiral Stavridis said that “for the right level of inducement — for the right amount of money — it could happen.” He said **there were signs** already of operatives **“with a foot in both camps, including Hezbollah**.” For example, **American law enforcement** officials have said they thwarted an Iranian**-backed plot** in 2011 **to co-opt members of a Mexican drug gang to kill the Saudi ambassador to Washington**. And the **Taliban underwrite** their **operations** in Afghanistan **via the poppy trade**. Admiral Stavridis also sketched a scenario in which a country like North Korea, seeking to attack the United States or its allies without the clear and obvious attribution of a missile launch, might contract with a smuggling ring to move a weapon into a major port somewhere in the world. Those assessments on future national security risks will be carried by Admiral Stavridis to his next job, in academia, as dean of the Fletcher School of Law and Diplomacy at Tufts University. Assessing other significant transformations to the modern way of war, Admiral Stavridis underscored the sea change in the amount and movement of information on the battlefield. “My smartphone has more communications capability, and can manage more information than the $500 million destroyer I first sailed in 1977,” he said. “And that’s by orders of magnitude.” He gave the military only a “B+” grade for its abilities to leverage the revolution of information, including the emergence of social networks, in reshaping the ways local populations interact among themselves and with their governments. Also worrisome, he said, is how **adversaries show great agility in using information against the** U**nited** S**tates and its allies**. The **future of security for** the **U**nited **S**tates **is to build up its** own physical **networks of alliances**, **coalitions and partnerships**, he said. “The 20th century was all about building walls: The Maginot Line, the Siegfried Line, the Iron Curtain, the Bamboo Curtain and the Berlin Wall — we built walls everywhere,” Admiral Stavridis said. “How did that work for us? Sixty million dead in two world wars, a continent destroyed in Europe and much of Asia destroyed, as well.” **For the 21st century**, he said, “We cannot create security with walls. You have to build bridges. **It will be all about alliances and coalitions**. And the military has to build bridges to the civilian sectors to create security.

#### Terrorism causes backlash against state actors resulting in nuclear war

Ayson 10 - Professor of Strategic Studies and Director of the Centre for Strategic Studies: New Zealand at the Victoria University of Wellington

(Robert, “After a Terrorist Nuclear Attack: Envisaging Catalytic Effects,” Studies in Conflict & Terrorism, 33.7, InformaWorld)//BB

