

A Geopolitical Viewpoint to Analyze International Energy Situation

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There are various viewpoints from which to examine the international energy situation. We can examine energy issues from macroeconomic, business, financial and other economic viewpoints, as well as technological, political and social viewpoints. While these viewpoints are important, the significance of the so-called geopolitical viewpoint to understand energy issues has attracted attention recently. This is because energy issues and the international situation closely interact with each other at a time when supply chains have been developed throughout the world to provide energy as an indispensable good for our everyday life and economy to every corner of the world through international trade. Last February, when the Ukraine crisis rattled the world in the wake of Russian invasion of Ukraine, particularly, the international energy situation was exposed to a great geopolitical earthquake or upheaval. Now the geopolitical analysis of energy issues is of the most up-to-date importance.

On the other hand, the concept of geopolitics, while being known widely, is used in different ways depending on users, their stances or situations. For this report, I would like to specify my stance on the relationship between geopolitics and energy first in the following by quoting relevant passages from my book titled “Geopolitics of Energy.”

“Geopolitics is an academic discipline or concept that emerged in the early 20th century. By World Wars I and II, various famed experts on geopolitics appeared and used geopolitics for analyzing national strategies. Then, geopolitics has been used for analyzing the international situation during the Cold War and up to now. Geopolitics can be defined variously from a diversity of angles. For consideration in this book, however, geopolitics refers to an academic discipline to analyze and study the impacts of national geographical conditions (including land, locations, population, races and resources) on international competition and power relations (international relations). Occasionally, geopolitics, instead of being an academic discipline, is used to indicate the impacts of national geographical conditions on international competition and power relations and their situations or realities.

“Nations primarily seek survival and prosperity in pursuit of national interests. National power is required for realizing survival and prosperity and derives from land, population, resources, technologies, military power and economic power. Geographical conditions are significant for survival and prosperity. Geopolitics is intended to apprehend confrontation and cooperation emerging from relations and interactions between such nations.

“Based on the above, grave international tensions generated by Russia’s invasion into Ukraine can be viewed as a geopolitical issue. In addition, escalating U.S.-China confrontation, which had been an international issue drawing the most attention in the world before the Ukraine crisis, can be a geopolitical issue. Geopolitical tensions have shaken the world. Such global turmoil

and changes have greatly influenced the international energy situation. At the same time, the international energy situation has shaken the world, exerting influence on geopolitics. In this way, reciprocal relations between energy issues and the international situation may be considered as energy geopolitics.” (The above is from p. 20-22 of “Geopolitics of Energy” authored by Ken Koyama and published by Asahi Shimbun Publications in August 2022).

The above concept indicates how important the geopolitical approach to analyze and understand relations between major actors such as the United States, the European Union, China, Russia, the Middle East, India, the Association of Southeast Asian Nations and Japan and consider a necessary energy strategy based on the implications of the analysis is for apprehending the future international energy situation.

An important keyword here is the division of the world. Amid the escalation of U.S.-China confrontation, the Ukraine crisis has led confrontation and rivalry between the Western and China-Russia blocs to become clearer and deepen. In addition, the two blocs are waging a tug of war to woo other countries. The division of the world regarding the broadly defined security is accompanied by the escalating and deepening north-south confrontation between developed and developing countries over climate change. Even in developed countries, nationalism has grown, bringing about exclusionary or egoistic initiatives. Countries around the world are now urgently required to work out and implement strategies based on such geopolitical realities.

In such a situation, international frameworks to discuss global issues and explore their solutions have essentially become ever more important for supporting national initiatives. Under the division of the world, however, some international frameworks have become dysfunctional. For instance, the United Nations fails to make key decisions when Western countries and the China-Russia group as the permanent members of the Security Council confront each other. The Group of 20, which was launched in response to a decline in developed countries’ share of the global economy and their importance, faces difficulty building consensus under the division of the world, failing to adopt communiques in the recent meetings. So, hopes are growing on the roles of the Group of Seven as a key framework to address global issues. Amid the current geopolitical situation, new light is shed on the significance of the G7.

The G7 leaders at their annual meeting are required to discuss energy and climate issues for the sake of global stability and prosperity. Regarding energy security, they should discuss how to stabilize the international energy market, instead of how to enhance national energy security alone. Such G7 discussions and actions are required in response to the current energy geopolitics. As for climate change, an approach focused on the rich G7 countries’ cooperation with the Global South is indispensable for overcoming the new division of the world. Initiatives to achieve common goals through various pathways in cooperation with the Global South, instead of looking down on developing countries or forcing a single pathway on them, may represent a strategic approach for the G7 in the current geopolitical situation and a steady global decarbonization means.

From the viewpoints of energy, climate change and geopolitics, economic security regarding critical minerals has attracted global attention as a key factor that exerts great influence on the energy transition pathway. The situation has turned around from a period when the promotion of free trade and international division of labor was the central rule of the world. At present, how to develop and secure supply chains for strategic materials on the premise of the division of the world and geopolitical tensions has become a key policy challenge. International competition to secure a stable supply of critical minerals greatly influences energy transition for enhancing energy security

and climate change countermeasures. Such international competition will be combined with the development and international implications of industrial policies for successful energy transition, as symbolized by the U.S. Inflation Reduction Act and other initiatives, to complicate the global geopolitical situation. How to analyze geopolitical developments and changes in the world has become an urgent challenge for all countries.

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