
THE CONNECTION BETWEEN GEOPOLITICS-PETROL POLITICS- GEO-ECONOMICS

Ioana Panagoret, Assist. Prof., PhD, "Valahia" University of Târgoviște

Abstract: After World War II, the most important sources of energy on which economic development was based were petrol, natural gas and other hydrocarbons, these becoming an efficient geopolitical weapon. Due to the fact that the allocation of world resources and reserves is not homogeneous and is concentrated in 128 petrol areas, especially in the area of Eurasia, this became a real chessboard on which the battle for world supremacy unfolds. Also, the Russian Federation is the biggest producer of natural gases and the dependence of the European Union, China, India, Japan and the United States on this source of energy created for Russia an important geo-strategic and geo-economic advantage, which Kremlin exploits at maximum. Thus, in the panoply of geopolitics- petrol politics- geo-economics, the economy of petrol plays a role of major importance, influencing the complexity of international relations, world economy and the world's course at the beginning of the 21st century.

Key words: *geopolitics, petrol politics, economics, sources of energy.*

Considered to be a source of wealth and power of the states, natural resources are regularly a source of international conflicts, their role being shaped by the presence in certain territories over which states try to impose control, by the functioning of the economy and not least by the fact that they are unevenly distributed across the planet. All of these taken into consideration, the trade with natural resources is extremely profitable, it creates extra richness and is quite politicized, so that it can create market imperfections such as monopoly, oligopoly and price manipulation.

Of the total number of natural resources needed by states, energy (fuel) resources play an essential role because of the fact that they activate industrial economies of the world. Although all forms of energy are exported at international level, the most important and cheapest to transport over long distances is oil, it owing a 40% share of the world's energy and 90% of transport fuels. Currently, the distribution of oil reserves and global resources are estimated at 3 billion barrels of which 24% were extracted starting with the nineteenth century, 29% are in economic exploitation and 47% are located in inaccessible areas or require complex technologies of extraction and at very high prices.

After World War II, oil became the world's first energy source and the economic development of industrialized countries relied primarily on this resource which has now become not only a security problem but also an efficient geopolitical weapon. Of course, when referring to petrol, one also includes the resources of natural gases which represent a second energy source of the world, as well as other hydrocarbons (shale and tar sands).

As oil certainly dominates world geopolitics since the 1970s, the issue of oil is complex and, in this paper, one will refer to the distribution of oil reserves in the world, the relationship between producer and consumer, the price evolution and the complex relationships between power centers (large consumers) and oil countries (large producers / exporters).

In the international economy the most important cartel is the Organization of Petroleum Exporting Countries (OPEC) in which the Member States (Algeria, Angola, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela) control approximately 60% of the global oil transactions, which allows them to hold a monopoly on oil production but also to influence its price. Thus, several times a year OPEC holds negotiations in order to set production quotas for each state and to maintain the global oil prices at the level of the preset limits. As global policy on energy revolves around the oil in the Middle East, its share in global reserves being of 60%, one can say with certainty that this region plays an important role in the geopolitics architecture of the world. Thus, the 1990 invasion of Kuwait by Iraq meant the threat of the West access to cheap and stable oil reserves and the world prices rose, doubling the previous price. The abrupt ceasing of exports from Kuwait and Iraq as a result of UN sanctions against Iraq invasion was compensated by the Saudi Arabia which has been able to grow their exports, and when these exports reached the level that could not be disturbed, oil prices registered a fall gain worldwide. Thus, due to the West's dependence on imported energy from the Middle East and other regions of the Third World, the energy is not only an important economic sector on which depend all industries but it is also a sector quite sensitive from a political point view. At the beginning of the twentieth century, Britain and other European countries, in order to secure their oil sources from the Middle East, colonized this area dividing the territory in protectorates maintaining and supporting the local monarchs on thrones and the US, between 1920-1960, exerted a strong influence in the area, local leaders strongly depending on the expertise and capital investments of American and European companies.

