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Importance of Oil to the Global Community

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Abstract- Oil is a very critical and essential product to the international community to such an extent that it benefits the globe especially in terms of reserves and production at totally different levels. While the reserves are beneficial to the Southern developing nations of the world, the Northern developed countries are appreciably put at a serious disadvantage in areas that relate to reserves and production of oil. It is however important to note that oil is such a very important product to both the North that is disadvantaged in reserves and production and equally to developing nations that have great reserves and are at advantage in production. It can in fact be asserted that oil is by far much more needed in the developed countries than in developing ones. This is clearly reflected and represented in the consumption levels of developed nations which are by far higher and greater than those in developing nations. In fact to an appreciable extent, the civilization of the western, Northern, developed, technologically advanced countries are strongly attached to adequate and regular supply of oil. Invariably therefore, it has become imperative that those nations strategise at employing new sources of oil supply that will be internal and which will considerably reduce dependence on the outside.

Keywords: oil, oil politics, the global community, the south and the north.

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Importance of Oil to the Global Community

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Keywords: oil, oil politics, the global community, the south and the north.

I. Introduction

Oil represents one product that brings both the Northern developed and the Southern developing nations together in terms of its essentiality and criticality to both zones. As far as oil is concerned, western civilisation and in fact technological advancement of the different western nations are directly attaché to oil. In essence, it has become a product that the North lacks but which it cannot do without. It is there fore, becoming important on a daily basis that oil should be one product that may fuel war even between the North and the South. This work is divided into four sections. The first is a conceptual framework on such critical areas as North, South, oil and oil politics while the second critically analyzes the importance of oil to the international community. The third views the production consumption levels of the North to the South while the fourth concludes.

II. Conceptual Discourse

a) The North

The North is made up of countries, which have far-reaching political, social, economic and usually military influence internationally.[1]Such nations are by a geographical accident concentrated in the Northern part of the globe, and as such are referred to as the North.

This is a nucleus consisting of the highly industrialized, capitalist countries of Western Europe, North America and Japan, otherwise known as the prosperous urban center.[2]

b) Characteristics

The development of the North is marked by a number of common traits; organised and highly independent economies devoted to utilising primary products of the South towards producing finished products of the developed world. The South also provides market for their finished goods. Other traits of the North are modern, urban social structures; moderate population growth; and economic riches.[3]Nations in the Northern part of the globe were also former colonial masters of those in the South and in spite of independence of several years, still exert considerable control and influence over these former colonies. The North also dominates and controls the international economic system and determines rules that guide international economic relations.

A linkage therefore exists between the dependent role of the Third World and the relationship between the raw material and the finished products. Olofin[4] and Wosley[5] for instance both agree that

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[1] Wehmeier, S.2000, Oxford Advanced Learner's Dictionary , 519.

[2] Anyegbunam, O. 1980, International Economic Relations and National Development. *Readings in Social Sciences,* E.C. Amucheazi ,Ed. .Enugu, Fourth Dimension Co. Ltd, 231.

[3] Kasdan,A.R. 1973, *The Third World: A New Focus for Development,* London: Longman, 117.

[4] Olofin S. 1980. In search of a New International Economic Order *Nigerian Journal of International Affairs* 6 . 1 and 2: 17.

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because the North makes rules and their interpretation, the prices of the raw material have consistently grown at a lower pace or declined relatively to prices of finished goods. This can be explained by the fact that in virtually all important and relevant international organizations such as the IMF, the World Bank and the UN, the North not only dominates but also determines the rules.

III. The South

The South or the Third World are the economically underdeveloped, poor, technologically backward countries of Asia, Africa, Oceania, and Latin America, that are considered as an entity with common characteristics, such as poverty, high birth-rates, and economic dependence on the advanced countries.[6] All such nations interestingly belong to the Southern hemisphere of the globe and are therefore understandably collectively referred to as the South, a stagnating countryside. The French demographer, Alfred Sauvy coined the expression Third World ("tiers monde" in French) in 1952 by analogy with the "third estate," the commoners of France before and during the French Revolution-as opposed to priests and nobles, comprising the first and second estates respectively.[7]

