

Repeated Rise of Resource Nationalism and the International Energy Situation

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Energy issues can be viewed from various angles. Views of energy consumers or consuming countries on energy issues naturally differ from those of energy resource-rich, producing, and exporting countries, reflecting their respective positions.

As energy issues have become more complex, not only energy resources but also resources related to energy issues are attracting global attention. As an important example, energy-related resources typically include lithium, cobalt, rare earths, and other critical minerals that will become indispensable for the production of renewable energy, batteries, and electric vehicles, for which demand will expand amid the energy transition towards decarbonization. Naturally, critical mineral consuming and producing countries have different views and strategies on the critical mineral issue.

It is significant for countries that consume important commodities to ensure their stable supply. The more the strategic value of these commodities increases, the more important it is to take various measures to obtain them in necessary and sufficient volume at affordable or reasonable prices. Needless to say, the most important indicator of these commodities' strategic value is prices. When the prices of important commodities rise or are expected to rise, securing their stable supply emerges as a major challenge.

For energy resource-rich, producing, and exporting countries, however, a top priority is to maximize income from the development, production, and export of energy resources. When the strategic value of these resources increases, they have a good chance to maximize their income. They also try to maximize their national interests such as national development and the expansion of international influence as resource-rich countries. An increase in the strategic value of these resources provides a good opportunity for them to do so.

As interest in economic security issues grows amid the deepening division of the world, securing strategic goods and technologies is viewed as more important than ever. Unlike the past period where emphasis was placed on minimizing costs on a global basis based on free trade and the international division of labor, countries at present give priority to the domestic production of strategic goods and technologies and the cooperative development of supply chains for these goods and technologies with allies and strategic partners, being prepared to bear additional costs. Critical minerals represent goods that have become subject to these initiatives due to their growing strategic value.

Under these circumstances, it is natural for resource rich countries to try to maximize their national interests through issues related to the development, production, and export of critical minerals. Since 2020, when the trend towards carbon neutrality began to accelerate, in fact, resource nationalism movements to strengthen control over domestic resources have emerged, including Chile's

announcement of a national lithium strategy in 2023 and Mexico's creation of a state-run lithium company in 2022 in Latin America, and Indonesia's ban on nickel and other exports in Southeast Asia. Regarding the enhancement of state control over resources, China, with a great presence in critical mineral resources endowment and their supply, is attracting attention by strengthening domestic industry and export control, especially for rare earths, which are of strategic importance.

This situation can be seen as the rise or beginning of a new resource nationalism regarding critical minerals. The emergence of the new resource nationalism has come to be seen as a new important issue for critical mineral consuming countries to address in securing a stable supply of such minerals.

Resource nationalism related to critical commodities has gained momentum many times in the past, exerting influence on the international situation. The problems related to resource nationalism regarded as the most serious issue in the international energy situation have been symbolically manifested for oil, which has been regarded as the most important strategic commodity for a long time.

The rise and heightening of resource nationalism regarding oil first attracted global attention in the 1960s and 1970s, when the movement of resource nationalization came. Up until then, huge international oil companies represented by the Seven Sisters had held the helm in the development of oil resources. The movement was a major wave for resource-rich countries to break away from international oil companies' control over resources and regain real control over oil development and the power that arose from the development. During the offensive of the Organization of the Petroleum Exporting Countries in the early 1970s, resource rich countries achieved capital participation in or nationalization of domestic oil resources. The power of oil producing countries reached its peak amid crude oil price spikes caused by the first oil crisis and the growing importance of oil as a strategic commodity.

Resource nationalism regarding oil shook the world again on crude oil price spikes in the early 2000s. In the 2000s, the oil market changed dramatically from the period of stagnation and stability in crude oil prices in the 1990s. As China began to explosively consume resources, the oil peak theory emphasizing the limits of oil supply became controversial, leading to the view that the oil supply-demand balance would tighten structurally over the long term. Then, resource-rich countries tried to toughen their control over oil resources in reaction to their promotion of foreign capital introduction amid low oil prices in the 1990s. Representing such efforts were Venezuela and Russia. In Venezuela, the Hugo Chavez administration at the time tightened control over state-owned oil company PDVSA, unilaterally changed the conditions for foreign investment, and used resource development as a diplomatic card. In Russia, the Vladimir Putin administration reversed the foreign capital introduction policy promoted amid the economic turmoil and stagnation in the 1990s and enhanced state control on the oil and gas sector as symbolized by the Yukos incident, in which Yukos Oil Company was broken up.

The rise and heightening of resource nationalism were behind both the oil crises in the 1970s and crude oil price spikes in the early 2000s, forcing oil-consuming countries to strengthen their efforts to ensure a stable oil supply as much as possible. Incidentally, the crude oil price spikes and the tighter oil supply-demand balance that began in the 2000s led Japan to renew its emphasis on energy security and formulate the Strategic Energy Plan. This fact is interesting for considering today's issues (see A Japanese Perspective on the International Energy Landscape (686)).

There is a saying, "History repeats itself." Even if the exact same event is not reproduced

again, it is often the case that common factors and highly similar events and results occur. With regard to critical minerals, which are attracting attention as important commodities today, it is quite possible that events similar to those that occurred in the international oil market in the past and became problems will occur in the future. The issue of critical minerals has become a real problem today and is expected to grow more serious in the future. This is because demand for important mineral resources and their products is expected to increase dramatically as decarbonization initiatives are promoted. In order to prepare for future problems, energy-consuming countries need to learn from history and consider, prepare, and implement response strategies.

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