



# The Geopolitics of Oil and Gas

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**Tech's Adam Stulberg explains why the U.S. can never truly be energy independent, and why the Persian Gulf is going nuclear.**

Adam N. Stulberg, an expert on energy and international security, joined the Sam Nunn School of International Affairs in 1998. As associate professor and co-director of the Center for International Strategy, Technology and Policy, he teaches courses in Eurasian politics and nuclear non-proliferation, among other subjects. The former RAND consultant now consults for the defense department and policy think tanks. The *Alumni Magazine* asked him to share his thoughts on how energy influences today's geopolitics.

**You've said the United States can never achieve energy independence. Why not?**

No country can divorce itself from the impact of international markets and exchange. The U.S. currently imports 40 percent of its daily consumed oil. By some estimates we will reduce that further, but in oil and gas you can't completely avoid the global market, you can only become more or less dependent. We have new energy sources in unconventional oil and gas, and with production increases in both we can become more self-reliant. Domestic energy production has changed the thinking on U.S. energy security, but no expert believes we can extract entirely from world developments.

**How is energy shaping relations between the U.S. and the rest of the world?**

Oil has caught a lot of the attention as a driver of U.S. foreign policy, but that's really been overstated. That said, energy in general has become integral to U.S. foreign policy. Former Secretary of State Hillary Clinton created a special envoy and coordinator for

international energy affairs to integrate it into American foreign policy.

**What is the strategic difference between oil and natural gas?**

The delivery. Oil is transported around the world by pipeline, ship and truck. In this globally integrated market, price fluctuations quickly reverberate. Gas is moved mostly through large-diameter pipelines erected among regional markets, with prices and volumes locked in via long-term contracts. Unlike oil, gas producers and users are linked geographically, contractually and via rigid infrastructure that can open the door for non-commercial manipulation or disruption.

**How will China's soaring energy demand shape the global market?**

China is increasing supply and demand. It is now one of the world's biggest energy importers. Yet China also brings more oil to the market by seeking equity stakes in energy exploration around the world. China gets most of its oil from the Middle

East, but Beijing is trying to diversify both oil and gas with deals with Kazakhstan, Myanmar, Russia and Turkmenistan. The country is still reliant on domestic coal and, increasingly, nuclear power.

**As of late October, Moscow, Brussels and Kiev have avoided a full-blown gas war. Why are all three so keen to keep the Russia's gas flowing despite its invasion of Ukraine?**

There is a complicated relationship—Russia relies on Ukraine to deliver about 60 percent of its revenue generating gas exports to Europe. Ukraine, although dismembered, needs Russian gas for its own energy requirements, and to make money on the transit of Russian deliveries to Europe. Europe is unlikely to impose sanctions because many of its members in Central and Southern Europe currently lack alternatives and its companies have long-established relations with Russian partners.

**How is ISIS manipulating oil for its own benefit?**

ISIS has captured oil fields, pipelines and refineries in Syria and Iraq. The Islamic militants have shown an ability to export oil on the global black market to bankroll their activities, and it is leveraging informal and illicit supply lines in a sophisticated way. With ISIS we're seeing a new dynamic between extremist groups and global trading.

**Why are so many Gulf countries investigating nuclear power?**

Many are experiencing growing domestic



demands in conflict with hydrocarbon exports. Historically, energy has been subsidized and the legitimacy of regimes is bound up in cheap oil. Saudi Arabia and the UAE are among those countries looking at nuclear power to meet rising demand at home and to free up oil exports.

**Do you think Iran's nuclear program will include weapons as well as energy?**

Iran's extreme and sustained reticence at pursuing diplomatic compromise and its commitment to developing sensitive stages of the fuel cycle suggest non-commercial motives. However, I'm not convinced that

they are determined to develop a deployable weapon. Sowing uncertainty to deter and possibly coerce, especially its Gulf neighbors, may be the risky strategic objective.

**Are energy sanctions against "rogue" nations effective?**

Sanctions have become a tool of first resort, especially for the U.S. They can be very effective under the right conditions, but they're tricky. Sanctions tend to work better against your friends than your enemies: You need something of value you can cut off. Sanctions need to be sustained and they are inherently perverse. You're cutting off something of value and increasing the incentive for others to cheat.

**How do you share your geopolitical expertise with other Tech departments that are more focused on other energy matters?**

I explore the role that developments in different energy streams, networks and fuel cycles play in geopolitics. Accordingly, I work with students and colleagues in nuclear and mechanical engineering—at GT's Strategic Energy Institute—as well as public policy and economics, to examine systematically how the infrastructure and social relations in different energy sectors motivate and affect the strategic consequences of inter-state conflict and cooperation. ▲