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Diriöz, A.O “**Energy Security, Politics, Markets, Peace**” Review article of 3 books:

1. Michale T. Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*, (New York: Metropolitan Books, Henry Holt and Company LLC, 2008).
2. Sanam S. Haghighi, *Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries*, (Oxford:Hart Publishing, 2007).
3. Robert L. Evans, *Fueling our Future: An Introduction to Sustainable Energy*, (Cambridge: Cambridge University Press, 2008).

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Energy products are often traded as market commodities, yet the resource extraction process and the ability of these resources accessing markets can be very often a political tool. Then the following two questions about energy immediately come to mind:

“Is Energy Security in foreign policy, a goal or an instrument/weapon?” and;

“Is Energy Conflictual or Cooperative in the arena of International Politics?”

Energy security is often a broad concept that requires an interdisciplinary approach. Among other things, it could mean both the physical security of critical energy infrastructure as well as energy supply security. While different aspects of Energy Security are provided by various scholars, all often intuitively have a view whether energy security could be source of conflict and/or cooperation.<sup>1</sup> The basic

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<sup>1</sup> Three authors below specialize in different fields, and have written books that are policy relevant in terms of assessing current concerns of energy security and broader concept of energy policy. Klare's book is more state-centric while Haghighi's focused on International Organizations (i.e. EU) and institutionalization of cooperation, and Evans' on the economics of energy supply chain and demand patterns.

- 1) Michale T. Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*, (New York: Metropolitan Books, Henry Holt and Company LLC, 2008).
- 2) Sanam S. Haghighi, *Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries*, (Oxford: Hart Publishing, 2007).

problem highlighted by many authors who treat the subject of Energy Security is on how to ensure continual access to secure and uninterrupted energy at affordable prices. And many are suggesting increased international cooperation and specifically the development of new technologies as a general solution. Yet approaches to the issue often tend to be different and look at the same problem through different lenses. And many books on the subject are policy relevant in terms of assessing current concerns of energy security and broader concept of energy policy.

Energy Security has become one of the emerging security challenges of the 21<sup>st</sup> century. The ability to have access to secure and uninterrupted energy at affordable prices is the main concern of consumer countries, while the access to secure markets is the main concern of producer countries and multinational corporations. The goal of most experts writing about energy security is to provide insight on the possible solutions on the energy problem; access to adequate amounts of energy at affordable prices. (It is worth mentioning that sometimes, authors writing on the broader topic of energy policy, also deal with the issue of adequate energy at affordable prices, but tend to treat the issue more in terms of efficiency rather than international access.) Energy literature, especially works on energy policy and public policy, are not necessarily fitting along the lines of International Relations Theories, the general concerns of the writers share some of the main highlights of IR theories as well as the general discipline of International Relations. For instance, some view energy security as a “security” issue and a geopolitical game or potential resource wars dominated by nation-states. Others see a similar problem of security access to unaltered flows at affordable prices to be best secured by corporate and intergovernmental institutionalized cooperation under free market mechanisms.

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3) Robert L. Evans, *Fueling our Future: An Introduction to Sustainable Energy*, (Cambridge U.K.: Cambridge University Press, 2008).

While a third broad category calls for Energy to be seen as a main field in and of itself, with an interdisciplinary approach to solve the technological, environmental, economic and policy problems of the energy conversion chain in general. Such approaches are sometimes referred to as a “Wells to Wheels” approach; which is often seen energy policy as an economic problem, and yet interpret the environmental problems as a concern for human security that transcends borders and thus an issue of energy security.

### **1. Energy Geopolitics in a smaller planet**

To begin with the first view on energy security as a “security” issue, geopolitics are at the center stage in a world where an increasing number of nations are competing over energy resources which are becoming scarcer.<sup>2</sup> Usually, such geopolitical games or potential resource wars are dominated by nation-states. While Multinational Companies are still very important players in the energy security arena, increasingly, non-OECD energy companies play a larger role in such energy politics, the rise of “National” Energy Companies (NECs)<sup>3</sup> suggest the growing importance of non-OECD countries posing a challenge at the nation-state level. Today, the non-OECD based NECs comprise the greatest players among companies of the international Oil and Gas markets, and are the predominant companies in Oil industry giving greater leverage to the OPEC and non-OECD countries. The New Seven Sisters as identified by the Financial Times are today the following: GAZPROM (Russia), SAUDI ARAMCO (Saudi Arabia), CNPC (China), PETROBRAS (Brazil),

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<sup>2</sup> Michael T. Klare’s “Rising Powers, Shrinking Planet: The New Geopolitics of Energy” (2008) would be an example of a realistic book laying out the geopolitical challenge of securing energy needs.

