

DOCUMENTI

IAI

NATO AND THE MEDITERRANEAN: ENERGY RISKS

by Roberto Aliboni

Paper presented at the conference on "Transatlantic Approaches to the Mediterranean.
Impact on the New NATO on North and South Perspectives"
Washington DC, 24-25 May 1999

NATO AND THE MEDITERRANEAN: ENERGY RISKS

by Roberto Aliboni

Which risks are energy supplies putting to Western and Atlantic security? Which policy responses and which Western institutions are fitting with these risks? The response of this paper is that risks stem less from energy supplies proper than the geopolitical factors interacting with energy in the Gulf and its adjoining Caspian and Mediterranean regions. Adequate policy responses to these risks require a mix of security-military and social-economic instruments which in principle can be provided by a division of labour between Western allies and their existing institutions. Difficulties and uncertainties in organising this co-operation may derive from the lack of an Atlantic body of political co-operation, which would be different from NATO.

As it is well known, since the major crises in the 1970s, the oil market has undergone a great transformation. Today, it is a basically free market in which the same price tends to prevail globally. The set of specific geopolitical dependencies which used to characterise the old market because of the networks of special agreements between countries and companies is not working any more. In fact, today whichever local or regional event - a disruption as well as a glut - affects prices in the short run internationally.

For this reason, in principle differences in the geographic patterns of supply to importing regions (North America, Western Europe, East Asia) do not matter significantly: albeit East Asia is more dependent on Gulf oil than Western Europe and the latter is more so than North America, very quickly the result of any disruption in oil production or transport will equally affect them in terms of price.

While in the long run, any raise in the oil price will be translated into a fall in the oil demand and long-term prices, what it matters is that in the short run price increases may cause shocks. Shocks in oil price remain a considerable risk for the modernised sector of the international economy, especially the OECD countries.

As the Gulf region remains the most important source of oil, beside other more general geopolitical reasons [Brzezinski], this is the fundamental reason for the US military presence in this area. As pointed out recently by Myers Jaffe and Manning [123] "In this global market, the US military will for the foreseeable future still play a role in defending international oil supplies, if for no other reasons than to protect the US economy from an international oil-price shock. Maintaining a strategic presence in the Gulf, thereby reducing the risk of oil flow disruption, is the only viable option".

Given this basic reason, military presence is better explained by other specific and regional factors, in particular by the necessity of preventing players from acquiring dominant political positions; controlling oil production; or disrupting the smooth flow of supply. The necessity is also there of preventing players from translating oil resources into aggressive military power, in particular the acquisition of Weapons of Mass Destruction-WMD. As Kemp [139-140] has pointed out: "Any hostile power that controls the Arabian peninsula would not only be able to push oil price up, but could use income generated from oil revenues to expand military arsenals to include WMD".

In this sense, the Caspian Basin is strategically linked to the Gulf. Though it cannot be regarded as an alternative to the latter from the point of view of oil production [Myers

Jaffe, Manning; Kemp], and its actual exploitation is far from being economically relevant as of today, the Caspian Basin is a marginal quantum which may change significantly the balance of power in the greater South-western Asian region as well as in adjoining areas (Russia and Western Europe; China). For example, national oil resources in combination with a system of pipelines to transport Central Asian hydrocarbons would definitely increase the weight of Iran in the region. The combination of Gulf and Caspian resources, as well as that of respective regional political instabilities, multiplies the likelihood of crises which might bring about in turn shocks in oil prices. Therefore, it enhances the necessity of a military presence there.

In front of these developments there is no doubt that there is a Western common concern that must be faced by a joint Western responsibility. The present globalised and “commodified” character of the oil market demands for a global responsibility, in particular a joint responsibility and response on the part of the three main components of the Western world - North America, Western Europe and Japan - irrespective of given patterns of oil import and consumption.

With marginal exceptions (like the oil owned by ENI in Libya), the Mediterranean area (as broadly singled out by the 1995 Barcelona Declaration) is also delinked from political factors. In fact, oil transactions in the Mediterranean, like in any other region world-wide, are part of a globalised free market in which one price only is broadly prevailing. This fact makes any Mediterranean oil policy senseless [Chatelus]. Still, there is a set of geopolitical features (beside technical factors which are not concerning the argument of this paper [Emerson: 20]) giving the Mediterranean a special profile with respect to risks associated with energy supplies. These features are worth being pointed out.

First, political stability and socio-economic development in the Mediterranean area are strictly connected to those in the Gulf by trends like pan-Arab solidarity, WMD, radical Islamism, and the Arab-Israeli conflict with its Jerusalemite issue. Politically, no military presence in the Gulf can deliver unless outstanding challenges in the Mediterranean are not properly faced as well.

Second, The Mediterranean Basin is already acting as an important terminal and waterway with respect to oil coming from the Basin itself and the Gulf; it would become even more important in case the Caspian oil were channelled through Turkey (and/or the eastern bottom corner of the Balkan peninsula).

Third, the importance of natural gas supplies to Southern Europe by Northern African countries may add an element of rigidity to both energy and geopolitical relations in the region. Whereas a disruption in oil supply would turn into a price increase but would not prevent the countries concerned from being supplied from elsewhere, a disruption in gas supply could just not be necessarily replaced in the short-middle term.

In sum, beside the broad risk of price increases on the global oil market, energy risks are affecting the Mediterranean region in two specific ways: because (a) the Mediterranean is linked to the Gulf politically and economically; and (b) it depends considerably on natural gas supplies.