Although, after World War II, Britain dropped from colonial claims in this area, Western oil companies have continued to produce cheap oil for the consumption of the Westerners. Also, in 1973, during the Arab-Israeli war, the Arab oil-producing countries punished the US for having supported Israel and have reduced the volume of oil export to the United States. Understanding its potential and the price which people were willing to pay for oil, OPEC has made global oil prices to greatly increase and, after the war, agreed to limit oil production so as the oil price remained high.

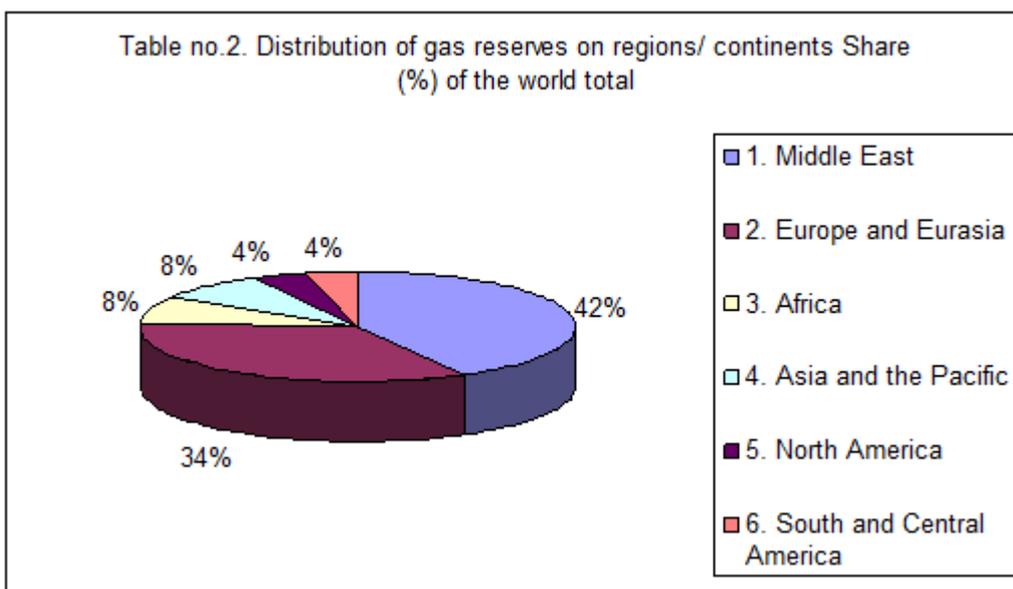
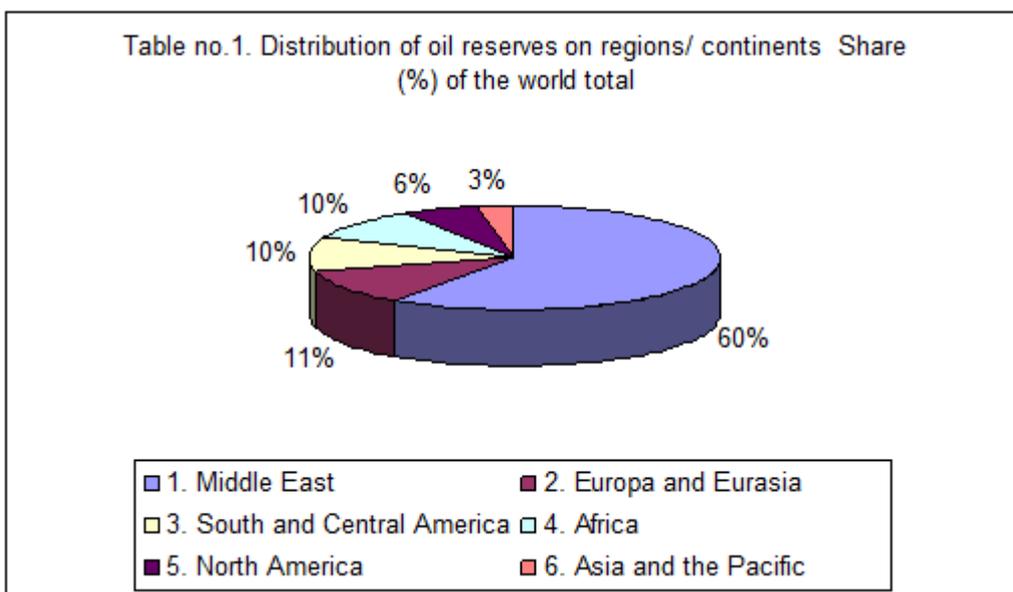
The effect of the 1973 oil shock on the economy and world politics resulted in the accumulation of huge amounts of foreign exchange (the so-called petrodollars) in treasuries of the Middle East states, which in turn have invested worldwide. Thus, for years, the United States and Europe were tormented by high inflation and the addition of the disaster in Vietnam marked the decline of American power and, why not, raising the Third World.

