



Impact of Political Changes in Middle Eastern Energy on Global Energy Security

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Abstract. The Middle East possesses the world's richest oil and gas resources and strategic passageways, making it a pivotal player in the global energy landscape. In recent years, the political dynamics of energy in the Middle East have been tumultuous, with intensifying power struggles both within and outside the region, leading to a significant rise in geopolitical risks. Confrontations between Saudi Arabia and Iran, the fragmentation of oil-producing country alliances, and the involvement of external major powers have made the situation in the Middle East increasingly complex, posing severe challenges to the security of oil and gas supplies. Geopolitical conflicts in the Middle East have led to drastic fluctuations in international oil prices, exacerbating market uncertainty globally and causing economic shocks and energy security concerns for major energy-importing countries. The geopolitical significance of Middle Eastern energy highlights its political and strategic attributes, becoming a key factor influencing regional stability and great power rivalry. Based on an overview of the evolution of the Middle Eastern energy landscape, this article focuses on analyzing the new changes in the current geopolitical situation and their impacts, while proposing strategies to mitigate risks and uphold energy security. Resolving geopolitical risks in Middle Eastern energy requires concerted efforts from regional stakeholders, external major powers, and major energy-importing countries. It necessitates reshaping mutual trust with strategic determination and political wisdom, while continuously striving towards energy transition, enhancing global energy governance, and promoting economic diversification in the Middle East. Together, let us forge a peaceful, stable, and sustainable future for Middle Eastern energy.

Keywords: Middle East; energy politics; geopolitics.

1 Introduction

The Middle East region harbors the world's richest reserves of oil and natural gas, playing a pivotal role in the global energy landscape. According to BP statistics, in 2020, the proven oil reserves in the Middle East amounted to 734.88 billion barrels, accounting for 48.3% of the global total, while proven natural gas reserves stood at 75.6 trillion cubic meters, constituting 38.4% of the global total. Simultaneously, the

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Middle East serves as a strategic chokepoint in global energy transportation, controlling approximately two-thirds of the world's maritime oil trade through key passages such as the Strait of Hormuz, Suez Canal, and Bab el-Mandeb. The strategic importance of Middle Eastern energy and its geopolitical environment have made it a focal point of great power rivalry. In recent years, the geopolitical situation in the Middle East has been characterized by volatile dynamics, with escalating confrontations between Saudi Arabia and Iran, crises such as the Qatar diplomatic rift, Yemen war, Syrian conflict, and the intervention of external major powers, rendering the situation increasingly intricate[1]. The new changes in the geopolitical landscape of Middle Eastern energy pose severe challenges to regional stability and global energy security. This article aims to analyze the current geopolitical trends in the Middle East and their impacts, explore the risks facing Middle Eastern energy security, and propose strategies for mitigation, thereby providing insights for safeguarding global energy stability.

2 Middle Eastern Energy Politics Overview

2.1 Major Oil-Producing Countries in the Middle East

The Middle East region boasts the world's richest reserves of oil and gas, holding a significant position in the global energy landscape. According to BP statistics, in 2020, the proven oil reserves in the Middle East amounted to 7,348.8 billion barrels, accounting for 48.3% of the global total; proven natural gas reserves stood at 75.6 trillion cubic meters, constituting 38.4% of the global total. In 2020, the crude oil production in the Middle East was 24.794 million barrels per day, representing 31.1% of the global total production; natural gas production was 6,751.8 billion cubic meters, accounting for 17.8% of the global total production. Major oil-producing countries in the region include Saudi Arabia, Iraq, Iran, the United Arab Emirates, Kuwait, among others. Saudi Arabia, in particular, possesses the world's second-largest oil reserves and the second-largest crude oil production capacity, wielding an indomitable influence in the global crude oil market[2]. Additionally, Qatar, Iran, Saudi Arabia, and the United Arab Emirates are among the world's major natural gas-producing and exporting countries. The Middle Eastern energy landscape and key oil and gas data for major countries are illustrated in Figure 1 and Table 1. It is evident from this data that the Middle East holds a unique geopolitical advantage in energy, making it a focal point of contention among major powers.