But these two nuclear worlds—a non-state actor nuclear attack and a catastrophic interstate nuclear exchange—are not necessarily separable. It is just possible that some sort of terrorist attack, and especially an act of nuclear terrorism, could precipitate a chain of events leading to a massive exchange of nuclear weapons between two or more of the states that possess them. In this context, today’s and tomorrow’s terrorist groups might assume the place allotted during the early Cold War years to new state possessors of small nuclear arsenals who were seen as raising the risks of a catalytic nuclear war between the superpowers started by third parties. These risks were considered in the late 1950s and early 1960s as concerns grew about nuclear proliferation, the so-called n+1 problem. It may require a considerable amount of imagination to depict an especially plausible situation where an act of nuclear terrorism could lead to such a massive inter-state nuclear war. For example, in the event of a terrorist nuclear attack on the United States, it might well be wondered just how Russia and/or China could plausibly be brought into the picture, not least because they seem unlikely to be fingered as the most obvious state sponsors or encouragers of terrorist groups. They would seem far too responsible to be involved in supporting that sort of terrorist behavior that could just as easily threaten them as well. Some possibilities, however remote, do suggest themselves. For example, how might the United States react if it was thought or discovered that the fissile material used in the act of nuclear terrorism had come from Russian stocks,40 and if for some reason Moscow denied any responsibility for nuclear laxity? The correct attribution of that nuclear material to a particular country might not be a case of science fiction given the observation by Michael May et al. that while the debris resulting from a nuclear explosion would be “spread over a wide area in tiny fragments, its radioactivity makes it detectable, identifiable and collectable, and a wealth of information can be obtained from its analysis: the efficiency of the explosion, the materials used and, most important … some indication of where the nuclear material came from.”41 Alternatively, if the act of nuclear terrorism came as a complete surprise, and American officials refused to believe that a terrorist group was fully responsible (or responsible at all) suspicion would shift immediately to state possessors. Ruling out Western ally countries like the United Kingdom and France, and probably Israel and India as well, authorities in Washington would be left with a very short list consisting of North Korea, perhaps Iran if its program continues, and possibly Pakistan. But at what stage would Russia and China be definitely ruled out in this high stakes game of nuclear Cluedo? In particular, if the act of nuclear terrorism occurred against a backdrop of existing tension in Washington’s relations with Russia and/or China, and at a time when threats had already been traded between these major powers, would officials and political leaders not be tempted to assume the worst? Of course, the chances of this occurring would only seem to increase if the United States was already involved in some sort of limited armed conflict with Russia and/or China, or if they were confronting each other from a distance in a proxy war, as unlikely as these developments may seem at the present time. The reverse might well apply too: should a nuclear terrorist attack occur in Russia or China during a period of heightened tension or even limited conflict with the United States, could Moscow and Beijing resist the pressures that might rise domestically to consider the United States as a possible perpetrator or encourager of the attack? Washington’s early response to a terrorist nuclear attack on its own soil might also raise the possibility of an unwanted (and nuclear aided) confrontation with Russia and/or China. For example, in the noise and confusion during the immediate aftermath of the terrorist nuclear attack, the U.S. president might be expected to place the country’s armed forces, including its nuclear arsenal, on a higher stage of alert. In such a tense environment, when careful planning runs up against the friction of reality, it is just possible that Moscow and/or China might mistakenly read this as a sign of U.S. intentions to use force (and possibly nuclear force) against them. In that situation, the temptations to preempt such actions might grow, although it must be admitted that any preemption would probably still meet with a devastating response.

#### The plan locks in permanent technical coordination – that’s independently key to prevent oil spills.

Brown & Meacham ’13 (Niel is a non-resident fellow at the German Marshall Fund of the United States, Carol is the director of the Americas Program at the Center for Strategic and International Studies. “Time for US-Mexico Transboundary Agreement”, 06/05/13, The Hill, http://thehill.com/opinion/op-ed/303739-time-for-us-mexico-transboundary-agreement)

Regardless of TBA approval, Mexico’s PEMEX will continue its deepwater exploration near the U.S. border. With memories of Deepwater Horizon still fresh, it is worrisome that Mexico’s oil safety regulator, known as CNH, has almost no capacity to provide independent on-site inspections. All facilities operating under the TBA would be subject to U.S. inspectors with the ability to stop operations. Moreover, U.S. and Mexican regulators would work hand in hand, offering support for more systematic improvement. Given the foreign policy, energy security, and environmental benefits of the TBA signed in February 2012, it is disappointing that the Obama administration has delayed taking steps necessary for Congress to approve the agreement. That delay does not make it any less important for Congress to approve the agreement soon. Congress has a critical role in clarifying certain provisions of this international agreement. Dispute resolution mechanisms warrant particular attention. Already, it has been mistakenly argued that the TBA requires greater secrecy in payments of oil deals, encouraging an effort to exempt the agreement from the Cardin-Lugar transparency law. No such secrecy is required by the TBA, which subordinates its confidentiality rules to domestic law. The longer the TBA sits on the shelf, the more likely it will be hamstrung as a proxy for more rancorous energy disputes. Prompt Congressional activity could be a useful vote of confidence in the upcoming domestic energy sector reform in Mexico. Mexico needs new oil production from more complex fields to counterbalance its declining fields, let alone increased production. Leaders in Mexico’s two largest political parties know that under current capital and management constraints, PEMEX alone is extremely unlikely to turn Mexico’s oil and natural gas abundance into prosperity for the Mexican people. International oil majors are needed, but that will take political courage. Congressional approval of the TBA would tangibly demonstrate that the U.S. government and our companies are willing partners. That is good for Mexico and for the U.S.

