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Threats to EU Security of Oil Supplies- a Critical Analysis

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Potential Threats to Security of Oil Supplies

- Resource Nationalism
- Political Instability
- Export restrictions:
 - Export taxes
 - Domestic pricing
- Armed conflict:
 - Interstate War
 - Civil (Intrastate) Wars
 - Violent Non-State Actors



Conclusions on Resource Nationalism and Political Instability

- The discussion and analysis conducted in the project has shown that there is no easy and immediate connection between resource nationalism and/or political instability, and global supply of oil and gas.
- This is not because political developments are irrelevant for influencing oil and gas supplies, but because this influence is highly variable and unpredictable.
- Political instability and resource nationalism have been shown to have rarely been associated to acute supply crises or shortfalls. Their effect is rather gradual and normally compensated by action in other parts of the system.



Conclusions on Armed Conflicts

- Oil and gas installations appear to be much more resilient to armed conflict than is normally acknowledged
- Interstate wars are a low-probability event; they are generally confined to two main belligerents and contained
- Civil wars or violent action on the part of non-state actors are phenomena whose frequency has not diminished at the global level
- Cases in which violent action on the part of non-state actors has inflicted significant damage to existing installations include the “insurgency” phase in Iraq and MEND in Nigeria
- If oil installations are in remote or inhabited locations, the cost-benefit balance of attacking oil installations is considerably worse for the non-state actor
- However, it is very obvious that a government’s inability to overcome or reabsorb violent opposition discourages international oil company investment even if the violence does not affect the vicinity of oil and gas installations.



Uncertainties for the future

- Uncertainty about the future concerns primarily Iraq and Iran
- For Iraq, it is clear that the potential exists for increased oil production and exports. However, persisting political paralysis casts a shadow.
- For Iran, tapping international expertise will remain difficult if nuclear dispute is not positively resolved.
- How long will supply flexibility last? If global demand picks up quickly, capacity cushion will soon be eroded.



Threats to Logistics: Chokepoints

	EIA	EC Green Paper	IEA
Hormuz	X	X	X
Malacca	X	X	X
Bab el Mandab	X	X	X
Panama Canal and Pipeline	X	X	
Suez Canal and Sumed pipeline	X	X	X
Turkish Straits	X	X	
Baltic Sea		X	





Threats to Logistics: Broader View

- The SECURE project analysis has shown that oil shipping may be subject to attacks or accidents even in the high seas, not only at chokepoints
- The issue exists and requires further measures to more closely monitor tanker traffic





Conclusions

- Maritime logistics are unlikely to generate major crises, but require constant attention
- Patrolling and surveillance of maritime traffic is essential
- Investment to reduce pressure on key choke points is essential
- Investment to reduce traffic in enclosed seas is highly advisable