

## Energy Security, Politics, Markets, Peace

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### 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, 352pp., USD 7.99, paper.)
  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, xvii + 510pp., USD 148.00, hardcover).
  3. Robert L. Evans, *Fueling our Future: An Introduction to Sustainable Energy* (Cambridge: Cambridge University Press, 2008, x+192pp, USD 30.95, paper.)
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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?

Three books published in recent years, give insight on 3 different aspect of Energy Security. These books would be useful in addressing the above questions from different perspectives. These are Michale T. Klare's *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*<sup>1</sup>; Sanam S. Haghighi's *Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries*<sup>2</sup>, and Robert L. Evans' *Fueling our Future: An Introduction to Sustainable Energy*.<sup>3</sup> The basic problem highlighted by all the authors is on how to ensure continual access to secure and uninterrupted energy at affordable prices. While all of the books are suggesting increased international cooperation and specifically the development of new technologies as a general solution, the authors' points of view are very different and look at the same problem through different lenses. All three

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<sup>1</sup> Michale T. Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy* (New York: Metropolitan Books, Henry Holt and Company LLC, 2008).

<sup>2</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).

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

authors have academic backgrounds and yet 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.

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.) And yet the approach to energy security is very different according to the point of view of the author. While the energy literature, especially works on energy policy and public policy, are not necessarily fitting along the lines of International Relations Theories' main views, the general concerns of the writers share some of the main highlights of IR theories. 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. 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. "Rising Powers, Shrinking Planet"

Michael T. Klare's *Rising Powers, Shrinking Planet: The New Geopolitics of Energy* would be a realistic book laying out the geopolitical challenge of securing energy needs. As the title suggests, the concern is about the access to diminishing resources in a more competitive environment; particularly due to the rise of emerging powers such as China and India. Michael Klare, focuses on the Geopolitics in Energy Security.

Klare's book begins with the case of CNOOC-UNOCAL case. 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 "offered the first window into the global fear of resource scarcity and the new geopolitics of energy that will likely accompany it" (p. 6). A new international energy order is dividing countries between energy surplus countries and energy deficit countries. (p. 14) Klare subsequently mentions how 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" (p. 23).

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 concen-

trated in the Middle East, North Africa, and Central Asia. Klare identifies how increasing scarcity will make the remaining resources of geostrategic significance. Furthermore, that the 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 (p. 59).

On the “demand” side, the growing economies of emerging powers, and particularly of China and India, put further pressure on the demand for energy. The author uses the term “Chindia” to highlight how much the potential for consumption is with a combined population over two billion people. But also the term alludes to India’s tendency to cooperate with China rather than to fight (p. 83).

On the following chapters, Klare assesses different regions such as Russia’s policy to use energy as a political tool under Putin’s rule (ch. 4); the competition over the Caspian region (ch. 5) which is sometimes termed as “...a 21<sup>st</sup> century energy version of the imperial ‘Great Game’ of the 19th century...” (p. 115)<sup>4</sup>; the scramble over the untapped African resources (ch. 6); and for the strategic interests and rivalries in the Persian Gulf (ch. 7).

Klare evaluates the current trend in global energy landscape as one that is coming closer to a threshold whereby if the line is crossed, armed conflict and even Great Power confrontation may occur (p. 210). Though Klare acknowledge that as things are standing today, it is unlikely that violent confrontations would occur in the near future, but ever scarcer energy supplies pose such a potential for the future. Klare indicates that there are already proto-blocs (Shanghai Cooperation Organization on one hand, and USA-Japan lead one on the other) forming over such energy politics (p. 228).

The aspect dominant in Klare’s account is one of competition over scarce resources potentially begin cause of conflict. Consequently, the author is warning about energy 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. While Klare warns about the dangers of competing over depleting resources he does suggest increased collaboration as a way to “avert catastrophe.” (Chapter 9). Yet the collaboration in Klare’s conclusion is a state-centric partnership (such as between the United States and China – (p. 244). Hence, although new technological developments are seen as key, the author’s point of view is closer to a state-centric alliance focusing on coalition building (particularly among consumer states to lessen dependency on producer states). While acknowledging the necessity for states to cooperate, Klare spends much time warning about the potential on how competition over accessing resources of energy could be conflict prone. Klare does not preclude the possibility of institutionalized cooperation, yet does not see it as automatic. Rather has an outlook that assesses the possibility of alliance formation among countries or blocs. Klare’s scope is also a global scope, and writing such a book is as such a daunting task.

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<sup>4</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).

## 2. “Energy Security”

Sanam S. Haghighi’s *Energy Security: The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries* provides an overview of the challenges facing the EU and proposes a triangulation of economics, politics and development. Haghighi’s work is mainly a legal domain of study and proposes institutionalizing cooperative relations with supplying states in the Middle East, North Africa and Eurasia. Thus, Haghighi focuses more on International Organizations such as the European Union as a basis for legalized and institutionalized cooperation as a way to ensure energy security. The very concept of institutionalizing the framework of multilateral international cooperation has the flavor of a more Liberal agenda. While the triangulation gives much importance to politics, 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 EU should, accordingly, develop Common Foreign and Security Policy within its institutional framework, and then through these regulations to develop cooperation with neighboring states.