#### Gulf of Mexico diversity is on the brink – any shock can be the tipping point

**Craig ‘11** (Attorneys’ Title Professor of Law and Associate Dean for Environmental Programs at Florida State University (Robin Kundis, “Legal Remedies for Deep Marine Oil Spills and Long-Term Ecological Resilience: A Match Made in Hell”, Brigham Young University Law Review, 2011, http://lawreview.byu.edu/articles/1326405133\_03craig.fin.pdf)//SDL

Ecological resilience and resilience theory acknowledge that  ecosystems are dynamic—not, as prior theories had assumed, inherently stable systems tending toward an equilibrium.142 Resilience theory recognizes that there are at least three different ways in which ecosystems experience and respond to change and perturbation—three different aspects of “resilience.”143 The first and most common understanding of resilience refers to an ecosystem’s ability to absorb change and persist in function and relationships.144 This sense of resilience refers to “the rate or speed of recovery of a  system following a shock.”145 As a practical matter in the law of natural resource management, the law tends to expect that  ecosystems will be resilient in this first sense—that is, the law  assumes that ecosystems will generally successfully absorb any  human-induced perturbations of the system. As a result, natural resources law is what I will term “first sense resilience dependence,” but that dependence reflects a truncated understanding of ecosystems’ resilience and capacity for change. Importantly, however, the second aspect of resilience theory acknowledges that ecosystems can exist in multiple states rather than stabilizing around a single equilibrium state; as a result, changes and  disturbances can “push” ecosystems over thresholds from one  ecosystem state to another.146 This second sense of resilience “assumes multiple states (or ‘regimes’) and is defined as the  magnitude of a disturbance that triggers a shift between alternative  states.”147 For example, the boreal forests of Canada can exist in at least two states with respect to spruce budworms: a “no outbreak” state “characterized by low numbers of budworm and young, fastgrowing trees,” and an “outbreak” state “characterized by high numbers of budworm and old, senescent trees.”148 The shift between the two appears to relate to an increase in canopy volume, which in turn affects bird populations and the birds’ ability to control the pest.149 Regime-shift models can also help to explain outbreaks of some human diseases.150 However, natural resources law and policy  generally do not acknowledge this second sense of resilience, and, as  a result, it generally does not incorporate mechanisms for  acknowledging, responding to, or even trying to avoid ecological  regime shifts.  Finally, resilience theory also acknowledges “the surprising and  discontinuous nature of change, such as the collapse of fish stock or the sudden outbreak of spruce budworms in forests.”151 In other words, the long-time persistence of an ecosystem (or collection of multiple ecosystems) like the Gulf of Mexico in an apparently stable, productive ecosystem state is absolutely no guarantee that humans can continue to disturb and abuse the system and expect only a gradual or linear response. As was true for the second sense of resilience, natural resource  law in general and marine resources law in particular do not deal well  with the possibility of sudden and dramatic ecosystem changes. Nevertheless, such regime shifts have been documented for a number of marine ecosystems. For example, In Jamaica, the effects of overfishing, hurricane damage, and disease have combined to destroy most corals, whose abundance has declined from more than 50 percent in the late 1970s to less than 5 percent today. A dramatic phase shift has occurred, producing a system dominated by fleshy macroalgae (more than 90 percent cover). Immediate implementation of management procedures is necessary to avoid further catastrophic damage.152 Similarly, the presence or absence of sea otters can significantly influence the structure and function of Alaskan kelp forests because the otters, when present, control sea urchin populations, allowing for more extensive coral growth.153 In some locations, moreover, “sea urchin population changes in response to sea otter predation were rapid and extreme” and could result in “short-term changes in kelp density.”154 The current law, policy, and remedy regime for offshore oil drilling effectively presumes that marine ecosystems have virtually  unlimited first-sense resilience with respect to oil spills—in crudest  terms, that restoration will always be possible, and perhaps even  through entirely natural means.155 Our experience with the last largeoil spill in U.S. waters, however, suggests otherwise.

