

## **FUTURE IMPACT OF GEO-POLITICS AND GLOBALIZATION IN SUSTAINABLE GAS SUPPLY AND TRADE**

### **Back Ground**

In today's scenario Natural gas has gained rapid importance in geopolitical arena. Gas has grown from a marginal fuel consumed in regional markets to a fuel that is being transported across great distances for consumption in many different countries.

The choice of natural gas for fuel is increasing significantly due to various reasons. One of the most important reasons being its low environmental impact. The demand for gas is projected to get double over the coming years. Probably surpassing coal as number two energy source and overtaking oil's share in many large industrialized economies.

It is also very important to mention here that almost two- third of the world's proven gas reserves are located in the former Soviet Union and the Middle East - far from the areas where demand for gas is expected to rise most.

The success of gas realizing to its full global potential in terms of value and choice as a fuel will depend much on political, institutional and economic environments.

### **Aims**

The Paper examines the various angles of geopolitics, resource nationalization and how the security of supply can be maintained by gas producing countries. It also gives a glimpse of the relations between power block will be formed due to Natural gas business. The paper also takes in to account the nationalization of resources in Russia and its impact on the investment scenario in the region.

### **Methods**

It includes the way today the energy companies globally are trying to form a cartel and trying to take over the role as creator and guarantor of the whole cycle. The increasing interest of these commercially oriented players dominating the gas scene will also change the nature of how contracts are negotiated and enforced.

In the regulated, state- controlled environment, it was comparatively somewhat easy for governments and their bidders to mutually agree to the terms of gas trade agreements for political ends. But with the opening of the boundary for gas market and more liberalization coming in place things have changed to a large extent.

The paper also examines the impact of the Gas Exporting Countries Forum (GECF) on the global demand supply equation.

## **Results**

As the situation is emerging now it is expected that Russia is going to play a very crucial and major role in this new, more flexible and integrated global natural gas market. Russia was one of the first major gas exporters to the European market and could utilize the nascent European pipeline network taking shape alongside the rising Russian exports. Russia benefits not only from its location and size of resources but also from its new Nationalization policy.

It is also expected that Russia will also eventually enter the LNG trade via the Barents Sea, providing an additional link between gas prices in North America, Europe and Asia.

Other resource-rich nations, such as Iran and Saudi Arabia, could also become major players. However, due to lack of existing infrastructure to carry their gas to the lucrative European and Asian markets they will be at a disadvantageous position as they must bear the fixed costs of market entry. The Gas Exporting Countries Forum has too many members with diverging interests to exert effective constraints on capacity expansion projects in the near term.

## **Summary**

- 1) An integrated global gas market will emerge, in which events in any individual region or country will affect all regions.
- 2) The role of governments in natural gas market development will change dramatically in the coming decades.
- 3) The rising geopolitical importance of natural gas implies growing attention to supply security.
- 4) The rapid shift to a global gas market is not a certainty. It depends enormously on creating the context in which investors will have confidence to deploy vast sums of financial and intellectual capital; it requires finding solutions to the adverse social and political consequences of developing natural resources in countries where governance is weak.

## **References**

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