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THE GEO-STRATEGIC IMPORTANCE OF THE INDIAN OCEAN IN THE CONTEXT OF THE WORLD OIL CRISIS

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Abstract: *The continuously growing demand of energy and the natural limitation of the energy resources makes today's military, economic and diplomatic strategies of every nature to be shaped by the top priority objective: the uninterrupted access to energy resources. If nowadays 40% of the world's consumer goods are transited across the Malacca Strait and 40% of the sea-transported oil transits the Hormuz Strait, the estimates made until 2030 indicate an increase of the energy needs by 45% globally, of which more than half will be due to India and China's needs, implicitly leading to an intensification of the traffic across the Indian Ocean.*

Key words: *demand of energy, limitation of natural resources, strategic importance, transport solutions.*

1. Introduction

Hydrocarbons have dominated the global economy for the past centuries, but none has managed to shape the geopolitical destinies of the planet as oil has. During the 20th century, oil came to hold 40% of the world's energy, whereas coal, so extensively used in the previous centuries, held a 26%, while natural gas held a 24%^[1]. If today's proportions were kept and we took into account the global energy demand increase, in 2035 twice more energy would be produced than today. That means a consumption of 140 million barrels a day, as compared to 80 million today. Naturally, the greatest demand would be on the part of the emerging economies and especially on China and

India's part, which would have to sustain their pace of development.

The continuously growing demand of energy and the natural limitation of the energy resources makes today's military, economic and diplomatic strategies of every nature to be shaped by the top priority objective: the uninterrupted access to energy resources.

2. Oil Decline – the Last Easy-to-Extract Barrels of Oil

The USA is the largest energy consumer in the world. With less than 5% of the world's population, the USA consumes 25% of the energy produced globally. This type of consumption makes an American consume twice as much energy as a European or a Japanese, and ten times

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more than the global average. Due to this enormous energy demand, the USA has become the most important player on the world's energy market.

It is estimated that humanity has consumed, since the beginning of the oil age, about 875 billion barrels of oil. According to the US Geological Survey, the proven world oil reserves hold about 1.7 trillion barrels. It is the same agency that estimates the volume of undiscovered oil to be about 900 trillion barrels. Taking into account the current consumption of 80 million barrels a day, which will grow by a 2% rate every year, the total reserve of 2.6 trillion barrels would probably suffice until 2030. There are even more pessimistic analysts who consider the amount of the proven and untapped oil is only 1 trillion barrels, which makes the year 2010 the climax of oil exploitation.

The most optimistic analysts cited by Paul Roberts believe that the non - OPEC (Organization of the Petroleum Exporting Countries) production will reach its climax in 2015, whereas the OPEC production will do so in 2025. Of the 23 main oil producing countries, in 15 the production has already reached a peak and is still growing in the others. Among those who have already reached climax are the USA, with a maximum of 9.6 billion barrels a day in 1970 and the North Sea producers: the UK in 1999 and Norway in 2000^[2].

The eight countries that have not yet reached climax are the Saudi Arabia, with 11 million barrels per day, Russia, with 9 million barrels per day, Canada, Kazakhstan, Algeria, Angola, China and Mexico.

Most geologists claim that the apogee of the oil production worldwide has already been reached. In the next few years, more

and more companies will start ardently looking for oil resources from expensive sources. This means taking by assault the tar sands and oil shales. The oil sand deposits in Athabasca, Alberta, Canada might sum up to 1.8 trillion barrels of oil, but only 300 billion might be recovered, and the costs would be higher than in the case of the current extraction procedures. Venezuela has an estimated heavy oil deposit of 1.2 trillion barrels, of which about one third might be recovered. In the US, the oil shales concentrated in Colorado, Wyoming and Utah contain high amounts of kerogen, a mixture of organic chemical compounds that can be converted into oil and fuel. Nevertheless, the production of oil from these resources is very expensive and has terrible polluting effects.

3. The Stakes of the Indian Ocean

Even though we are witnessing an unprecedented development of air transport, sea transport continues to have the highest prevalence globally, with 90% of the consumer goods and 65% of the petroleum products carried on seas. The Indian Ocean accounts for half of the world's container traffic, whereas over 70% of the total traffic of petroleum products passes through the Indian Ocean, on its way from the Middle East to the Pacific. [3] This vital traffic for the destination countries is influenced by the control of a few essential locations. If, in order to export oil from the Middle East, one needs to hold control over the Bab el Mandeb Strait, towards the Aden Gulf and over the Hormuz Strait, towards the Oman Gulf, in the eastern part of the ocean the Malacca Strait is of a strategic importance as most goods are transited across it.