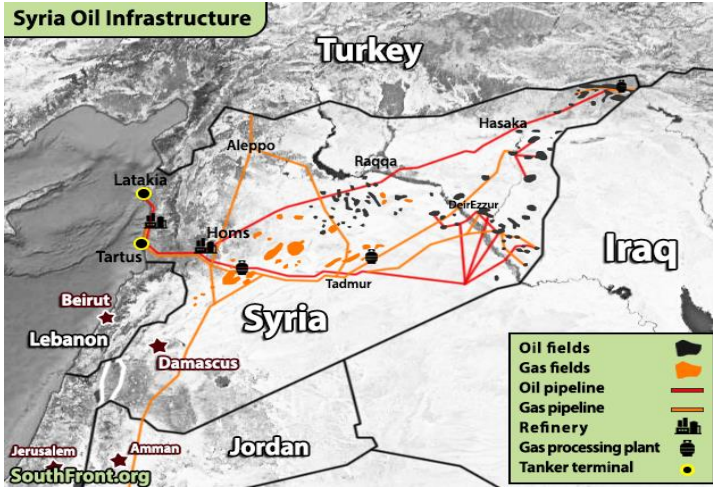


Fig. 1. Distribution Map of Energy Resources in the Middle East

Table 1. Oil and Gas Reserves and Production of Major Oil-Producing Countries in the Middle East (2020 Data)

Country	Crude Oil Proven Reserves (Billion Barrels)	Crude Oil Production (Million Barrels/Day)	Natural Gas Proven Reserves (Trillion Cubic Meters)	Natural Gas Production (Billion Cubic Meters)
Saudi	29.77	11.04	5.99	95.6
Iran	15.78	2.99	32.13	250.8
Iraq	14.5	4.11	3.51	10.8
UAE	9.78	3.76	5.95	58.5
Kuwait	10.15	2.69	1.69	16.9

(Data Source: BP Statistical Review of World Energy 2021)

2.2 Historical Evolution of Middle Eastern Energy Politics

The Middle Eastern energy political landscape has undergone a transition from dominance by Western oil companies to the gradual reclamation of control by oil-exporting countries. In the first half of the 20th century, Western countries dominated the Middle Eastern oil industry through concession agreements. In the 1950s and 1960s, oil-producing countries began to reclaim control by establishing national oil companies and promoting oil nationalization. In 1960, Saudi Arabia, Iran, Iraq, Kuwait, and Venezuela jointly established the Organization of the Petroleum Exporting Countries (OPEC) to coordinate member countries' oil policies and safeguard common interests. OPEC successfully wielded the "oil weapon" twice in the 1970s by initiating oil embargoes, triggering oil crises, and demonstrating the position of oil-producing countries in the global energy market. Throughout the 1980s and 1990s,

OPEC played a critical role in stabilizing oil prices and ensuring global oil supply. Since the 21st century, Middle Eastern energy politics have been influenced by geopolitical conflicts such as the Iraq War, the Arab Spring, and the Saudi-Iran rivalry, facing both challenges and presenting new development trends[3].

3 Recent Changes and Their Drivers

3.1 Transformation of Geopolitical Alliances and Confrontations

The geopolitical landscape of the Middle East is undergoing a significant transformation, reshaping traditional alliances and confrontations. The rivalry between Saudi Arabia and Iran, fueled by sectarian, ideological, and regional influence disputes, has deepened, affecting conflicts across Yemen, Syria, Iraq, and Qatar. The execution of Shia cleric Nimr al-Nimr in 2016 exacerbated the Saudi-Iran tension, leading to a diplomatic standoff. The U.S.'s shifting policies, from intensifying sanctions against Iran under Trump to seeking dialogue under Biden, have further influenced the Saudi-Iranian dynamic. Additionally, rifts within the Gulf Cooperation Council, highlighted by the 2017 severance and later restoration of relations between Saudi Arabia, the UAE, and Qatar, underscore the fluctuating nature of regional alliances[4]. Emerging disagreements, like those between Turkey and Saudi Arabia post-Khashoggi incident, reflect the evolving and complex nature of Middle Eastern geopolitical relations, indicating a period of redefined alliances and heightened confrontations.