The South can therefore be described as the technologically less advanced, or developing nations of Asia, Africa, and Latin America, generally characterized as poor, having economies distorted by their dependence on the export of primary products to the developed countries in return for finished products. These nations also tend to have high rates of illiteracy, disease, and population growth and unstable governments. The term Third World was originally intended to distinguish the non-aligned nations that gained independence from colonial rule, beginning after World War II, from the Western nations and from those that formed the former Eastern bloc, and sometimes more specifically from the United States and from the former Soviet Union (the first and second worlds, respectively).[8]

Like the third estate, the South is nothing, and it "wants to be something."[9] The term therefore implies that the South is exploited, much as the third estate was exploited, and that, like the third estate, its destiny is a revolutionary one. It conveys as well a second idea, that of non-alignment, for the South belongs neither to the industrialized capitalist world nor to the industrialized Communist bloc.[10]

The expression, third world, as synonymous to the South, was used at the 1955 conference of Afro-Asian countries held in Bandung, Indonesia. In 1956, a group of Social Scientists associated with Savvy's National Institute of Demographic Studies, in Paris, published a book called Le Tiers-Monde. Three years later, the French economist, Francois Perroux, launched a new journal on problems of underdevelopment, with the same title. By the end of the 1950s the term was frequently employed in the French media to refer to the underdeveloped countries of Asia, Africa, Oceania, and Latin America.[11]

IV. Characteristics

The underdevelopment of the Third World is marked by a number of common traits; distorted and highly dependent economies devoted to producing primary products for the developed world and the provision of markets for their finished goods. It also includes traditional, rural social structures; high population growth; and widespread poverty. Nevertheless, the Third World is sharply differentiated, for it includes countries on various levels of economic development. And despite the poverty of the countryside and the urban shantytowns, the ruling elites of most Third World countries are wealthy.[12]

This combination of conditions in Asia, Africa, Oceania and Latin America is linked to the absorption of the Third world into the international capitalist economy, by way of conquest or indirect domination. The main economic consequence of Western domination was the creation, for the first time in history, of a world market. By setting up throughout the third world, sub-economies linked to the West, and by introducing other modern institutions, industrial capitalism disrupted traditional economies and, indeed, societies. This disruption led to underdevelopment.[13] Even after decolonisation (in the 1950's, 1960's, and 1970's), the economies of the Third World developed slowly, or not at all, owing largely to the deterioration of the "terms of trade"-the relation between the cost of the goods a nation must import from abroad and its income from the exports it sends to foreign countries.

Because the economies of underdeveloped countries have been geared to the needs of industrialized countries, they often comprise only a few modern economic activities such as, mining or the cultivation of plantation crops. Control over these activities has often remained in the hands of large foreign firms. Large buyers in the economically dominant countries of the West usually determine the

[5] Wosley P. 1967, *The Third World* ,Chicago, The University of Chicago Press,.291.
[6] Gerard C, 2004, *Third World,* London; Longman, 49.
[7] Ibid., p.52.
[8] Cole,J. 1987. *Development and Underdevelopment*, London: Longman, 172.
[9] Ibid., p.53.
[10] Ibid., p.53.
[11] Ibid., p.55.
[12] Kasdan,A.R 1973 .*The Third World: A New Focus for Development* ,London: Longman, 117.
[13] Hermassi,E.1980 *The Third World Reassessed,* London: Longman,105.

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prices of third World products. Trade with the West also provides almost all the Third World's income.[14] This is to say that the underdeveloped nature of the Third world economies, which has made the articulation of its internal structure incapable of auto centric development, is a product of the long history of incorporation into the world capitalist system.[15] It is in the same vein that Gunder Frank agrees that;

> *Indeed, the economic and political expansion of Europe has come to incorporate the new under developed countries into a single mainstream of World history which has given rise simultaneously to the present development of some countries and the present underdevelopment of others…*[16]

The relation of interdependence between two or more economies, and between these and world trade assumes the form of dependence when some countries (the dominant), can expand and give impulse to their own development, while other countries (the dependent), can only develop as a reflection of this expansion. In all cases, the basic situation of dependence leads to a global situation in dependent countries that situates them in backwardness and under the exploitation of the dominant countries.[17] Galtung[18], Johnson[19], Katzenlson[20], Williams[21], O'Conner[22], and Onimode[23] all agree that the dependent nature of Third World economy is one that situates them in backwardness and under the exploitation of the dominant countries.