The second oil shock was produced in 1979 by the revolution in Iran which led to another major increase in oil prices and further weakened industrial economies, which were anyway in course of adapting to new realities displayed by the energy policy of the world. This new increase in oil prices has led to the expansion of oil production in other regions outside OPEC, namely the North Sea (UK and Norway), Alaska, Angola, Russia and others. Thus, in the middle of the 1980s, the oil price reaches the lowest share of world oil trade, i.e. below \$ 20 a barrel and OPEC power is much diminished. Also industrialized economies have learned to be more efficient and, although the industrial West has become less dependent on

the Middle East, it continues to play a key role because energy continues to be an essential aspect of the global political stage.

Ranked second among the major global energy players is the Russian Federation, which is also the largest producer of natural gas. Ever since the USSR, it used with great skill this geopolitics weapon of energy resources on the communist states in Europe. The largest oil reserves were discovered in the Kamchatka Peninsula (2,440 mil.t), Western Siberia and Central Siberia (900 mil.t), Barents Sea (400mil.t) or Nenets (North Sea 400 mil.t). Also, they are prospecting in northern Central Siberia- the Arctic Ocean, as well as in the Sea of Okhotsk.

At the level of the year 2008, the main distribution of oil and natural gas reserves by geographic regions / continents, was as follows in the Table no.1 and Table no.2



Source for Table no.1 and Table no.2: B.P. Statistical Review of Word Energy, June, 2008.

As Europe depends on the Russian gas up to 40% of its consumption, Russia has turned the Russian-Ukrainian conflict regarding the transport of these resources to Europe, from a commercial conflict into a geopolitical blackmail of the European states. Thus, if we look at the contracts and contacts between Germany- Russia, France / Italy / Russia, they generate long-term benefits for Russia and the explanation can only be that the European Union acts chaotic and individualistic, discreetly hiding the NABUCCO project by not granting the financial resources needed for realizing this the project.

The serious discrepancies between producers and consumers arisen since the early "oil era" and emphasized especially after 1990 with the arrival of large emerging markets (China, India) or the decline of the oil market of some European countries or the US, give us a quite real picture only if we analyze the situation of the major producers and exporters of oil at global level. Also, one can not make such an analysis, without mentioning the role of the OPEC Member States which dominate the spread of the reserves, the production and export of oil, 8 of the top 15 oil producers in the world being OPEC member states.

The Russian Federation, the world's second largest producer and exporter, uses in its foreign policy this geopolitical weapon of "black gold", trying to earn again the rank of superpower it had during the Cold War.

In more than half a century, at world level, particularly complex relationships and interdependencies have shaped between power centers (large consumers) and oil countries (large producers / exporters). Thus, countries with developed economies can not function without oil, nor producing countries can develop without foreign currency receipts for oil invoices or importing high tech.

On the one side of the barricade there are the developed countries which are dependent on energy imports (Japan-95%, US 60%, EU-40%, South Korea, China, India) and on the other side there are the large producers / exporters:

- The Arab-Persian Gulf which has the largest global reserves and provides 70% of the exports from OPEC;
- The Russian Federation, which is the second largest exporter of oil and the first of natural gas, and which, due to the deep trade relations with the European Union feels the temptation to use this resource as a true geopolitical weapon.

