Energy Insecurity and geopolitical tensions

To become energy secure a country must:

1. Make use of domestic sources of energy
2. Reduce fossil fuel use and increase renewable sources
3. Guarantee imported energy from reliable and stable supplies

Imported Energy

- There are producers and consumers of oil and gas
- Producers can form groups such as OPEC to use their resources as bargaining tools.
- Many have attempted to reduce OPEC’s success by persuading oil producers not to join.
- Indonesia has been persuaded to leave the organisation.

Oil and Conflict

- The Middle East has 83% of the world’s known oil reserves
- In 2003, the Allied invasion and occupation of Iraq, which has the world’s 2nd largest oil reserves may be because consumers wanted to ensure the reliability of their supplies
- Oil was a driving force in armed conflict in the gulf region:
  - The Iran-Iraq war of 1980-88
  - Iraq’s invasion of Kuwait in 1990
  - The international operation to restore Kuwaiti sovereignty (the 1st Gulf War)
- In Africa, many consumers such as China want to secure their oil with economic aid and military protection
- Relations between USA and Venezuela were strained after left-wing president Chavez was elected in 1998. He threatened to stop selling crude oil to the USA and supplied oil instead to Cuba and China.
- Since the end of the Cold War in 1990 much of the conflict in the world is oil related

CASE STUDY: India and China

- India’s need for energy has growth because of
  - High economic growth rates
  - Lack of energy-efficient technologies
  - Reliance on heavy industry
  - Growing car ownership
  - Widespread cases of power being stolen from the system
  - Power shortages and blackouts are a problem
- In 2005 the prime minister noticed that China was ahead in energy planning
- Oil imports are 2/3 of India’s consumption, but only 1/3 of China’s
- India has 5 billion barrels of oil reserves, whereas China has 18 billion barrels
- India’s Oil and Natural Gas Company invested in $3.5 billion in overseas exploration
- The China National Petroleum Corporation made overseas investments of $40 billion
- India will have to rely on oil and gas
- ONGC has invested in offshore gas fields in Vietnam, as well as energy projects in Africa