Sanam S. Haghighi examines the energy security of the European Union from a legal perspective, but goes further by describing the EU energy policy. Indeed she provides a complex and thorough account. The author successfully manages the daunting task of assessing myriads of EU legislations, court cases, panels, EU regulations, protocols, and directives, while providing the conceptual definitions of Energy security and presenting an analytical account of proposals to establish institutionalized framework of external relations.

Though it is mainly a text focused on legal perspectives, its ultimate subject matter is to establish legality of external relations with energy supplying countries. Haghighi mentions how “...in a context of growing liberalization of energy markets, the question arises of the appropriate extent of government intervention...” (p. 3). She immediately highlights how this is now more complex since there is the European Community and individual Member States.

Haghighi’s domain of study, accounts for energy shows features of a political tool and of an economic good. Yet the writer focuses on the legal framework of establishing “Market Mechanism” as best way to achieve energy security. Although there is ample discussion of European Common Foreign and Security policy as to what is lacking, what it ought to be and how its legal basis should be, the economic and development focus suggests an economic outlook slightly outweighing politics. 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. Yet “Overall, a common energy policy, encompassing all forms of energy from coal to gas, electricity and oil, did not materialize.” (p. 4).

The first chapter defines energy security and assesses the factors in guaranteeing energy supply security. A practical definition of energy security adopted in this text is “adequacy of energy supply at a reasonable price” (p. 14). The following chapter deals with a historical overview of the energy industry and the concept of energy security since the origins of the EU. While the third and fourth chapters examine existing EU setup to deal

with energy in foreign policy. The fourth chapter especially discusses a series of Green and White Papers of the Commission such as “The 2006 Green Paper on a European Strategy for Sustainable, Competitive and Secure Energy” (pp. 171-177). The fifth chapter looks at the multilateral measures already in place, such as the World Trade Organization (WTO) and the Energy Charter Treaty (ECT). The author particularly mentions the importance of the ECT for the trade, investment and transit of energy. In this respect it focuses on how to provide the ground for market mechanisms to operate. Haghighi, further mentions in a very fittingly way, that while Azerbaijan, Kazakhstan, and Turkmenistan are party to the ECT, and Russia is signatory (and applied the treaty provisionally until 2009)<sup>5</sup>, the Persian Gulf or Gulf Cooperation Council (GCC) countries, Iran and Algeria are only observers. Appropriately, the author mentions how important it is to have the GCC countries become party to the ECT, in order to institutionalize the cooperation with these supplier countries (p. 337). Hence, in this extremely tedious and well documented text, it is well highlighted that the Persian Gulf countries are important to have on board the ECT. The remaining two chapters discuss the relations with Russia, Mediterranean and Persian Gulf countries in detail, as well as how the policy Development Cooperation is a missing piece in the Economic-Politic-Development triangulation.

In this study, Haghighi, attempts to address in a mainly legal scholarship, the external level security to guarantee EU energy Security. The author claims that it is equally important to address three issues, a triangulation of economics-politics-development, for the 27 member state EU to establish a common energy security framework. First a framework of economic relations with energy-supplying countries should be established. Then the EU member states should establish a common foreign policy towards energy-supplying countries. Aside from Russia, the importance of Mediterranean countries (mostly Middle East and North Africa), and cooperation with countries of the Persian Gulf are given particular attention. Overall, her approach to energy is that it has more potential to be cooperative rather than focusing on its conflictual facet.

Haghighi’s work is on a more regional perspective and as such is examining the relations between EU countries and mostly neighboring countries. From a regional lens, however, one of the relatively surprising aspects in Haghighi’s account from our perspective is how little Turkey is mentioned. As an important partner of the EU in terms of Energy Security, as well as a country which has a Customs Union with the EU, Turkey is mentioned a few times (such as pp. 328: 321-339), and alluded a few more times in the examples of relations with transit countries, and possibilities of new pipelines. And yet, as an EU candidate that is involved with so many of the energy projects, more attention could have been given on the legal framework of the relationship with Turkey. As it stands, Turkey is not only a transit country but is a big consumer market itself, and issues about the quantities of the

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<sup>5</sup> When Haghighi had published her book in 2007, 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 in 2009 that it would not be a contracting party to the Energy Charter Treaty came two years after the publication of Haghighi’s book in 2007. (“Energy Charter: FAQ”, Energy Charter, accessed 14 January 2012 GMT+2 , 2:10, <http://www.encharter.org/index.php?id=18>).

gas to be transited or to be fed to the Turkish market often come to the forefront. The author could have paid a little more attention to such cases.