V. Role in World Politics

The Bandung conference, in 1955, was the beginning of the political emergence of the Third world. China and India; two nations whose social and economic systems were sharply opposed, played a major role in promoting that conference and in changing the relation between the Third World and the industrial countries. As a result of de-colonialisation, the United Nations, at first numerically dominated by European countries and countries of European origin, was gradually transformed into something of a Third World forum. With increasing urgency, the problem of underdevelopment then became the focus of a permanent, although essentially academic, debate. Despite that debate, the unity of the Third World remains hypothetical, expressed mainly from the platforms of international conferences.

VI. Economic Prospects

Foreign aid, and indeed all the efforts of existing institutions and structures, have failed to solve the problem of underdevelopment. The United Nations Conference on Trade and Development (UNCTAD) held in New Delhi in 1971 suggested that one percent of the national income of industrialized countries should be devoted to aiding the Third World. That figure has never been reached, or even approximated. In 1972 the Santiago (Chile) UNCTAD set a goal of a 6 percent economic growth rate in the 1970's for the underdeveloped countries. But this, too, was not achieved. The living conditions endured by the overwhelming majority of the 3 billion people who inhabit the poor countries have either not noticeably changed since 1972 or have actually deteriorated.[24] No study of the Third World could hope to assess its future prospects without taking into account population growth. In 1980, the earth's population was estimated at 4.4 billion, 72 percent of it in the third world, reaching 6.2 billion, and 80 percent of it in the third world, at the close of the century. This population explosion in the third world prevented any substantial improvements in living standards as well as threatens people in stagnant economies with worsening poverty.[25]

Whatever economic development has occurred in the Third World has not been distributed fairly between nations or among population groups within nations. Most of the Third World countries that have managed to achieve substantial economic growth are those that produce oil: Algeria, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Saudi Arabia, the United Arab Emirates, and Venezuela. They had the money to do so because after 1973 the Organization of Oil producing Countries (OPEC), a cartel, succeeded in raising the price of oil drastically.

Other important raw materials are also produced by underdeveloped countries, and the countries that produce them have joined in cartels similar in form to OPEC. For example, Australia, Guinea, Guyana, Jamaica, Sierra Leone, Suriname, and Yugoslavia formed the Bauxite International Association (BIA) in 1974; and Chile, Peru, Zaire, and Zambia formed a cartel of copper producing countries in 1967.

[14] Reitsma,H.A and Kleinpenning,J.M.1985. *The Third World in Perspective,* London: Longman, 153.
[15] Claude A.1981. *A political Economy of Africa,* London, Longman, 55.
[16] Offiong D.1980. *Imperialism And Dependency* Enugu, Fourth Dimension Publishing Co. Ltd,50.
[17] Cockropt,J. Andre,F. Dale,J.1972. *Dependence and Underdevelopment,* New York; Anchor Books,9.
[18] Galtung,J. 1973. *The European Community: A Superpower in the Making,* London: George Allen & Unwin, 80.
[19] Dale, J.1979 *Dependence Negotiation: Analysis, Approaches, Issues,* San Francisco: Jossey – Bass: Inc. 71.
[20] Katzenlson I.1974 *The Politics and Society Reader,*(New York: David McKay Co.175.
[21] Williams,G.1987. *Third World Political Organisations; A Review of Development,* London: Macmillan , 39.
[22] O'Conner,J. 1971. The Meaning of Economic Imperialism *Readings in US Imperialism*_K. T. Fann & D. Hodges, Eds., Boston: F. Ponter Sargent,.53.
[23] Onimode, B..2000. *Africa in the World of the 21st Century,* Ibadan: Ibadan University Press, 50.
[24] Ibid., p. 56.
[25] Onimode, B . 20000. Op Cit, 53.

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But even strategic raw materials like copper and bauxite are not as essential to the industrialized countries as oil, and these cartels therefore lack OPEC's strength; while the countries that produce cocoa and coffee (and other foods) are even less able to impose their will. Indeed, among the countries that do not receive oil revenues, only Brazil, Singapore, South Korea, and Taiwan have enjoyed significant economic growth.