3.2 Rise of Emerging Regional Powers

In recent years, China's influence in the Middle East has rapidly increased, becoming a force that cannot be ignored in the Middle Eastern energy political landscape. China has risen to become the largest importer of crude oil from the Middle East and a key trading partner. According to Chinese customs statistics, in 2021, China imported 267 million tons of crude oil from the Middle East, a year-on-year increase of 3.1%, accounting for 51.6% of China's total crude oil imports. Saudi Arabia, Iraq, the United Arab Emirates, and Kuwait ranked as China's top four oil-supplying countries. From 2016 to 2022, China's oil imports from the Middle East have continued to grow, with an average annual growth rate of 8.3%, far exceeding the overall growth rate of 4.5% for China's crude oil imports during the same period (see Figure 2). At the same time, China has significantly increased its investments in Middle Eastern countries. Since the implementation of the Belt and Road Initiative, China's cooperation with countries such as Saudi Arabia, the United Arab Emirates, and Egypt in energy and infrastructure sectors has expanded. In 2021, China's direct investment stock in Saudi Arabia reached \$5.7 billion, a 20.1% increase from 2020. China's destiny is becoming increasingly intertwined with that of Middle Eastern countries. Disruptions in Middle Eastern energy supply or escalations in geopolitical conflicts will directly impact China's energy security and overseas interests. Therefore, China needs to actively engage in Middle Eastern affairs, fulfill its responsibilities as a major power, maintain

regional stability, and ensure smooth energy channels. China's diplomacy is shifting from traditional non-interference to a "responsible major power" approach, and its willingness and capacity to participate in Middle Eastern energy geopolitics are increasing. However, facing the complex Middle Eastern situation, China also needs to carefully balance relations with various regional and external parties and explore a Middle Eastern energy diplomacy path that suits its own characteristics[5].

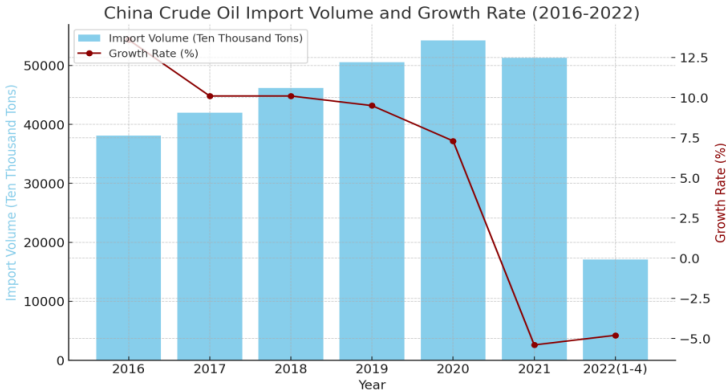


Fig. 2. Chinese Imports of Crude Oil from Major Middle Eastern Countries, 2016-2020 (Unit: Million Tons)

3.3 Domestic Political Changes in Key Countries

Recent domestic political shifts in major Middle Eastern countries significantly affect the region's energy politics. Saudi Arabia, under Crown Prince Mohammed bin Salman's vision, aims to diversify its economy beyond oil with "Vision 2030," despite facing internal and international criticism for aggressive policies. Iran, under the pressure of U.S. sanctions, elected hardliner Ebrahim Raisi as president in 2021, indicating a tough stance against the West and signaling potential for heightened tensions. Meanwhile, Iraq's political landscape remains unstable due to prolonged counterterrorism efforts and sectarian strife, with significant public unrest challenging its governance[6]. These internal dynamics in key nations contribute to the complexity and uncertainty surrounding the future of energy politics in the Middle East, impacting regional stability and global energy markets.

4 Impact on Global Energy Security

4.1 Risks to Stability of Oil and Gas Supply

The Middle East's geopolitical unrest poses a critical threat to global oil and gas supply stability, given the region's substantial contribution to worldwide energy markets. With over half of global oil exports originating from here, any disruption can significantly impact global energy security. Rising tensions between major producers like Saudi Arabia and Iran heighten the risk of supply interruptions, as evidenced by the

2019 drone attacks on Saudi facilities that cut 5% of global oil production[7]. The Strait of Hormuz, a vital passage for oil transport, is another potential flashpoint, with threats to block it posing a direct challenge to energy markets. Political instability in countries such as Iraq and Libya further complicates the scenario, potentially doubling supply disruptions by 2026. These risks underline the fragility of global energy supplies and the pressing need for strategies to mitigate geopolitical threats in the Middle East.