#### Ocean biodiversity loss causes extinction

Craig ‘3 (Robin Kundis Craig, Associate Professor of Law at the Indiana University School of Law, 2003, “Taking Steps Toward Marine Wilderness Protection? Fishing and Coral Reef Marine Reserves in Florida and Hawaii” <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1289250>)

Biodiversity and ecosystem function arguments for conserving marine ecosystems also exist, just as they do for terrestrial ecosystems, but these arguments have thus far rarely been raised in political debates. For example, besides significant tourism values - the most economically valuable ecosystem service coral reefs provide, worldwide - coral reefs protect against storms and dampen other environmental fluctuations, services worth more than ten times the reefs' value for food production. n856 Waste treatment is another significant, non-extractive ecosystem function that intact coral reef ecosystems provide. n857 More generally, "ocean ecosystems play a major role in the global geochemical cycling of all the elements that represent the basic building blocks of living organisms, carbon, nitrogen, oxygen, phosphorus, and sulfur, as well as other less abundant but necessary elements." n858 In a very real and direct sense, therefore, human degradation of marine ecosystems impairs the planet's ability to support life. Maintaining biodiversity is often critical to maintaining the functions of marine ecosystems. Current evidence shows that, in general, an ecosystem's ability to keep functioning in the face of disturbance is strongly dependent on its biodiversity, "indicating that more diverse ecosystems are more stable." n859 Coral reef ecosystems are particularly dependent on their biodiversity. [\*265] Most ecologists agree that the complexity of interactions and degree of interrelatedness among component species is higher on coral reefs than in any other marine environment. This implies that the ecosystem functioning that produces the most highly valued components is also complex and that many otherwise insignificant species have strong effects on sustaining the rest of the reef system. n860 Thus, maintaining and restoring the biodiversity of marine ecosystems is critical to maintaining and restoring the ecosystem services that they provide. Non-use biodiversity values for marine ecosystems have been calculated in the wake of marine disasters, like the Exxon Valdez oil spill in Alaska. n861 Similar calculations could derive preservation values for marine wilderness. However, economic value, or economic value equivalents, should not be "the sole or even primary justification for conservation of ocean ecosystems. Ethical arguments also have considerable force and merit." n862 At the forefront of such arguments should be a recognition of how little we know about the sea - and about the actual effect of human activities on marine ecosystems. The United States has traditionally failed to protect marine ecosystems because it was difficult to detect anthropogenic harm to the oceans, but we now know that such harm is occurring - even though we are not completely sure about causation or about how to fix every problem. Ecosystems like the NWHI coral reef ecosystem should inspire lawmakers and policymakers to admit that most of the time we really do not know what we are doing to the sea and hence should be preserving marine wilderness whenever we can - especially when the United States has within its territory relatively pristine marine ecosystems that may be unique in the world. We may not know much about the sea, but we do know this much: if we kill the ocean we kill ourselves, and we will take most of the biosphere with us. The Black Sea is almost dead, n863 its once-complex and productive ecosystem almost entirely replaced by a monoculture of comb jellies, "starving out fish and dolphins, emptying fishermen's nets, and converting the web of life into brainless, wraith-like blobs of jelly." n864 More importantly, the Black Sea is not necessarily unique.

