Political and security stability are key factors for energy production and supply. The relationship between these aspects and the interdependent nature of both means that there can not be meaningful investment, production and sustainable supply without a relatively secure and stable political-security environment.

For the foreseeable future, the Middle East – particularly the Gulf region – will undoubtedly represent the main source of hydrocarbon energy (oil and gas) supply. The International Energy Agency expects worldwide demand for oil to rise 50 percent from the current 82 million barrels per day (bpd) to 121 million bpd in 2030. The annual growth rate in oil consumption for the period 2000-2030 is expected to be 1.8 percent.

In addition, while the Organization of the Petroleum Exporting Countries (OPEC) currently accounts for 41 percent of production, and holds a whopping 78 percent of official worldwide reserves, just three countries – Saudi Arabia, the UAE, and Kuwait – account for around 50 percent of OPEC’s production. As production in other regions like North America and the North Sea declines, the increasing world demand needs to be met to a considerable extent by the Gulf countries.

Similarly, though many point to developments in the oil industries of Sub-Saharan Africa and Central Asia, it is questionable if these and others like Russia can cope with the increasing demand. It also questionable how substantial and cost-efficient any potential new “unconventional” supplies – like deep sea oil, Canadian tar sands, Venezuelan heavy oil and natural gas liquids – will be. Thus, the importance of the Middle East and the Gulf region will not be undermined.

The relevance of the Gulf region as a major supplier is further reinforced because alternative energy sources are inadequately developed to significantly replace hydrocarbon energy sources. The latter remains the main source of energy fueling our civilization and progress, and no major or sudden shift to other forms of alternative energy is anticipated in the near future. Any shift will not only be gradual and over the long term, but also requires tremendous investment. Thus, while continued research in and development of alternative energy sources should be encouraged and pursued, it is simply unrealistic to argue that these sources represent a near-term viable replacement for hydrocarbons. One consequence of this has been the revival of nuclear energy as a more immediate
option, which is being pursued by China, India, US and Russia among others. In connection with the above, the overall dependence on Gulf oil will continue to grow in the countries constituting the Organization for Economic Cooperation and Development, and particular as far as Asia is concerned. With China likely to account for 20 percent of the world’s incremental energy demand, and India and China expected to import 90 percent of their oil by 2030, the rush to secure energy resources is already under way. Currently, about 26 mbd of oil flow through the two main chokepoints in the world – the Strait of Hormuz and the Strait of Malacca. At the same time, the vulnerability of price shock due to supply disruptions will rise, augmenting the attention paid to the security of sea lanes and pipelines.

In such a scenario, Asia will make considerable efforts to secure energy supply lines with countries like China and India, thereby undermining the reliance on the United States to provide that security. With security, supply and price of energy directly related to the security and stability in the Gulf region, the coming years would intensify competition and external involvement, with Asia being one region likely to also show its flag in the Gulf.

The bottom line that needs to be recognized is that as oil prices continue to increase, the medium- to long-term prospects for cheaper energy will be directly linked to future investments in the Middle East oil and gas sectors at all levels – national, regional and international – to boost exploration and improve production levels. All these factors make stability and security of the region that much more important for the world’s political and economic stability and continued development.

However, the Gulf is one of the most unstable regions. During the last two decades, the region has witnessed no less than four devastating wars – the 1980-88 Iran-Iraq war, 1990 Iraq’s invasion of Kuwait, 1991 US-led liberation of Kuwait, and 2003 US-led invasion of Iraq.

Further, the Gulf stands at the crossroads of many developments, including domestic challenges involving political reforms, pressures of a young population, and terrorism; regional challenges such as cross-border terrorism and deteriorating instability in Iraq; and external factors wherein international actors are engaged in a balance of power game.

The lack of any effective regional security arrangement in the Gulf represents a major feature of the prevalent strategic scenario. In fact, the absence of such a system has seriously undermined confidence-building measures, resulting in the ever-increasing dependence on external powers, as well as their direct involvement and intervention in regional security issues.

The dominant US military position in the region also represents as many challenges to regional security as it offers benefits. Arab countries in the region do not see any practical or viable alternative to their basic reliance on the US’s
physical and diplomatic power as the guarantor of stability and security. At the same time, they are deeply worried and concerned about the US policy and behavior in the region and beyond, which undermines the credibility of such an alliance, and generates embarrassment to many local governments facing pressure from internal public opinion. These factors render the US incapable of defining control solely through military means.

As the link between energy security and regional security of the energy producers appear obvious, the issue of the security of energy supplies to the rest of the world cannot be seen in isolation from the problems of general security facing the region. The sense of insecurity dominating the Gulf could have a noticeable negative impact on the issue of global energy security.

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