

24 March 2014

The Geopolitics of Energy Security

What are the most significant threats to energy security today? They remain geopolitical ones, argues Gawdat Bahgat. While some would like to isolate the economics of energy from the politics of security, the recent experiences of Egypt, Libya and other states confirm that it's neither realistic nor possible.

By Gawdat Bahgat for ISN

Energy security has historically been linked to one fuel – oil. Indeed, the concept of energy security first gained prominence following the 1973 Arab-Israeli war, during which Arab oil-producing countries imposed an oil embargo on the United States and other countries in retaliation for their support of Israel. Before this episode, a reliable flow of oil from the region was taken for granted and threats to oil supplies were few and far between. In the following decades, the legacy of the embargo shaped global energy policy – with the Organization of Petroleum Exporting Countries (OPEC) defending the rights of producers and the International Energy Agency (IEA) representing consumers.

Analysts and policymakers have since debated the many dimensions of energy security. The concept covers security of supply as well as security of demand. On one hand, consuming countries want to be assured that their energy supplies will not be interrupted. Meanwhile, producing countries seek reliable demand and stable markets for their petroleum products. A few years ago the IEA provided a comprehensive definition of energy security – which had four components. First, the term refers to the availability of energy sources (geology); second, these energy sources should be available at a reasonable price (economics); third, they should be socially acceptable (environment); finally, they should be politically accessible (geo-policy). In other words political conflicts should not block the free trade of energy products.

This paper argues that this fourth dimension of energy security (geo-policy) represents the most significant challenge for states today. The ongoing crisis in Ukraine serves as an important example of this. Because of the country's geographic location and proximity to Russia, it is an important transit country for energy supplies to Eastern and Central Europe and Turkey. Although the ongoing crisis will take some time to play out and to be fully assessed, disputes between Russia and Ukraine have led to interruptions in supplies in the past. An even more potent example, however, of geopolitical disruption of energy supplies is the recent political and security upheavals in several Arab countries (the so-called Arab Spring).

The Arab Spring

Since the end of the colonial era in the aftermath of the Second World War, most Arab countries have been ruled by authoritarian regimes with little room for liberal democracy. As democratic waves

swept across Africa, Asia and Latin America in recent decades, analysts emphasized “Arab exceptionalism.” This can be explained partly by a lack of external pressure. According to this line of argument, Western powers overlooked the lack of democracy and transparency in the region in order to secure steady oil and natural gas supplies.

Since 2011, however, several Arab countries have witnessed unprecedented political upheavals. The list includes Tunisia, Libya, Egypt, Syria, Yemen and Bahrain among others. As with the crisis in Ukraine, it will take some time to fully assess the impact of these upheavals. However, a close examination of Libya and Egypt makes some tentative conclusions possible.

Egypt

Egypt is not as large a producer and exporter of oil and gas as some of its neighbors. Though it holds the fifth largest proven oil reserves in Africa and the third largest natural gas reserves, its energy significance lies more in its pipelines than in its fossil fuel deposits. The Suez Canal and Suez-Mediterranean Pipeline (SUMED) – which connect the Red and Mediterranean seas – are among the world’s most important energy transit routes. According to the United States Department of Energy, about 7 percent of all seaborne traded oil and 13 percent of liquefied natural gas (LNG) traded worldwide transited the Suez Canal in 2012. While these figures indicate that recent political unrest has not affected the operation of the canal, this may be because the lessons of earlier geopolitical disruptions were well learned. After the 1967 Arab-Israeli war the canal was closed for several years. The SUMED Pipeline, which became operational in 1977, was constructed largely in order to circumvent the canal should such difficulties arise in the future. Currently, both the Suez Canal and the SUMED Pipeline are used to transport oil and gas from the Persian Gulf to Europe and the United States – and both are vital to the energy security of all parties. Their closure would represent an extremely serious disruption and would add substantial costs and shipping time to the delivery of energy supplies.

Unlike the Suez Canal and the SUMED Pipeline, the Arab Gas Pipeline (AGP) was affected by the Arab Spring. The AGP originally carried Egyptian natural gas to three Arab countries -- Jordan, Lebanon and Syria. In 2008, it was extended to Ashkelon, Israel. Exporting natural gas from Egypt to Israel was designed to meet the two countries’ commercial and energy needs as well as reinforce the peace treaty signed in 1979. With the fall of Mubarak and the weak state presence in Sinai, however, the pipeline became a target for several nationalist and Islamist groups that opposed exporting gas to the Jewish state. After more than a dozen attacks the Egyptian authorities decided to stop supplying Israel with gas. This move also impacted Jordan, which has since received a much smaller volume of Egyptian gas. Even more recently, the civil war in Syria forced the pipeline to shut down and Syria ceased to receive Egyptian gas. These are perfect examples of geopolitically-driven energy insecurity.