### Solvency

#### TBA solves our advantages.

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The United States and Mexico concluded a transboundary hydrocarbons agreement, officially titled the “Agreement between the United States and Mexico Concerning Transboundary Hydrocarbon Reservoirs in the Gulf of Mexico,” (TBA) in February 2012. The agreement provides the United States substantial geopolitical, energy security and environmental benefits while potentially helping the U.S. oil and gas industry gain access to a huge market that may offer jobs and gains across a long value chain. The Mexican Senate ratified the agreement in April 2012. However, the U.S. Congress needs to enact implementing legislation to give the Department of Interior the authority to play its role in the agreement. This otherwise uncontroversial agreement is now at risk. After nearly a year of benign neglect from the Obama administration, legislation is now being considered to implement TBA. The TBA is a new type of international agreement, and using proven tools for considering treaties and executive agreements, Congress has an important role to play in its interpretation. Regrettably, without strong leadership and engagement from the administration or Congressional leaders, the U.S. House of Representatives included an unnecessary “poison pill” in its June 27, 2013 version of the authorizing bill. The Senate can do better. The TBA provides a framework for joint U.S.-Mexican development of oil and natural gas reservoirs extending across their Gulf of Mexico maritime boundary. This would be a significant achievement for U.S. industry, as Mexican constitutional restrictions have prevented international oil and gas companies from operating there in most capacities for 75 years. U.S. geopolitical and energy security interests would also benefit. Lack of foreign capital, investment and expertise has made it increasingly difficult for Mexico to maintain its position as one of the largest crude exporters to the U.S. Mexican exports declined from 1.5 million barrels per day (mmbd) in 2007 to 1.0 mmbd last year. The U.S. Gulf Coast refinery infrastructure is equipped to process comparatively heavier crude grades found in Mexico, Canada and the Middle East. The U.S. has thus replaced Mexico’s de clining volumes not with growing domestic supply, but rather imports from the Middle East. Oil revenues account for more than a third of Mexico’s total government revenues. Reductions in this stream thus negatively impact Mexico’s capacity to finance programs related to expanding the rule of law, security and poverty alleviation, where implementation is important for both Mexican and U.S. security ainterests. Senior Mexican officials have indicated the transboundary agreement could provide crucial momentum to President Peña Nieto’s sweeping energy reforms proposed on August 12, 2013. Implementation would help prove that Mexico’s energy sector interests could be protected and global energy security enhanced through joint production regimes. This would substantiate arguments of Mexican officials who must convince their colleagues and the public that constitutional energy sector reforms benefit Mexico’s national interests, a contention still somewhat at odds with a powerful, decades-old Mexican narrative. If the U.S. fails to pass the transboundary agreement and signal support for reform, the Mexican government’s enthusiasm to work with the U.S. may dampen and the status quo of declining production and its associated negative impacts could continue. As one means to eventually boost production, Mexico has committed to unilaterally exploring the Gulf maritime border area. While the transboundary agreement offers an opportunity for more robust U.S.-Mexican safety review, de facto U.S. abrogation could poison the well for bilateral collaboration in this area. This may leave U.S. Gulf Coast communities vulnerable to negative environmental impacts from Mexican exploration activities. The House bill contains language that would introduce secrecy into payments made under the TBA by precluding the revenue transparency provisions of the so-called “Cardin-Lugar Amendment” (Section 1504 of the Dodd-Frank Wall Street Reform Act) from applying to TBA implementation. The Cardin-Lugar Amendment requires oil, gas, and minerals companies to publicly disclose payments to governments, a U.S. requirement that has sparked similar laws in the European Union and are[r1] now under consideration in Canada and beyond. By targeting those bipartisan, robustly supported pro-openness provisions, opponents of transparency are creating