Nonetheless, the relationship between the underdeveloped and the industrialized countries has improved somewhat. In 1975 the nine-nation European Economic Community (EEC) concluded an agreement, called the Lome Pact, with 46 African, Caribbean, and Pacific (ACP) nations that exempted most ACP exports from tariffs. The Lome II Pact, signed in 1979 by the EEC and 57 ACP countries, consolidated and broadened the Lome I agreement-for example by guaranteeing income from agricultural exports.

With the exception of only a few oil-producing countries with low population, the economic crisis of the 1970s was more detrimental to the third world than to the West; and there did not seem to be much chance in the foreseeable future for any significant change in the relationship between the industrialized and underdeveloped countries. Nor did the prospects for economic development in the Third World appear to be very bright: Between 1960 and 1980 half of the African countries had actually regressed. The only countries to receive some of the capital needed for development were those lucky enough to have a significant amount of raw materials, most especially oil to export.

VII. Oil

The laws of many countries define oil or crude oil as mineral oil in its natural state before being refined or otherwise treated. Natural gas, like crude oil therefore consists of hydrocarbons and as its name suggests, it exists in the gaseous state. For convenience, petroleum is sometimes defined as mineral oil or natural gas. In these discussions the terms oil, crude oil and petroleum are used interchangeably. References to the oil industry will, where appropriate, include the natural gas industry.

Oil is a raw material as well as a convenient and effective source of energy.[26] In the form of energy it increases man's capacity to get work done. As a raw material it provides the feedstock for the fastest expanding industry in the world – the petrochemical industry. It provides fuel for agricultural tractors and pumps.[27] In power generation it has made notable inroads into the traditional roles of coal and hydropower.[28] Petroleum products play an important and increasing role in domestic energy consumption: for lightning, space heating (or cooling) and cooking. Their role in transportation is beyond challenge: they are essential for air transportation; in road transportation they have no real alternatives; in water transportation they provide a clean and economical fuel; in real transportation they are important for diesel locomotives.[29]

All over the world the lives of people are affected and the destiny of nations are probably determined, by the results of oil industry operations. Oil keeps the factories of the industrialized countries working and provides the revenue, which enables oil exporters to execute ambitious national and economic development plans. Those developing countries that have no oil are faced with a grim struggle for survival: if they lose they are relegated to the "fourth world". The march of progress would be retarded and life itself could become unbearable if the world was deprived of oil. That is why oil has become the concern of governments, a vital ingredient of their policies and a crucial factor in their political and diplomatic strategies.

VIII. Oil Politics

Politics in relation to oil includes all the relationships, policies and strategies, national and international, which have a direct or indirect bearing, influence or effect on the production and utilization of oil and on the international oil trade.[30] In the past, people were made to believe that the oil industry was just another business venture, although it happened to be very big and profitable. Government intervention and political pressure for many quarters have changed that impression. Oil has been brought into the mainstream of national politics and international relations. What was once the almost private business of some lucky investors has become the public concern of many nations, with serious public policy implications. The high political stakes have superseded the economic consideration of the oil business.

In the 60s and 70s, senior oil industry spokesmen, with much sincerity and reasonable success, usually pleaded to be left alone to do what they knew best, which was to warm the industry. Any of them making the same pleas now would not expect to be taken seriously. Oil has become a business of government and no government will now leave the oil company or anyone else, to run the industry without interference. It was inevitable that the oil industry should become a candidate for government intervention. It had all the characteristics which attracted political attention: the large size, the immense power and in better times the huge profit. It was the largest and the most important industry in the world. It was powerful and a

[26] Feyide, M.O.1996. *Oil in World politics*. The J.I.C. Taylor Memorial Lecture for 1996.Lagos, University of Lagos press, 13th & 14th March, 1.
[27] Ibid.3.
[28] Ibid.3.
[29] Ibid.3.
[30] Ibid.4.

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few major international oil companies once exercised its power. It was generally believed, and many still do believe that the oil industry could do almost anything, transform almost any situation and produce almost any range of results.