<sup>3</sup> Certain Scholars refer to these corporations as National Oil Companies. For the purpose of this essay, the broader term of energy was preferred to the narrower term of oil.

NIOC (Iran), PDVSA (Venezuela) and PETRONAS (Malaysia).<sup>4</sup> Though not always mentioned as part of the 7 largest, SOCAR (Azerbaijan) is another example of a prominent National Energy company.

The concern is about the access to diminishing resources in a more competitive environment is a cause of concern for many nation-states; particularly due to the rise of emerging powers such as China and India.

Geopolitical concerns by nation-states to the energy supply security can be seen in the case of CNOOC-UNOCAL. The bid by Chinese Oil Company, CNOOC, to acquire an American oil company, UNOCAL, was blocked by the U.S. Congress due to strategic security concerns. This affair reflects many nations' global fear of resource scarcity and the new geopolitics of energy that will likely accompany it. With scarcity, there comes the issue of the haves and the have-nots. A new international energy order is dividing countries between energy surplus countries and energy deficit countries.<sup>5</sup> This divide is further felt as, around the world, National Energy Companies of energy surplus countries, as opposed to Multinational companies, have gained strength in recent years. And this has caused a rise in "resource nationalism/ neo-mercantilism."

The major "supply" problem of energy resources is that the planet's resources are shrinking, and those remaining resources (particularly for Oil and Gas) tend to be concentrated in the Middle East, North Africa, and Central Asia. Under such conditions of geographic concentration of scarce resources, increasing scarcity will likely make the remaining resources of geostrategic significance. Needless to say that

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<sup>4</sup> Financial Times "The New Seven Sisters: Oil and Gas Giants Dwarf Western Rivals. By Carola Hoyos, 12 March 2007.

<sup>5</sup> Michale T. Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*, (New York: Metropolitan Books, Henry Holt and Company LLC, 2008). Pg. 14

climate-change challenge is only exasperating the problem. Events, such as tropical cyclones (ex:2005 Hurricane Katrina) altering the steady flow of oil is worrisome to national governments as well as energy companies and consumers.

On the “demand” side, the growing economies of emerging powers, and particularly of China and India, put further pressure on the demand for energy with a combined population over two billion people. It is interesting to observe the energy relationship between these two emerging powers. India’s tendency is rather to cooperate with China and not to enter any conflictual relationship over energy. This is a contrast to certain countries’ policy to use energy as a political tool; or to the competition over the Caspian region which is sometimes termed as “...a 21<sup>st</sup> century energy version of the imperial ‘Great Game’ of the 19<sup>th</sup> century...”<sup>6</sup>. Indeed cooperation is often a strategy that could result in a win-win situation. The zero-sum competitive scramble over the untapped African resources and for the strategic interests and rivalries in the Persian Gulf may perhaps eventually be mitigated by a culture of diplomatic cooperation in an ideal world. But it is certain that much effort and confidence-building is needed in order to establish global cooperation instead of competition. non-OECD cooperation (i.e. Shanghai Cooperation Organization) is forming over such energy politics.

Current global energy landscape is one that is coming closer to a threshold whereby the potential to be conflictual and confrontational is ever present. As things are standing today, it is unlikely that violent confrontations would occur between the major powers in the near future. However, Regional powers could be less pacific. The potential for conflict over the Strait of Hormuz is a very plausible reality. Scarcer

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<sup>6</sup> “The New Great Game” term is used by many scholars, including Peter Hopkirk, *Quest for Kim: In search of Kipling’s Great Game*, (Ann Arbor: University of Michigan Press, 2000), 269, and Lutz Kleveman, *The New Great Game: Blood and Oil in Central Asia*, (New York: Groove Press, 2003). Pg. 115

energy supplies pose such a potential for the future. Open access of the Strait of Hormuz to have unaltered supply of oil to the global market is an issue of potential stand-off between the United States and Iran.<sup>7</sup> Such events could be warning signals that energy is becoming increasingly a political tool than a market commodity and thus the global order becoming more conflict prone. As such, Energy Security is a goal to achieve and yet many countries can use it as an instrument of foreign policy.

Increased collaboration is a possible way to “avert catastrophe.” Yet collaboration in terms of state-centric cooperation requires all parties involved to be “trustworthy.” Although new technological developments are seen as key, there is no guarantee that technology would resolve the basic scarcity problem by increasing efficiency. Technology may simply buy us more time and delay the eventual conflicts. The potential competition over accessing resources of energy can be conflict prone unless the possibility of institutionalized cooperation is realized internationally. Yet such cooperation is by no means seen as automatic.