If nowadays 40% of the world's consumer goods are transited across the Malacca Strait and 40% of the sea-transported oil transits the Hormuz Strait, the estimates made until 2030 indicate an increase of the energy needs by 45% globally, of which more than half will be due to India and China's needs, implicitly leading to an intensification of traffic across the Indian Ocean.

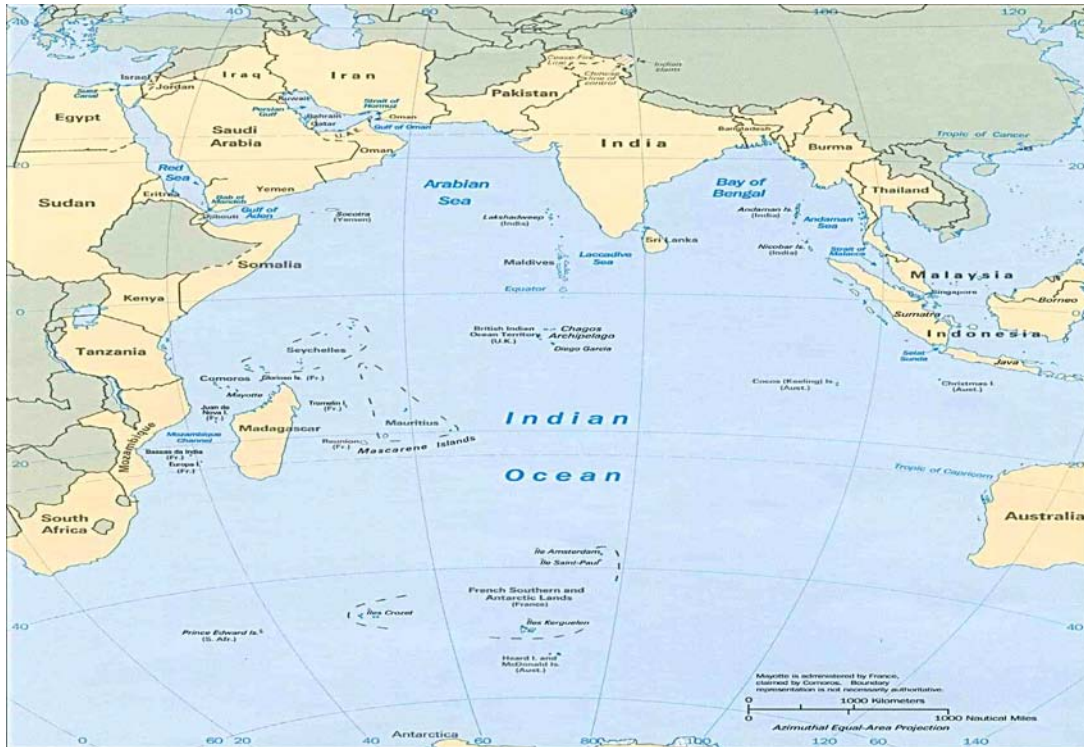


Fig. 1. *The Indian Ocean*

Source: <http://www.geographicguide.com/africa-maps/indianocean.htm>

China's oil necessities doubled between 1995 and 2005 and are expected to double again in the next 15 years. By 2020, China alone will import 7.3 million barrels of oil per day, i.e. half of Saudi Arabia's estimated production. Over 85% of the oil and petroleum products that make the object of the trade with China go across the Malacca Strait, which thus gains vital importance for China.

The Indian Ocean is dominated by two large gulfs: the Arabian Sea and the Bay of Bengal, in both of which there is one

country with great instability. The demise of the regime in Pakistan would affect the neighbouring states by strengthening the ties between the Balochi and Sindhi separatists with India and Iran. The demise of the Myanmar junta would probably lead to atrocities that would require foreign military intervention and at the same time trigger potential conflicts due to the India-China race for Myanmar's energy resources.

The great actors who are trying to impose their rules in the Indian Ocean are

the USA, India and China. The race for energy resources and the need to secure the sea commercial lines have determined two emerging powers, China and India, to invest massively in the development of their own mercantile and battle fleets. Even though the US still remain the main naval power in the region and will continue to play their hegemonic role, India and China have made strategic investments to exercise their influence in the Indian Ocean.

With its 155 warships, India becomes a naval power to be taken into account in the region, and China is aware of how important the development of its mercantile and military capabilities is to be able to counterbalance India's increasing influence. China has locked up important military forces in dispute over Taiwan, to the detriment of its control in the Indian Ocean and especially the Malacca region. The government in Beijing invests massively in alternative transport solutions that aim at the transportation of oil and gas through pipes that connect different ports, from the Indian Ocean to continental China. China invests in such great-depth ports in friend countries in the region such as: the naval base in Gwadar (Pakistan), which offers support in monitoring the traffic in the Hormuz Strait, the Port of Pasni (Pakistan), 100 km east of Gwadar, a fuel base on the southern coast of Sri Lanka and a powerful commercial base in Chittagong – Bangladesh.

