

The New Energy Map

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The evolution of circumstances in the energy sector in the last year has been marked by three factors: 2003 began with the end of the strike in the Venezuelan oil sector, followed by the Iraqi War, and it seems that the year will finish with the achievement of greater cohesion within OPEC. These three events are very significant of the changes taking place on the worldwide energy scene, and distinctly reflect the loss of influence of the national public, or state, companies of the OPEC countries in worldwide hydrocarbon production, in favour of an increasing presence of the large private energy companies. As an example, it is sufficient to point out that the main private companies (ExxonMobil, Royal-Dutch/Shell, ChevronTexaco, BPAmocoArco, TotalFinaElf and the Russian Lukoil and Yukos) advanced from controlling eleven percent of worldwide crude oil production in 1992 to twenty-one percent in 2001.

With hindsight, the strike in Venezuela can be interpreted as the result of a long struggle between a Government that wanted *Petróleos de Venezuela (PDVSA)* to continue serving national interests, and PDVSA, whose private interests have impelled it to forge alliances with some of the large private foreign companies of the sector. The Iraq War will mean that those same large private, and «loyal», energy conglomerates, which could exclude Total-FinaElf, are the main beneficiaries of the oil concessions that the new Govern-

ment is granting for the exploitation of the immense reserves of this territory (10.2 percent worldwide), and with it these companies will increase their capacity even further to be of influence on the worldwide energy panorama. Finally, the apparent internal cohesion of OPEC can only be explained as the last attempt not to lose more market shares in the face of the growing power of these new competitors, which operate in new territories, and which after having directly or indirectly had worldwide control of the transport, refining, production and commercialisation activities of energy goods, are now also in the process of obtaining control of the extraction activities on a worldwide scale. In other words, the most important facts of this last year indicate that the new millennium will be characterised by an energy scene in which an increasingly smaller number of private companies tend to control both vertically (over all the phases of the oil industry) and horizontally (over the planet) the production of worldwide energy. This, besides showing that these companies are in the process of further increasing their degree of monopoly on the energy market, could come to mean that the hydrocarbons market, including all the disadvantages that accompany it, could disappear, as the same companies that control the deposits are those that consume the product.

This fact has led to increasing opportunities of exerting influence on political decisions in the countries in which these companies are based. The Iraqi conflict has not substantially modified the worldwide energy map, but it has shown, perhaps more crudely, that the large private companies of the sector have a capacity for political influence that is superior to

that of most national states. For this reason, what we can soon expect is that the energy policy worldwide, a matter that should be left to the national or supranational political-governmental institutions, will be dictated by an ever more restricted group of large private companies; companies that, for now, agglutinate around what has been called the «American energy lobby».

In the past two years, the European Union has initiated a process that is unprecedented in thirty years of energy policy, which culminated with the presentation made by the European Commission in June of 2002 of the Final Report on the green paper *Towards a European strategy for the security of energy supply*. Curiously, neither this report nor the green paper considers the aforementioned reality, although the future creation of a Euro-Mediterranean space can become a useful instrument for resisting the power of this lobby. The Euro-Mediterranean space has the sufficient potential to be a significant actor in the worldwide energy scene, but given the diversity of agents that operate in this space, the definition of a common energy policy is almost impossible, for as long as there are no changes in the organisational structure of the international energy scene.

The first issue is that it is not necessarily true that the status of being a «consumer country» implies being a passive player on the energy scene. In combination, the EU countries are the main importers of raw energy (oil and gas) and the second exporting zone of refined products. This situation should make the EU an primary actor in the wrongly-named «energy market», since as a significant buyer of raw energy material, which without being trans-

formed or refined and commercialised has little value for the consumers, it should have a certain market power or capacity to influence the prices or quantities of energy goods.

The second matter is that it is often forgotten that there are other producing countries in the zone besides Algeria and Libya. Within the collective of Euro-Mediterranean countries we find several significant producers (in the north, Holland, Norway and the North Sea zone; and in the south, Algeria and Libya), as well as other less important producers (Syria, Egypt, Tunisia and Morocco). In addition, many Euro-Mediterranean countries provide a site for the crossing of pipelines or gas-lines, or embarkations for sea hydrocarbon transport, which together convert the area into the main worldwide energy route.