4.2 Impact on Oil and Gas Markets

Geopolitical events in the Middle East often trigger significant fluctuations in international oil and gas markets. Supply disruptions and increased geopolitical risks push oil prices higher, while declining demand and supply recovery push oil prices lower. For example, events such as the civil war in Libya and Houthi attacks on Saudi oil fields have repeatedly driven up oil prices. In 2018, the Trump administration withdrew from the Iran nuclear deal and reinstated sanctions, leading to market concerns about a sharp reduction in Iranian oil exports, causing Brent crude oil prices to soar to over \$85 per barrel. Conversely, the outbreak of the COVID-19 pandemic in 2020 led to a "cliff-like" decline in demand, coupled with the price war between Saudi Arabia and Russia, resulting in oil prices plummeting to negative values, with WTI crude oil futures prices hitting a low of -\$37.63 per barrel. The significant price volatility caused by geopolitical risks in the Middle East disrupts the order of the oil and gas market and exacerbates uncertainty in investment and trade. Fluctuating oil and gas prices also affect the fiscal and economic stability of oil-producing countries in the Middle East, which in turn affects the regional geopolitical landscape. Plummeting oil prices threaten the fiscal revenue and political stability of oil-producing countries, while soaring oil prices trigger economic recession and demand contraction in consumer countries[8]. The International Energy Agency predicts that by 2026, due to the impact of Middle Eastern geopolitical risks, oil prices could be \$30 per barrel higher than the baseline scenario. As shown in Table 2, Middle Eastern geopolitics has become a key variable influencing the trajectory of global oil and gas markets.

Table 2. Impact of Recent Geopolitical Events in the Middle East on International Oil Prices

Event	Date	Oil Price Change
Saudi oil facilities attacked by drones, production down by 5.7 million barrels/day	Sep-19	Brent and WTI crude prices rose by 13% and 12%, respectively
US withdrawal from Iran nuclear deal, reinstatement of sanctions, market concerns about sharp reduction in Iranian oil exports	May-18	Brent crude prices surged to over \$85 per barrel
OPEC+ reaches historic production cut agreement, daily cut by 9.7 million barrels	Apr-20	Brent crude prices rebounded from around \$19 per barrel to \$40 per barrel
Negotiations between Saudi Arabia and Russia on production cuts collapsed, Saudi Arabia significantly lowered official selling prices, triggering price war	March-April 2020	WTI crude futures prices plummeted to as low as -\$37.63 per barrel
Libyan National Army blockade of ports leads to sharp decline in oil exports; Houthi attacks on Saudi oil fields lead to production decline	January-March 2020	Brent crude prices fell from around \$68 per barrel to less than \$30 per barrel

4.3 Consequences for Energy Importing Countries

Disruptions in Middle Eastern oil and gas supplies significantly impact global energy importing countries, including the US, Europe, China, India, Japan, and South Korea. These nations rely heavily on such imports for economic stability, where any supply halt or price spike can affect economic growth, inflation, and fiscal health. For instance, China, which received 47% of its crude oil from the Middle East in 2020, faces substantial economic risks and increased energy costs with rising oil prices. This situation not only pressures emerging economies through inflation and fiscal strains but also complicates the foreign policies of major powers[9]. Balancing relationships with Middle Eastern countries while addressing energy security and diplomatic goals is a challenge, making the stability of the region's energy supply a crucial priority for global economic and strategic interests.

5 Conclusion

The Middle East, pivotal in global energy markets due to its vast oil reserves, is experiencing deep geopolitical shifts. These shifts are intensified by the Saudi-Iranian rivalry, weakening alliances among oil nations, and external powers' engagements, posing threats to global energy security. This region's stability is crucial, not just for energy supplies but for the broader political and strategic landscape, reflecting the intertwined nature of energy and regional security. Amidst these challenges, international cooperation and dialogue with Middle Eastern countries are vital for ensuring peace and energy security[10]. Addressing the region's geopolitical risks demands a focus on energy transition, improving global energy governance, and economic diversification within Middle Eastern nations. Through strategic and wise actions, we can aim for a sustainable future in Middle Eastern energy, underpinning global economic stability.

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