## **2. Institutionalized Energy Security**

In terms of institutionalized cooperation, even the European Union’s policy is not as monolithic when it comes to energy security. Certain writers on the legal domain of study and propose institutionalizing cooperative relations with supplying states in the Middle East, North Africa and Eurasia. Thus, focusing on International Organizations such as the European Union as a basis for legalized and institutionalized cooperation as a way to ensure energy security.<sup>8</sup> The very concept of institutionalizing the framework of multilateral international cooperation has the

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<sup>7</sup> Jason Pack and Martin Van Creveld “In the Arab Spring, Watch Turkey,” *The New York Times*, January 5, 2012.

<sup>8</sup> Sanam S. Haghighi “Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries” (Oxford: Hart Publishing 2007)

flavor of a more Liberal agenda. Ultimately establishing a legal framework to relations with neighboring states is an attempt to make the ground suitable for market forces to operate smoothly.

The complex “Eurocracy” does not facilitate the policy either. Accounts describing the EU energy policy are indeed complex and face the daunting task of assessing myriads of EU legislations, court cases, panels, EU regulations, protocols, and directives. One can very easily be lost in the process while providing the conceptual definitions of Energy security and presenting an analytical account of proposals to establish institutionalized framework of external relations.

The EU should, accordingly, develop Common Foreign and Security Policy within its institutional framework, and then through these regulations to develop cooperation with neighboring states. However, when the issue is energy security, bearing in mind projects such as the Northern Stream that allow uninterrupted access of Russian gas to Germany, effectively bypassing the countries of Central and Eastern Europe, one can hardly speak about an existing sound common policy. Hence it wouldn't be too unfair to say that European Common Foreign and Security Policy is rarely common, seldom secure, foreign to its own member states and hardly a policy. In addition to domestic and intra-EU legalities, this discordant European Energy Security should eventually establish legality of external relations with energy supplying countries.

One of the authors who have dealt extensively on Energy Security and EU legal frameworks mentions how “...in a context of growing liberalization of energy markets, the question arises of the appropriate extent of government intervention...”<sup>9</sup>. This is now more complex since there is the European Community and individual

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<sup>9</sup> Sanam S. Haghghi “Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries” (Oxford: Hart Publishing 2007) (pg3)

Member States. Such accounts for energy shows features of a political tool and of an economic good. Yet focusing on the legal framework of establishing “Market Mechanism” is sometimes portrayed as one of the best ways to achieve energy security. And as such, focusing on the facet of energy as a commodity rather than a strategic resource. As such, Energy Security is a goal to be achieved rather than an instrument of foreign policy.

The EU was actually founded on the basis of energy cooperation as the Coal and Steel were the two most important products powering European Industry, and the subsequent formation of EURATOM, showed how the attempt was there to pool together resources including energy markets. In spite of Energy being at the creation of the EU, a common energy policy, encompassing all forms of energy from coal to gas, electricity and oil, did not materialize.

Aside from the EU, there are other multilateral measures already in place, such as the World Trade Organization (WTO) and the Energy Charter Treaty (ECT). The ECT is particularly important for the trade, investment and transit of energy. In this respect, one can say that it focuses on how to provide the ground for market mechanisms to operate. However, for the ECT includes many of the main consumer states and only some of the supplying countries. While Azerbaijan, Kazakhstan, and Turkmenistan are party to the ECT, and Russia announced that it would not be a contracting party to it even though in practice the treaty was provisionally applied until 2009.<sup>10</sup> Other than Russia, Persian Gulf or Gulf Cooperation Council (GCC) countries, Iran and Algeria are only observers of the ECT. For the ECT to be a

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<sup>10</sup> Though only applying the treaty provisionally, Russia was considered a member of the Energy Charter Treaty, even though it had not ratified it; because as a signatory state, Russia was an active participant to the practical and technical work of the energy charter process. Yet its situation remained in ambiguity. The official announcement by Russia that it would not be a contracting party to the Energy Charter Treaty came in 2009. (“Energy Charter: FAQ”, Energy Charter, accessed 14 January 2012 GMT+2 , 2:10, <http://www.encharter.org/index.php?id=18>).

balanced forum of collaboration and cooperation on energy security, a more equitable proportion of supplier states should also be party to it. For this reason, it is important to have the GCC countries become party to the ECT, in order to institutionalize the cooperation with these major supplier countries.<sup>11</sup> This may also further promote energy security's potential to be cooperative rather than conflictual.