The complementary nature of the Mediterranean Basin with respect to the Gulf in relation to energy risks to Western allies reinforces the conclusion of the previous section on the need for Western co-operation in order for such risks to be faced. With regard to the narrower circle of the Atlantic Alliance (i.e. excluding Japan from the picture), the same conclusion is also strengthened by the risks put to Southern European allies (and thus to overall Western European gas supplies) by the special link regarding Northern African

gas supplies to these nations. This collateral conclusion is suggested not only by the indivisibility of security between the Atlantic allies but also by the special logistical role Southern Europe is playing with respect to both the Mediterranean and the Gulf.

If this is the overall picture of the huge Gulf-centred multiregional expanse going from North Africa to Central Asia, risks stemming from energy are less related to energy supplies as such than to their interplay with geopolitical factors. Disruptions in oil as well as natural gas supplies are detrimental to both producers and consumers, though over different point in time (usually, in the short run for importers and in the long run for exporters). Damages cut both ways, as Giacomo Luciani aptly notes. After the 1970s, this fact has emerged in the remarkable restraint shown by radical regimes in using oil or gas politically. What is more likely to create disruptions in oil and gas supplies is any regional conflict in which oil or gas are involved more or less instrumentally (conquering wells or bombings facilities to change bilateral or regional power relations).

This remark makes clear that energy risks have to be countered less by energy policies (though their importance is obvious) than by other kinds of policy responses, whether military (like the US presence in the Gulf), or diplomatic (like the Middle East Peace Process) or socio-economic (like the Euro-Mediterranean Partnership). In a sense, from a security point of view energy as such is almost a non-issue, whereas relevant issues are provided by a large set of geopolitical factors which involve energy or are involved by the latter.

So far, the Western allies have been unable to provide a concerted and integrated response, on policy as well as institutional ground, to energy-supply risks stemming from the Gulf and adjoining regions (the Caspian and the Mediterranean Basins). This is due to differences in perceptions and concerns with respect to the geopolitical issues related to energy supplies. For instance, they provide different responses on the actual relevance and feasibility of the Caspian Basin exploitation as well as the role of Turkey, containment vs. dialogue; the role of Russia, etc.

While a number of these issues are tackled by other papers (rogue states; immigration; terrorism; Islamism, etc.), a general comments on containment vs. dialogue policies as well as Middle East vs. Mediterranean frameworks is in order here.

To a large extent, the opposition between containment and dialogue or co-operation is mistaken. There is no doubt that pending present conditions containment in the Gulf is fully justified. What is wrong with the US policy of “dual” containment in the Gulf is that it is not contemplating any strategy of exit or differentiation with respect to the two countries involved. In this sense, the policy of “critical” dialogue undertaken by the Europeans has the merit of introducing flexibilities towards this area, which may benefit ultimately all the Western players by encouraging changes and moderation and making it possible to recover breath-spaces to diplomacy and international co-operation. There is a complementarity between containment and dialogue in the Gulf and a natural differentiation of the US and EU roles in the area. This complementarity is hardly accepted by the allies, particularly by the Americans.

In turn, the Europeans are hardly accepting the strong complementarity which is characterising the Euro-Mediterranean Partnership and the Middle East Peace Process, and the different roles of the US and the EU entailed by such complementarity. The (presently suspended) work of the REDWEG in the multilateral track of the Middle East Peace Process has been considerably hindered by Euro-American competition (e.g. about

the MENA Summits). On the other hand, the EU has resented unjustified frustration by its exclusion from the bilateral track. All in all, it is now clear the “political” importance of the multilateral economic co-operation the Euro-Mediterranean Partnership is developing (by including Syria and Lebanon as well) after the REDWG was discontinued because of the standstill in the peace process. Again, it is easy to discern here the natural complementarity between security and co-operation and the different roles the US and the EU are called to play in these regions. Mostly, and by no mean exclusively: the Americans with respect to security and the use of military force, the Europeans with respect to economic and civilian factors, as in other contexts.

The use of military and non-military factors should be harmonised, however. The different Atlantic institutions should take advantage of their specialisation: NATO in the security realm and the Euro-Mediterranean Partnership in that of social and economic co-operation. Time-frames and means of these different institutions should be co-ordinated. The absence of an effective body for political co-operation between the US and the European Union, on top of the existing military and economic alliances, has prevented the Atlantic players from recognising their complementarities in what has been called the Greater Middle East and making them work. This body should be established. With respect to Western and Atlantic relations in the areas and issues discussed by this paper, it may result more important and feasible than any new NATO.

References

- Zbigniew Brzezinski 1997, *The Great Chessboard*, Basic Books, New York.
- Michel Chatelus 1997, *L'énergie dans la construction d'un espace Euro-Méditerranéen*, *Les Cahiers du Monde Arabe*, CERMAC, Université catholique de Louvain, No. 132, Louvain-la-Neuve.
- Sarah Emerson 1996, "The Role of the Mediterranean in the Global Heavy Crude market", Proceedings of the SAIS-AGIP Energy Conference "Energy in the Mediterranean Area", Bologna, May 17, 1996, *Energy Papers*, The Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University, No. 24, pp. 15-20.
- Geoffrey Kemp 1998-99, "The Persian Gulf Remains the Strategic Prize", *Survival*, Vol. 40, No. 4, Winter, pp. 132-49.
- Giacomo Luciani 1996, "North African Producer Countries", Proceedings of the SAIS-AGIP Energy Conference "Energy in the Mediterranean Area", Bologna, May 17, 1996, *Energy Papers*, The Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University, No. 24, pp. 21-26.
- Amy Myers Jaffe, Robert A. Manning 1998-99, "The Myth of the Caspian 'Great Game': The Real Geopolitics of Energy", *Survival*, Vol. 40, No. 4, Winter, pp. 112-29.