



Oil Change

Oil makes the world go round, fueling our cars, planes, and the trucks that transport our brands. Prices hover around record highs, overflowing the purses of oil-producing nations. Russia faces sanctions and a likely generations-long chill from the west. This creates a commercial challenge for Europe, which purchases 49% of Russian oil and 74% of their natural gas. Oil revenues fund the Russian war machine. Which countries could replace Russia as oil and gas suppliers?



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1. Howdy Saudi

Saudi Arabia is already booming, through record oil prices and a diversification of their economy. A key question is whether Saudi will develop a closer relationship with China, their biggest customer, or stick with the west that has provided commercial and military support since 1945? Saudi's behavior also influences their Gulf neighbors and OPEC partners such as Kuwait, Bahrain and UAE.

2. Guyana = Future Qatar of South America

Tiny Guyana includes a population of 800,000. Their economy grew 43% in 2021 and is projected to grow 500% by 2030. Guyana emerged as a hotspot after Exxon Mobil discovered more than 10 billion barrels of oil and gas, transforming an impoverished Guyana economy that had been dependent on agriculture and mining. Neighboring Suriname also looks promising, with new wells estimated to generate 3-4 billion barrels.

3. Venezuela: End of Isolation?

Venezuela possesses the world's largest oil reserves. However, it has been a small player in oil exports since the Hugo Chavez revolution of 1999. This deterioration was driven by the exit of oil multinationals and lack of investment in equipment and training on oil extraction best practices. Today, a window of opportunity appears where Venezuela and the west could commence the journey to resume normalization of relations. Venezuela would benefit from a boost to their economy and the world has a viable source to replace Russian oil. This is a mid- to long-term process, as decades of distrust and decline will not be reversed overnight.

4. Iraq Comeback?

Iraq boasts the Middle East's third largest oil reserves and a population of 42 million. Iraq's post-war recovery has been slow due to safety concerns and limited investment by multinationals. Middle East oil politics is complicated, but ultimately Iraq could grasp a stronger position on the world stage.

5. USA #1

We may forget that the USA is the largest producer of petroleum products, accounting for 20 percent of global totals. Most USA oil stays in the USA, but export customers include Canada, Mexico, India, and China. Texas GDP of \$1.8 trillion is comparable to the GDP of Italy or Brasil.

Oil is a major driver of economic growth. The oil business creates employment and in good periods spurs infrastructure investment and social benefits to citizens. A spike in oil revenues can transform societies to include more expatriates across all industries. United Arab Emirates and Qatar serve as prime examples.

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