Oil has been absorbed into the political ideologies of many countries and become an integral part of the resulting economic arrangement. It is the concern of all levels of government in all-political and economic systems. "Oil politics" cannot be precisely defined, just as one cannot define precisely many things about oil. That partly explains why many countries have not successfully determined the appropriate means of handling oil matters in their administrative arrangement. In some countries oil matters are assigned to some ministries of oil, in others to the ministries of finance and in yet others to the ministries of industries, the Presidency or the Palace (as the case may be) or even the ministries of internal affairs, or their equivalents. One or two countries have experimented with a total absence of direct ministerial responsibility for oil, and there are cases where oil ministers are appointed without a ministry in the traditional sense.

IX. The Importance of Oil in the Global Economy

Natural resources including energy are unevenly distributed in the world and very few countries have been endowed with an abundant commercial energy base. Invariably, therefore, commercial sources of useful energy and their distribution among nations vary considerably over time. This makes energy a commodity of paramount importance to individuals, enterprises and nations.[31] Becht and Belzung both agree that "known resources per person including mineral and forest wealth are far greater in some countries than in others."[32] This further confirms the fact that the blessings of nature are not evenly distributed throughout the world.

In contradiction to assertions of writers on Great Power- Small Power relation and in agreement with the view of Becht and Belzung above, the introduction of oil as a raw material of immense value to the economies of the world has been given adequate attention by various authors to indicate the position of the raw material in changing the asymmetrical nature of international economic relations. Ikein for instance describes oil as a critical product to Northern economy,[33] an assertion that Doran[34], Fried and Schultz[35], Ali[36], Willrich[37], Aribisala[38], Fisher and Ridker[39], Hansen[40] and Frankel[41] all agree with. The Independent Petroleum Association of America (IPAA) (2001) actually describes oil as Black gold; declaring that;

> *It is the energy source that dominated the 20th Century and will continue to be pivotal for the foreseeable part of the 21st Century. It is the most versatile energy source available today. It is the most political of energy sources, the resource that makes countries go to war, the resource that countries must have to wage war. It is the single largest commodity in international trade and has been one of the most volatile.*[42]

OPEC Secretary-General describes oil as a "very important product as it is today still the cheapest and most convenient source of energy."[43] He further states that "without any doubt, the economy of the west, and indeed that of the entire world, is very much dependent on the availability of this source of energy"[44] David West describes it as "the primary commodity, the primary energy source to the industrialised world",[45] while Jubril Aminu another of Nigeria's former minister of Petroleum sees oil as the most important single commodity in world commerce.[46] Don Etiebet who was also a former oil minister in Nigeria claims that oil is about the most important source of energy in the world today.[47] As far as Edmond Daukouru Nigeria's special adviser on petroleum matters is concerned, oil is a precious product that is essential to different economies, both developed and underdeveloped.[48]. Qatar's second deputy prime minister and minister of energy and industry, Abdullah Bin Hamad al Attiyah describes oil as the cheapest and most convenient source of energy.[49] Saudi Arabia's minister of oil

[31] Alnasrawi, A. 1973 Collective Bargaining Power in OPEC. *Journal of World Trade Law 7,* MarchApril,: 188–207.
[32] Becht E and Relzung L.D:1975 *World Resource Management*, Prentice Hall, Inc, New Jersey,. 82.
[33] Ibid,85.
[34] Doran, F.C 1977.: *Myth, Oil and Politics: Introduction to the Political Economy of Petroleum* London, The Free Press.58.
[35] Fried E and Schultz C 1975: *Higher Oil Prices and the World Economy:* Washington, the Brookings Institution.
[36] Ali S. 1976: *Saudi Arabia and Oil Diplomacy* New York, Praeger Publishers. 25-27, 52, 92.
[37] Willrich M 1975: *Energy And World Politics* New York, The free Press. 1.
[38] Aribisala, F 1986,: Nigeria and OPEC Olusanya G.O. and Akindele R. (eds) *Nigeria's External Relationships: The first Twenty-five years* Ibadan, Ibadan University Press. 82.
[39] Fisher J.L. & Ridker R.G 1973: Population Growth, Resources availability and Environmental Equality . *American Economic Review*, 63..2: 82.
[40] Hansen, R.D 1974.: The Politics of Scarcity – in Hower, James W; *The US and The Developing World; Agenda for Action,* London, Praeger Publishers. 51-52.
[41] Frankel J 1981: *International Relations in a Changing World* Oxford, Oxford University Press 111.
[42] Independent Petroleum Association of America (IPAA) (2002): *Understanding the World Petroleum Association of America Market* 2000 Washington DC:IPAA, .15.
[43] Silva-Calderon A; Interview ; December 8,2003.
[44] Ibid.
[45] David-West T. 2004.Interview ; March 20.
[46] Aminu J,2004. Interview, June 17.
[47] Etiebet D,2004. Interview, June 19.
[48] Dakouru E,2004. Interview, June 19.
[49] Abdullah, *B.* H.A.2005. Interview, March 14.