Also, there is an increasing competition between the states in new regions of oil and here one can give the example of the region Caucasus-Caspian Sea- Central Asia, the former Soviet, whose oil reserves are estimated at between 17-33 billion barrels. After the implosion of communism in the USSR in 1991, there arose particular problems due to the fact that, from the two countries bordering the Caspian Sea (the USSR and Iran), there appeared Azerbaijan, Kazakhstan and Turkmenistan and thus, the complexity of sharing the Caspian Sea generated an approach with great geoeconomic and geopolitical accents. This region should also be considered from the point of view of the new routes of hydrocarbons to India, Iran, China, Japan, South Korea.

Particularly interesting will be in the near future the new geopolitical events manifested for the South China Sea (China and the bordering states), Indonesia, Africa and the Latin American space. In order to obtain access to resources with reasonable prices, confrontations between producers and consumers, but also among large consumers will be

inevitable. In the conditions in which more than half of the energy resources for exports transit the Indian Ocean (70% of the oil exported worldwide), in the new geopolitical and geostrategic configuration of oil, this ocean will play a particularly strategic role. Taking into account the potential hazards / vulnerabilities, the great powers (USA, NATO, China) strengthened their military fleets creating networks of military bases on the coast of Pakistan and to Indochina so that they can protect convoys of merchant ships.

In view of this context, Iran, which partially controls the Persian- Arab Gulf and the Strait of Hormuz, brings new geopolitical connotations, the US-Iran collision appearing as imminent. The two reasons behind this strained situation are Iran's nuclear ambitions and the performing, since 2003, the oil transactions in euros instead of dollars.

Amid this global framework, genuine energetic- military couples were created, as shown:

- US-Saudi Arabia, with special postwar traditions;
- China-Iran, China –Saudi Arabia;
- India-Kazakhstan, for access to resources for additional military support;
- Turkey-Turkmenistan to Turkey's interest for "Turkmen brothers";
- Russia-Iran, Russia -Kazakhstan / Uzbekistan / Ukraine.

Besides these couples, are also found other ones alike in the Caspian Sea, North Africa, Gulf of Guinea and East Africa, all over the energy stake being that which over time has sparked numerous conflicts / wars between the consuming great powers and the producing nations:

- Iran-Iraq War of 1980;
- Gulf Wars (US- / NATO coalition against Iraq after 1990);
- Potential conflicts between the US-Iran, China and the bordering states, etc.

It is also forthcoming a conflict situation in the Caucasus-Caspian region and Central Asia, former Soviet, due to the interference of the interests of the great powers (Russia, the US / West, China, Iran).

Looking beyond the natural requirements of the global market (supply and demand), the oil price is an exceptional "geopolitical barometer" showing the importance of this resource worldwide. The shock created by the first oil crisis (1973-1974), when the price per barrel increased from \$ 3 to \$ 12, for developed countries generated a moment of reflection on the diversification of energy resources, excessive consumption and not least changing technologies with excessive energy consumption. Although the geopolitical interests of the great powers is now shifting towards the new Asian, African or Latin American oil regions, in the world's geopolitical architecture, the great proportion which the Middle East still holds from the world reserves (approximately 60%), shows the importance of this region. Also, the energy dependency of the European Union, China, India, the US and Japan led to the creation of interesting geo-strategic and geo-economic advantages, which the power of Kremlin seeks to exploit to the fullest. In view of these realities, all mankind must intensify its efforts to diversify resources and environmental protection, for rational use of existing resources and eliminate possible waste of energy.

At the beginning of the 21st century, one can say with certainty that petro politics holds a place of honor on the stage of the world geopolitics and geo-economics, definitely influencing the global economy and the complexity of international relations.

BIBLIOGRAPHY:

LABBE, Marie-Hélène, *La grande peur du nucléaire*, Presses de Sciences-PO, Paris, 2000

OSHUA S. Goldstein, JON C. Pevehouse, *Relatii internationale*, Polirom, Iasi,

MAURICE, Vaisse, *Relatii internationale*, Polirom, Iasi,

NOUSCHI, André, *Pétrole et relations internationales depuis 1945*, Armandd Colin, Paris, 1999,

SACHWALD, Frédérique, *Les défis de la mondialisation*, Masson, Paris, 1994,

TEODOR, Simion, *Noua (dez)ordine geopolitica mondiala*, Valahia University Press,

Tirgoviste, 2011.