Several factors have since shaped the Egyptian authority’s response to these developments. The rapid domestic consumption of energy in general and natural gas in particular means that less gas is available to be exported to Israel or any other country. Indeed, Egypt is increasingly becoming a gas importer and the recently built liquefied natural gas (LNG) facilities are largely under-utilized. Thus, official efforts to improve security in Sinai do not imply a resumption of gas exports. Finally, the Egyptian government has engaged in negotiations with international oil companies to keep and expand their investments in the energy sector in response to these companies concerns over the deteriorating security conditions.

Libya

Libya enjoys several energy-related geopolitical advantages. It holds the largest proven oil reserves in Africa (2.9 percent of world’s total) and the fourth largest natural gas reserves (1.5 percent of world’s

total) after Nigeria, Algeria and Egypt respectively. Because of its small population (of approximately 6 million), domestic consumption is low and most production is exported. In addition, Libya's oil is of high quality (low sulfur, light oil). The country is also located across the Mediterranean from the vast and growing European energy market. This means that it is easier and cheaper to export oil and gas from Libya to Europe than from other producers.

The toppling of Ghaddafi in 2011 was more violent than the ouster of Mubarak in neighboring Egypt. Furthermore, the newly established authority in Tripoli has had a hard time stabilizing the country and improving security conditions. Three years after Ghaddafi's demise, Libya still suffers from rising political instability and a deteriorating security environment. These characteristics have negatively impacted the country's energy sector.

Libya provides a good illustration of how political violence can interrupt the steady flow of oil supplies, resulting in energy insecurity. During the country's civil war (which lasted for most of 2011) oil production and exports came to a standstill. In response, the International Energy Agency (IEA) coordinated a release of 60 million barrels of oil from the emergency stocks of its member states. Although production began to recover rapidly following the cessation of most hostilities at the end of 2011, deteriorating security conditions ultimately reversed this fragile recovery - with oil fields, pipelines and loading ports becoming targets of rising political violence. In early 2014 Libya's oil production remains a fraction of its pre-conflict level. Since most of Libya's oil is exported to Europe, European countries such as Italy, France, Germany and Spain have suffered the most from this geopolitically-driven interruption.

Libya's natural gas sector has also suffered similar interruption and uncertainty. In 2004, the Green Stream Pipeline was inaugurated to carry natural gas from Libyan fields to the island of Sicily and from there to the Italian mainland. It is operated by a partnership between the Italian company Eni and the Libyan National Oil Company. Political violence in 2011 brought exports via Green Stream to a complete halt. It was only after an improvement in political and security conditions in 2012 that exports were resumed.

An embarrassing episode in early March illustrated the Libyan authority's inability to control the country's hydrocarbon resources. A militia opposed to the government was able to smuggle a shipment of oil outside the country with the intention of selling it on the black market, independent from the state. Upon a request from the government in Tripoli the United States Navy commandos seized the tanker and returned it to Libya. This development underscores the fragility of the Libyan government and its increasing reliance on foreign powers to reinforce its control over disputes areas in the country.

Conclusion

As much as some analysts and policymakers would like to keep energy "out" of foreign and security policy, the experiences of Egypt, Libya and many other cases suggest that the two are inseparable. Energy products are not only commercial commodities but strategic ones. Indeed, energy is the life blood of modern societies and civilizations. Political and commercial interests will therefore continue to shape energy markets in tandem. This means that containing political disputes can substantially enhance energy security for both producers and consumers.

Despite successful efforts to improve energy efficiency the European Union's energy needs are projected to rise. As the recent Ukrainian crisis shows, Europe's over-dependence on Russian oil and gas supplies is risky and can lead to political intimidation. European efforts to improve political and economic stability in the southern Mediterranean are likely to pay substantial dividends.

Dr. Gawdat Bahgat is professor of National Security Affairs at the National Defense University's Near East South Asia Center for Strategic Study. He is an Egyptian-born specialist in Middle Eastern policy, particularly Egypt, Iran, and the Gulf region. His areas of expertise include energy security, proliferation of weapons of mass destruction, counter-terrorism, Arab-Israeli conflict, North Africa, and American foreign policy in the Middle East.

Publisher

[International Relations and Security Network \(ISN\)](#)

Creative Commons - Attribution-Noncommercial-No Derivative Works 3.0 Unported

<http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?ots591=4888caa0-b3db-1461-98b9-e20e7b9c13d4&lng=en&id=177912>

ISN, Center for Security Studies (CSS), ETH Zurich, Switzerland