opposition to the TBA where none need be present. In raw political terms, the TBA is important but not at the top of the oil and gas industry’s priority list for Congress whereas the proponents of transparency are well-organized and gaining momentum. Even the White House announced it could not support the House bill. Given that political dynamic, some proponents of the TBA are hurting their cause by encouraging the anti-transparency provision. More importantly, the pro-secrecy exemption is not necessary on the merits. First, it has no relevance for activities on the U.S. side of the Gulf. In the U.S., royalties paid for offshore production are public knowledge. Indeed, as part of its efforts to implement the Extractive Industries Transparency Initiative (EITI), the Obama Administration has offered – and industry and civil society welcomed – to unilaterally disclose 100% of payments received by the Office of Natural Resources Revenue (ONRR) from industry for development of oil and gas concessions. ONRR receipts make up 95% of all U.S. government extractive revenues, including royalties, rents and bonuses. Second, the claim that an anti-transparency exemption is necessary to protect U.S. competitiveness on the Mexican side of the border is without foundation. Some exemption supporters claim it is necessary because Mexico could create a legal framework prohibiting payment disclosure by foreign firms. Yet the transboundary agreement provides for certain information to be kept confidential unless national laws require disclosure. Thus, the U.S. and Mexico have already reached an understanding that national governments should decide whether payments disclosure should be required. As formal negotiations for the TBA began in September 2011, Mexico acceded to this arrangement more than one year after the Cardin-Lugar Amendment became U.S. law. In other words, the TBA protects companies that will be required to disclose payments under existing U.S. law. Third, while some proponents of the exemption fear U.S. disclosure laws will render PEMEX or the Mexican Government unwilling to cooperate with U.S. firms, that Mexican leaders took the political risks necessary to pass the TBA suggests otherwise. Only a handful of companies have the technology and capital to partner with PEMEX in the deep water area under jurisdiction of the TBA, the reality of which PEMEX leaders are keenly aware as they work to diversify production sources. Within Mexico’s political leadership, it would be antithetical to President Peña Nieto’s push for more transparency and in combating corruption for him to seek less openness in the oil sector, particularly considering that PEMEX itself is not under jurisdiction of Cardin-Lugar disclosure requirements. If anything, U.S. disclosure requirements will benefit the standing of U.S. companies in Mexico by helping overcome the deep distrust they have inherited. Fourth, the TBA gives the U.S. government a veto in order to protect U.S. interests, including commercial interests. No “unitization” agreement (essentially, a joint venture between PEMEX and private companies) to develop resources under the TBA can enter into force without the Department of Interior’s approval. Therefore, any discrimination against U.S. companies can be guarded against. Finally, the exemption also overreaches in shaping the nature of not only the U.S.-Mexico Transboundary agreement, but also any future transboundary agreement. Should hydrocarbons development continue in the Arctic, future transboundary agreements with Russia or Canada may be required. Would it be in U.S. interests to facilitate revenue secrecy in Moscow? Given that the EU recently passed its own transparency measures similar to Section 1504 while Canada and Switzerland are considering similar laws, international norms regarding extractive industry transparency may be significantly different by the time agreements with Russia and Canada are negotiated. Senate Committee on Energy and Natural Resources Chairman Ron Wyden, together with Ranking Member Lisa Murkowski, have introduced implementing legislation, S.812, which offers a path to support the interests of oil companies, environmentalists, and U.S. consumers with a clean authorization. We are hopeful the Committee and full Senate will act upon S. 812. There have been bicameral and bipartisan acknowledgements of the opportunities the transboundary agreement provides the U.S. oil and gas industry, in addition to its geopolitical, energy security and environmental benefits. Congress should exorcize the poison pill so they can all be realized without further delay.