These factors show that the Euro-Mediterranean area is more important and complex regarding the energy market than the usual uninformed visions imply. In the first place, the EU countries must be a primary actor to consume approximately twenty percent of worldwide energy goods and to have a refining capacity surpassed only by the USA; in the second place, the Euro-Mediterranean zone has 5.8 percent of the proven worldwide oil reserves and 8.4 percent of gas reserves, which makes the region a significant worldwide producer (13.3 percent of the worldwide crude oil production and 15.4 percent of gas production in the year 2002). And finally, the area constitutes one of the main strategic zones of the world in terms of the transport of energy, given that 350,000 million tons of oil pass through it annually.

This data indicates that as in so many other aspects, Euro-Mediterranean cooperation could impel the region to become a great power, not only benefiting from the capacity to influence the future of the worldwide energy scene, but with the potential to ensure stable energy provision and at an acceptable price for the whole of the zone. The question, therefore, is why this reality has not become, and is unlikely to become in the future, a coherent Euro-Mediterranean energy policy. In the first place, the answer is because the EU considers itself a «consumer country». In this sense, its policies are framed by the cartel of consuming countries of the OECD, the In-

ternational Energy Agency (IEA). In terms of a possible Euro-Mediterranean energy alliance, this creates two problems. The first is that the policies of the IEA are marked by the priorities of the OECD and, above all, by those of the USA, which regardless of consequence is the country with the most clearly defined energy policy on the planet. And the second is that traditionally the policies of this cartel have been contrary to the interests of the producing countries of the area. This means that it is hard to speak of a specifically European energy policy and that it becomes very complicated to combine interests between the producing countries and the Euro-Mediterranean consumers.

In the second place, if we talk about producing countries, we must state that, in the Euro-Mediterranean region, we can find different types of producers. On the one hand, Algeria and Libya, countries of the south of the Mediterranean and members of OPEC, whose survival depends on the income from hydrocarbons abroad and whose strategies have been short term and based on maximising the so-called «oil profits». On the other hand, there are countries like Norway, Holland and the United Kingdom, with longer-term strategies that, although in some cases, and above all in the case of Norway, have allied with the countries of OPEC, in general are good allies of the IEA. In this sense, it also seems difficult to depend on an alliance of Euro-Mediterranean producers.

Finally, we should mention the discordances that can be produced between governments and their national companies (both public and private). In origin, these companies were an instrument of public intervention, whose objective was in some cases, such as Algeria, Libya and to some extent Norway, to obtain the maximum income to contribute to national welfare, and in others was to contribute to the objective of ensuring that their country had a stable energy provision at a reasonable price. Nevertheless, since the application of the neo-liberal policies has been universalised and the national energy sectors have been privatised, liberalised, deregulated or «opened», the national companies have abandoned their previous function, to become instead the allies of

international oil companies, and which therefore defend their profit margins and the interests of their shareholders. For that reason, it is difficult to imagine alliances based on Euro-Mediterranean interests, whereas it is indeed possible to speak of corporate alliances between the great private energy groups. An example of this was the creation of BPAmocoArco, which among the «great American companies» includes Total (America) and RoyalDutch/Shell (America), and the increasing weight of the alliances of these important firms with the Algerian company SONATRACH, and others. We can thus conclude with the affirmation that in the Euro-Mediterranean region we can find a group of energy actors with very diverse interests that on their own will find it difficult to unite in a common strategy. Therefore, the primary and greatest challenge of the Euro-Mediterranean energy policy should be to channel some of these interests towards the Euro-Mediterranean region. However, the winds of European policy do not currently blow in that direction. Not only because of the chronic problem of national interests against those of Europe, but because of the intrinsic problem of Euro-Mediterranean policy: to trust that without regulations and public intervention the private agents will act together with unclear political desires and will achieve common welfare. This seems to be the main problem of Euro-Mediterranean cooperation, and the debate can become heated when we speak of a strategic product such as energy, given that we must not forget that we are neither the consumers nor the companies demanding raw energy (the refiners and generators of energy), nor the companies that offer the same (the producers). Faced with this, European statesmen must decide whether to opt for a policy that is based on the creation of large private «Euro-Mediterranean companies», or for a policy that will convert the Euro-Mediterranean region into a primary energy power, able to ensure the needs of the zone. At the moment, it seems that they have chosen the first option. Let us hope that they do not take long to decide upon the second; otherwise, as in so many other cases, the Mediterranean energy policy will depend even further on the American energy lobby.