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petroleum and mineral resources, Ali I. Naimi sees oil as the most convenient source of energy[50] and Kuwait's minister of energy, Sheikh Ahmad Fahad Al-Ahmad Al-sabah views oil as very important and significant to the global community.[51]

The industry is a unique industry, with characteristics which distinguish it from every other sector. Oil is the lifeblood of the developed industrialized world, providing readily accessible power and heat, as well as a vast array of consumer, commercial and industrial products.[52] Oil holds numerous benefits as a product and over other commercial energy sources such as accessibility, versatility, transportability and cost,[53]

Oil was the major global energy fuel and is likely to remain so for the next 30 years, at least. Fossil fuels dominated the energy supply in the second half of the last century and will almost certainly continue to do so in the second half of this century.[54] The promise of new and renewable energy sources and its great expectations were not realized and are unlikely to do so in the foreseeable future. New energy fuels, like biofuels proved to be uneconomical, and new energy carriers – hydrogen energy and fuel cells are still in the research laboratories rather than in markets and are unlikely to have a dent on the energy scene for years to come[55].

In the near future, as the stress on the world's scarce mineral resources grows stronger and supply of strategic minerals becomes more uncertain, new mineral problems of a social and political nature are bound to take shape, with even more important bearings on world affairs This situation has made the Third World, especially net producers of mineral resources, critical and important in today's world.[56]

Oil as a Southern weapon of bargaining is fundamentally represented in Zindani's description of the commodity as the element of blue tactics in the Third World's economic and political struggle vis-à-vis the Western World.[57] Henry Kissinger once noted that "oil is the world's most strategic commodity", [58] an evaluation that must have been made after critical analysis.

Crude oil is the most important single commodity in world commerce and it has accounted for over 50 percent by weight of all sea-borne international trade. What is more, in many applications, the most notable of which is transport, there was as at 1996 and even at present, no substitute for oil products.[59] Oil is perhaps the most important source of energy in the world today. Apart from the common energy derived from oil, more than 600,000 chemical products are said to be obtainable from the commodity. Some common by products of oil are lubricating oil, paraffin oil (kerosene), Gasoline (Petrol) etc. These do not have immediate effective substitutes.

Oil is also easier and cheaper for industrial use than coal and solar energy. Coal is difficult to extract and heavy to transport. It has been difficult discovering solar energy for industrial use due to scientific problems and the heavy cost involved. Oil therefore provides nearly half of the world's energy requirements and since 1973, energy demand has risen by an average of 2% per year.[60] It is estimated that by 1970, the world required an equivalence of 173 million barrels of oil per day and by 1979 the world outside the communist areas consumed 80% of the world's oil supplies.[61] The Organisation for Economic Cooperation and Development (OECD) member countries remained heavily dependent on oil, most of which came from OPEC. In 1981, the world outside communist areas was dependent on OPEC for three fifths of its oil supplies.[62]

As a result of the economic significance of this commodity, it has also acquired a great strategic significance in international politics. The focus of the world on the Middle East and especially on the Persian Gulf is mainly because these areas primarily export the largest amount of oil to non-communist countries. The West, headed by the US could not afford that these areas be controlled by the communists, during the cold war era, for this might result in a likely economic warfare by the communists to squeeze and strangulate the economies of the West. Even after the cold war era, focus and attention of the United States have remained on the Middle East. This is why the United States has jealously guided the Middle East and has persistently built military bases to act as deterrence.

