

ENERGY AND GEOPOLITICS

The Rise of Asia and the Decline of Europe

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Energy resources have played a decisive role over the years in shaping the international environment and determining the geopolitical significance of regions in world affairs. In this article, we refer to several developments in the energy and strategic context that can transform the geopolitical balance away from Europe to Asia and the Americas.

The first development is the growing consumer demand for energy in the "Indo-Pacific" region, as the Australian Ministry of Defence called the Greater Indian Ocean and the South China Sea. Professor Mohan Malik, of the APCSS in Honolulu, told Robert Kaplan, a top Stratfor analyst, that, by the year 2025, 85% of the growth in energy demand will come from this part of the world. Already, China, India, Japan and South Korea consume about a quarter of the world's liquid hydrocarbons. By 2025, China will account for 40% of the growing consumption and after that year India will become "the biggest single source of increasing demand."

The next development has to do with natural gas. It seems apparent that the demand for gas will soon overtake that for oil and coal in the area. Thus, gas energy resources which are abundant in the United States will be under pressure to be utilized and meet both increasing domestic and external market demand. Already, there is a growing market for production and the United States, is in the process of developing to an energy producing giant in the world. The *US Energy Information Administration* forecasts that, by the year 2016, the country will become a net exporter of liquefied natural gas and by 2020 net exporter of natural gas. In the last ten years, shale gas has risen from 2 percent to 37 percent of United States natural gas production. Also, the United States has overtaken Russia as the world's biggest natural gas producer. Some studies even believe that, by the end of the current decade, the United States will overtake Saudi Arabia as the world's largest oil producer. When connected with Canadian oil sands and Brazil's oil lying beneath salt beds, these shifts have the potential of transforming the Americas into the "new Middle East" of the 21st century.

However, as developments transform East Asia to world energy connecting centre for various states, prospects for conflict may be on the rise in the Seas of South China and the adjacent East China Sea. It is no wonder that according to the SIPRI military expenditure in Asia and Oceania rose by 3,6 percent in 2013, reaching \$407 billion. The increase is mostly accounted for by 7,4 percent increase by China, whose spending reached an estimated \$188 billion.

It is commonly believed that the territorial dispute over which country owns what in the area is not only being driven by potential energy and marine reserves in the vicinity. They are influenced by the fact that these sea lanes are of increasing geopolitical importance because of the changing structure of world energy market. Increasing trade activity, investment projects, technological advancement, diplomatic and military developments draw the US and world attention in the area. At the same time, - at least in the short run - we may see an alliance of various issues between Moscow and Beijing, strengthened by a growing energy relationship as these two powers come into conflict and competition with Washington and the West.

The European continent, on the other hand, with its low birth rate and its aging population, which will decline by ten million by the year 2035 (UN estimates, 2012), will probably not grow in relative importance, in world energy markets, as the Indo-Pacific area will do. One may even speak of a possible decline of the European continent while North America and the Indian Ocean would become the new centers of world interest and commercial activity. As Kaplan concludes too, power in Europe and Eurasia in particular will more likely move towards the Indo - Pacific, while the United States would have its own power reinvigorated by an even closer economic relationship with Canada and the energy-rich Mexico. Also, since economic importance often leads over time to cultural and political importance, we shall probably see such shift happening away from Europe to these parts of the world. It, therefore, seems that the Europe-centric world of the past millennium may finally be reaching its conclusion as North America and the Greater Indian Ocean take center stage altering the geopolitical balance in the world.