### 3. “Fueling Our Future”

Robert L. Evans’ *Fueling our Future: An Introduction to Sustainable Energy* draws attention to the need to change the existing energy cycles. Evans, as a Professor of “Clean Energy Research,” provides a concise account about sustainable energy, and energy cycles. With his engineering background, he provides a multi-disciplinary yet succinct account that goes beyond the economics, politics or engineering of sustainable energy. The book is accompanied with schematic diagrams giving “snapshots” of different energy chain and conversion concepts. Evans also takes energy itself as a total good rather than a geo-strategic sub-category of security studies<sup>6</sup> and mentions the multidisciplinary activity in solving the energy problem. He focuses on the need to develop a new energy cycle. Thus, energy security is neither a political tool nor an economic good but rather a goal with its own politics, economics, environment, and engineering. However, the emphasis is more on the economics of energy supply chain and demand patterns. He particularly stresses that the solutions tend to be long-term from 10 to 50 years, which is far beyond the time-frame of most politicians and decision-makers. And yet it is a period that requires strategic thinking and planning (p. 8). His “Wells to Wheels” approach takes energy policy as an economic problem, and yet interprets the environmental problems as concerns for human security that transcends borders and thus an issue of energy security. (He sees as concern according to the worst case scenarios of climate change, but mentions that it could be beneficial to some in the optimistic scenarios about climate change).

After the introduction chapter 2 starts with the concept of the energy conversion chain; claiming that there are only three forms of primary energy. Namely; Fossil Fuels, Nuclear Energy, and Renewable Energy. Electricity, refined petroleum products, and natural gas, are energy carriers (p. 12). The concept of energy density and difficulty of storing energy are also discussed in this chapter. Interestingly, only 17% of the crude oil extracted at the wells can be put into useful works at the wheels (p. 15). This is why “soft” issues of energy efficiency are as important as the “hard” issues of accessing primary resources, in energy security. The following chapters make a good debate about energy and the environment in which the basics of the greenhouse effects and global warming are laid out. Then, Evans provides an account of the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC) that lead to the Kyoto Protocol. Evans account about the international “politics” of climate change, highlights the importance to have China and India become party to the Kyoto Protocol while the USA itself did not ratify it (p. 31). These sections see environmental problems as transnational 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.

<sup>6</sup> Felix Ciuta, “Conceptual Notes on Energy Security: Total or Banal Security?” *Security Dialogue* 4 (2010): 123-144.



The remaining chapters are on energy economics, particularly on the supply and demand sides of energy. It is well illustrated how most energy consumption is apparently not from transportation (25% of it) but from commercial, residential industries. Evans underlines that most of the pressure is coming from emerging economies (developing countries) such as China and India, and that World energy consumption is presumable going to double in just 12 years (pp. 40-42). These are projected to remain approximately in the same mix at least until 2030, and proven recoverable reserves are mostly in the Middle East. Non-conventional fossil fuels (ex: oil shale, clean coal); the Renewable Energy sources (ex: Solar, Wind, Biomass, etc.), Nuclear Power, and the possibility of fuel switching, particularly from petroleum to electricity are discussed in further detail in chapters 6-9.

There is a particular section addressing public acceptance of nuclear power (pp. 135-138). One particular shortcoming of this text is that it has discussed very little about the negative externalities of large scale hydro-electrical dams, as well as smaller scale hydro-power. Due to the alleged damage to the natural environment, hydroelectric projects have been an issue of much protest in Turkey. On the other hand, the book does mention that similar protests occurred in Europe over Wind power; which is rapidly developing in Turkey.

Evans suggests that the future solution involves a mix in economy, technology, and policy (domestic and foreign) (p. 165). Although his book mentions the importance of sustainable energy, global warming is questioned. Evans claims that if there is little increase in temperature (optimistic scenario), it would hurt some countries while benefiting others such as Canada and Russia. The conclusion of the book foresees a future where a Renewable and Nuclear energy would equally dominate the energy mix in the first scenario, and "clean coal" dominating it in the second scenario. It would have been peculiar to find such conclusions by an author who were an ardent environmentalist. But the realistic approach of Evans is energy-centric rather than state-centric, economic-centric, ecology-centric. Hence, the implicit view perceived is that energy has more potential to be cooperative than conflictual since multiple disciplines and multiple countries and corporations should collaborate to resolve the energy problem.

#### 4. Conclusion

In sum, the three texts offer a broad view of energy policy, geopolitics, and sustainable energy. The three of them together would provide readers a comprehensive understanding about Energy Security. The different domains of study of the authors, would allow a reader of the three texts 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. Klare's book was more state-centric while Haghghi's was more focused on International Organizations (such as the EU) and the institutionalization of cooperation, while Evans' book was focusing on the economics of energy supply chain and demand patterns. 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>7</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 cooperative goals. Furthermore, all three authors agree on the importance to have international cooperation for security issues concerning environmental safety and climate change.

Given the different insights of the three books on how to address energy security the all three authors addressed the problem on how to ensure continual access to secure and uninterrupted energy at affordable prices. The authors are suggesting increased international cooperation and especially development of new technologies as a general solution to energy security. Their points of view are very different and look at the same problem through different lenses. All three books are policy relevant in terms of assessing concerns of energy security in foreign policy and on how to address the broader concept of energy policy.

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<sup>7</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.