### **3. Renewable Future**

Renewable energy is often seen as a possible “way out” for the problems of energy security, ranging from supply security to the human security of fighting against the negative effects of climate change. Technologies, economics, politics and engineering of sustainable energy are important to be addressed in a multidisciplinary manner. Many scholars<sup>12</sup> writing on the renewable aspects of energy security also take energy itself as a total good rather than a geo-strategic sub-category of security studies.<sup>13</sup> The common ground in most such studies, mention the importance of multidisciplinary activity in solving the energy problem. Often then comes the need to develop a new energy cycle. Thus, in order to be sustainable, energy security is neither a political tool nor an economic good but rather a goal with its own politics, economics, environment, and engineering.

Sustainable Energy through the development of renewables have the potential to be realistic solutions, yet they tend to be long-term (from 10 to 50 years). This period of long-term is far beyond the time-frame of most politicians and decision-makers. And yet it is a period that requires strategic thinking and planning. The

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<sup>11</sup> Sanam S. Haghighi “Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries” (Oxford: Hart Publishing 2007) (pg337)

<sup>12</sup> Such as Robert L. Evans, *Fueling our Future: An Introduction to Sustainable Energy*, (Cambridge U.K.: Cambridge University Press, 2008).

<sup>13</sup> Felix Ciuta. “Conceptual Notes on Energy Security: Total or Banal Security?” *Security Dialogue*, Vol. 4, No.2, (2010): 123-144.

approaches seeing energy as a Total good and focusing on changing the energy cycles are sometimes referred to as “Wells to Wheels”<sup>14</sup> approaches. Such approaches take energy policy as an economic problem, and yet interpret the environmental problems as concerns for human security that transcends borders and thus an issue of energy security. Interestingly, only 17% of the crude oil extracted at the wells can be put into useful works at the wheels.<sup>15</sup> This is why “soft” issues of energy efficiency are as important as the “hard” issues of accessing primary resources, in energy security.

Climate change is one of the important reasons why international cooperation is imminent as no single country can tackle it on its own. Energy and the environment are interrelated because of the greenhouse gasses effects and global warming. The Intergovernmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC) that lead to the Kyoto Protocol have been important achievements in terms of international cooperation. However, there is the different balance in terms of international “politics” of climate change. While developed countries often are the leading countries in promoting environmental measures and restraints, emerging countries sometimes see such rules as impediments to their growth and development. Debates on the matter often mention the importance to have China and India become party to the Kyoto Protocol. Yet the USA did not ratify the Kyoto Protocol either. Environmental problems are transnational issues and threatening human as well as energy security, and in order to solve such problems, it is imperative to have international cooperation. Energy security is discussed from an implied concern on the security of society. The future solution involves a mix in economy, technology, and policy (domestic and foreign).

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<sup>14</sup> Robert L. Evans, *Fueling our Future: An Introduction to Sustainable Energy*, (Cambridge U.K.: Cambridge University Press, 2008). Pg.15

<sup>15</sup> Ibid.

Hence, renewables are often perceived as a possibility to increase the potential of energy to be more cooperative than conflictual since multiple disciplines and multiple countries and corporations should collaborate to resolve the energy problem.

## **Conclusion**

Given the different insights on how to address energy security, the problem on how to ensure continual access to secure and uninterrupted energy at affordable prices is an important issue for policy makers. Increased international cooperation and especially development of new technologies are seen as a general solution to energy security.

In sum, one needs to take a broad view of energy policy, geopolitics, and sustainable energy when considering the potential of energy to be conflictual or cooperative. A comprehensive understanding about Energy Security through different domains of study would allow one to shift between domains of study to have a general understanding of energy challenges, which is important both at a conceptual and at a policy relevant level. Overall, energy has the potential to be both conflictual and cooperative, depending on the context and on the way the different actors decide to approach the general, as well as the particular situation. For instance, the recent stand-off between the United States and Iran over the Strait of Hormuz, is an example how energy security could be conflictual, or how threats could be made to important “Choke Points.”<sup>16</sup> On the other hand, the ongoing processes of cooperation within institutions such as the Energy Charter Treaty or the International Energy Agency may provide the necessary frameworks to appease potential conflicts and foster

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<sup>16</sup> Two Recent article on the potential stand-off between the USA and Iran over the Strait of Hormuz: Elisabeth Bumiller and Thom Shanker, “Obama Puts His Stamp on Strategy for a Leaner Military,” *The New York Times*, January 5, 2012, and Jason Pack and Martin Van Creveld “In the Arab Spring, Watch Turkey,” *The New York Times*, January 5, 2012.

cooperative goals. Furthermore, there is a general consensus on the importance to have international cooperation for security issues concerning environmental safety and climate change. Yet sometimes consensus is not enough to promote further action by countries. International leadership from the top and grassroots movements at the bottom are both essential in that regard. While ideally Energy Security in its different dimensions should be a goal to be achieved in foreign policy, it is very often used as an instrument of foreign policy and thereby making the possibility of cooperation more difficult.