The Chinese Government gives military assistance worth millions of dollars to the junta in Myanmar to feed the cooperation that would allow China's access to the Burmese resources and the construction of the infrastructure it needs for the transport of oil and gas from the Bay of Bengal to

the Province of Yunnan in the south of China.

The strategic investment pursued by the Chinese Government is a replica in Thailand of the Panama Canal. In order to make the transport costs more efficient, but especially in order to control the traffic and to break the monopoly in Malacca, the Chinese government wishes to convince the Thai authorities to permit the construction of a navigable canal that would link the Indian Ocean to the Chinese coastline of the Pacific through the current Kra Isthmus. If Thailand accepts the Chinese investment and gives China preferential rights for the control of traffic across the future canal, the balance of the naval power will certainly incline in favour of China that will then be able to provide an extremely interesting alternative to the transportation of commodities from the Indian Ocean to Japan and South Korea.

The competition between India and China for the control over the Indian Ocean has gone way out of the sphere of economy and it is gaining more and more strategic and military importance. The Chinese analyst Zhang Ming has warned that the 244 island that form the Indian Andaman and Nicobar archipelagic Islands may be used as a metallic chain that would block the access of the Chinese ships to the Malacca strait. Thus India becomes, in the opinion of the Chinese analyst, the most feared strategic enemy.

The ports in the Indian Ocean have a major importance for the energy future of South-East Asia. In the near future, the natural gas of Turkmenistan could be connected to the Pakistani and Indian cities through Afghanistan. The Chinese port of Gwadar in Pakistan and the Indian port of Chah Bahar in Iran may be connected to

some gas and oil pipes in Azerbaidjan, Kazakhstan, Turkmenistan and other former Soviet states. Some analysts consider the ports in India and Pakistan to be potential delivery points of the Caspian oil.

Bearing in mind the importance of the Indian Ocean to the transport of the energy resources and commodities, as well as the importance of these maritime lines in the drug trafficking, piracy and even terrorism, the US will continue its monitoring and control policy in the region. The United States maintain a powerful fleet in the Indian Ocean to control the above-mentioned commercial hot spots, often using the central base located in the British Diego Garcia atoll.

4. Conclusions

The problems in the Indian Ocean, just like in other maritime regions, are complex and the costs of maintenance of an omnipresent fleet are enormous for the American navy. Considering the development of the military naval capabilities of Japan, India and China, it might be presumed that the US will lead a policy similar to that of the British Empire during the late 19th century. Thus we may assume that the US will reduce the number of their military ships and implicitly of the costs in the region, juggling with the influences in the region by involving their allies who possess growing naval powers. In this scenario, it is expected that the US rely on the support of India and Japan to counterbalance the Chinese influence in the described maritime regions. India has already established some naval and listening bases in the Madagascar, Mauritius and Seychelles Islands, as it considered the alliance between China and

Pakistan a real threat that materialized in the construction of the Port of Gwadar to allow the control of the Strait of Hormuz. At the same time, India has consolidated its military naval positions in the Andaman and Nicobar archipelago to exert control over the Strait of Malacca. All these strategic investments offer a perspective over the rivalry between China and India and the importance that the Indian Ocean holds in the region.

There is also a scenario that predicts the development of some multinational naval forces in the region, following the NATO example. The precedent has already been done through the establishment of the so-called CTF 150 (Combined Task Force 150), a naval taskforce based in Djibouti that comprises 15 military vessels from the US, the UE, Canada and Pakistan and whose task is to fight the piracy in the Gulf of Aden. The pirates' capturing of a Ukrainian vessel that carried tanks and military equipment made several vessels from the US, Kenya, Malaysia and two battles ships from China join the CTF 150.

This intervention model might be replicated in other hot regions, such as the coast of Somalia and the Strait of Malacca. Some analysts have gone even further and have reconsidered the possibility of establishing a force similar to NATO, but one that would include the riparian states of the Indian Ocean, i.e. South Africa, Oman, Pakistan, India, Singapore, and Australia with the US participation. This model is hard to put into practice, not only due to some already existing tensions, such as those between India and Pakistan, but also due to the vastness of the Indian Ocean and of the interests of other powers such as China, Japan, Indonesia etc.

It is certain however that, regardless of the foreseen scenarios, as long as trade, and especially the oil trade continue to dominate the Indian Ocean, this region will remain the main concern of the Asian powers and of the USA.

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