#### Action now is critical or they’ll cancel the deal.

Esenaro ‘13(Alberto Alberto is a practicing Lawyer in Mexico, Graduated from Law School of Universidad and has advised Chambers of Commerce and US Counties in relation to Mexican business, 4/7/13, “QUICK WHITE HOUSE RESPONSE COULD MEAN A FOOT IN THE DOOR IN MEXICO’S HYDROCARBONS SECTOR”, <http://mexicanlawblog.com/quick-white-house-response-could-mean-a-foot-in-the-door-in-mexicos-hydrocarbons-sector/>

A quick response by the U.S. government could mean American companies could access Mexico’s vast hydrocarbon resources, which look like they could be opening up thanks to reform proposals from Mexico’s governing Institutional Revolutionary Party (PRI). Mexico, according to an article from the smartplanet.com website and other sources, owns “**a gold mine of oil**”; however, country’s state-owned hydrocarbon monopoly Petróleos Mexicanos (PEMEX) has a heavy tax burden, and doesn’t have the infrastructure or technology needed to extract it. President Enrique Peña Nieto’s proposed reforms, while keeping PEMEX a state-owned company, would allow foreign investment and limited participation in the oil industry but would still ensure that oil would remain in Mexican hands. In April of 2012, then Secretary of State Hillary Clinton made an agreement with former president Felipe Calderón allowing joint oil exploration in the Gulf of Mexico, which would give the U.S. access to Mexico’s well-known oil riches. Interestingly, while the deal was approved with lightning speed in the Mexican Senate (where opposition to privatization is quite strong), the current Obama administration in the United States has delayed finalizing the off-shore drilling deal. According to Republican lawmakers and industry experts, a **quick response is essential and foot-dragging could have disastrous consequences for Americans interested in accessing Mexican oil**. The reason why consequences could be disastrous according to industry experts is that Mexico could very easily change its mind and call off the deal: public opinion on any foreign investment in the country’s hydrocarbons sector generally tends to be negative and politicians could very well submit to the will of the populace. Rep. Jeff Duncan (R-S.C.) spoke to The Hill recently after a House Foreign Relations committee hearing. Speaking about energy deals with Mexico, he said: “It’s time for the administration to act. All they have to do is send the enacting legislation over here and let us act on it, because we’re sitting on ‘go.’” **If action by the U.S. government is not prompt**, as mentioned above, **Mexico may cancel the deal.** Mexico, for decades, has been totally closed to foreign investments and the Transboundary Hydrocarbons Agreement, which was negotiated by Clinton and Calderón last April, offers U.S. investors a foot in the door. According to experts, if action isn’t taken by June or July of this year, Americans could very well lose the opportunity to invest in Mexico’s oil industry forever if the proposed PEMEX reforms do not go through. One of the reasons that my hinder a prompt response from the United States government is that the administration is deciding whether to consider the agreement as a treaty, which would require the approval of the Senate, or as a simple agreement, which would only need a courtesy approval in Congress. In Mexico, policy makers and industry experts understand that the election which took place last year in the U.S. is partially responsible for the delay; however, they are hoping for a speedy resolution and are said to be growing impatient. Duncan Wood, who is an energy reform advisor to the Mexican government and director of the Mexico Institute summed up the issue by saying the finalization of the deal “will be seen as a very positive step forward and will encourage the process of energy reform in Mexico. Any further **delay is risky**. **It will send exactly the wrong message**. Those people who are opposed to opening the sector in Mexico would be able to look at this and to say, ‘see, the United States all they want is access to our oil – it’s not about what’s good for Mexico.’ ”

1. For a full analysis of the when and how oil dependence leaves states vulnerable to coercion, see Rosemary A. Kelanic, “Black Gold and Blackmail: The Politics of International Oil Coercion” (PhD dissertation, University of Chicago, 2011). [↑](#footnote-ref-1)
2. For important exceptions, see Kelanic, “Black Gold and Blackmail.” [↑](#footnote-ref-2)
3. Jerome B. Cohen, *Japan’s Economy in War and Reconstruction* (Minneapolis: University of Minnesota, 1949). [↑](#footnote-ref-3)
4. On the security dilemma see Robert Jervis, “Cooperation Under the Security Dilemma,” *World Politics*, Vol. 30, No. 2 (January 1978), pp. 167-214; and Charles L. Glaser, “The Security Dilemma Revisited,” *World Politics*, Vol. 50, No. 1 (October 1997), pp. 171-201. [↑](#footnote-ref-4)
5. In terms of bargaining theory, see Robert Powell, *Bargaining in the Shadow of Power* (Princeton: Princeton University Press, 1999), Chp. 3. [↑](#footnote-ref-5)
6. For a generally skeptical analysis of the standard resource war arguments see David G. Victor, “What Resource Wars,” *The National Interest* (November/December 2007). [↑](#footnote-ref-6)
7. For related points, see Shaffer, *Energy Politics*, pp. 67-70, who identifies additional examples that I do not address, including the Spratly Islands in the South China Sea and the Arctic Circle. [↑](#footnote-ref-7)
8. Still another path is for a state to intervene in an energy-driven conflict to protect its access to oil; this is an example of how various mechanisms could overlap with each other. [↑](#footnote-ref-8)
9. This can be understood as a form of alliance entrapment; see Glenn H. Snyder, “The Security Dilemma in Alliance Politics,” *World Politics*, Vol. 36, No. 4 (July 1984), pp. 461-495. [↑](#footnote-ref-9)