It is also because of the importance of oil that developing countries attempted to link energy matters to the North- South dialogue. Discovering the importance of this resource, the oil exporting developing nations realised they could use oil to redress the imbalance

[50] Ali I. N,2004. Interview, December 8.
[51] Sheikh A. F 2004.Interview December 8.
[52] Silva – Calderon.A 2003.Welcoming Address To The Joint OPEC – IEA Workshop On Oil Investment Prospects, April 28. 3.
[53] Ibid. 5.
[54] Amuzegar, J. 1999. *Managing the Oil Wealth: OPEC's Windfalls and Pitfalls,* London/New York: I.B. Tauris Publishers. 142.
[55] Hisham A. 2004.Sundays Feature, The Future of Energy: Alternatives Ahead. Source: www.ieer.org/report/energy/bushfigs.html
[56] Tanzer. M 1990. *The Race for Resources, Continuing Struggles Over Minerals and Fuel.,* New York, Monthly Review Press.
[57] Zindani,.A.W. 1977. *Arab Politics in the United Nations.* India, Sana's University Publications. 207.
[58] Kissinger. H.1974. Energy crisis: Strategy for Cooperative Action. Speech delivered on Nov. 14,. ORBIS, 21. 3 :15.
[59] Rybezynski.T.M. 1996. *The Economics of the Oil Crisis* .London, Macmillan Press.3.
[60] Leys C. 1980. *Underdevelopment in Kenya* .London, Macmillan. 1002.
[61] Ibid: 1002.
[62] Ibid: 1002.

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between the haves and the have-nots. This was the origin of the oil crisis of 1973, which caused some major changes in relations of the North and the South.

Natural crude oil has therefore, since the early 1970s, remained a major source of commercial energy. It is expected to maintain its role as a standard of value and of reference, especially in view of obstacles in the way of developing substitutes, ranging from close substitutes such as synthetic crude, to partial substitutes such as nuclear power. Mikdashi actually identified three major obstacles in the way of substitutes to oil; namely, that it requires large-scale investments, advanced technology and long lead times.[63]

X. Reserves, Production and Consumption Rates Per Region

In 2000, the reserves of North America which were thirty-five billion, five hundred and eighty-six million barrels in 1990 had reduced to twenty-six billion, nine hundred million barrels in 2000, which was a reduction of a little less than nine billion barrels! That of Western Europe which shows to be sixteen billion, eight hundred and ninety million barrels in 1990 had however by 2000 increased slightly by a little over one billion barrels to eighteen billion, thirty-two million barrels. The reserves of Asia and Pacific which also indicate to be forty-two billion, five hundred and thirty million barrels in 1990 had also increased by about 10 billion barrels to fifty-two billion one hundred and thirty-two million barrels.[64] In essence, the fortune of the developed nations as far as the reserves of oil were concerned that could have positively changed by 2000 with a reserve increase of eleven billion barrels by two of the regions, was unfortunately almost totally neutralized by the nine billion dwindling reserves of North America. Invariably therefore, the reserves of the three regions controlling international economic relations could only increase by a paltry two billion barrels in the ten year period between 1990 and 2000.[65]

The reserve of Eastern Europe which in 1990 was fifty-eight billion five hundred and eighty-six million barrels had by 2000 increased to eighty billion, five hundred and eighty-six million barrels of oil. The Latin American reserve had however reduced from its one hundred and twenty-two billion three hundred and twenty-nine million barrels, that it was in 1990 to one hundred and nineteen billion, six hundred and sixty-nine million barrels in 2000, which happened to be a reduction of close to three billion barrels.[66] In Africa, the reserve that in 1990 was fifty-nine billion, seven hundred and thirty-three million barrels was shown to have increased appreciably to ninety-two billion, four hundred and fifteen million barrels that meant an increased reserve to the tune of almost thirty-three billion barrels.[67]The Middle East reserve which was six hundred and sixty-two billion, nineteen million barrels in 1990 had also slightly increased by 2000 to six hundred and ninety-four billion, seven hundred and five million barrels, representing an increase of well over thirty-two billion barrels.[68]

It can therefore be noted that between 1990 and 2000, the reserves of the four regions had increased by seventy-four billion barrels. This, apart from strengthening the position of the underdeveloped Southern nations, also completely contradicts the position of authors who claim that in the turn of the 20th Century, the reserves of oil all over the world would have started to depreciate.[69] Production in North America which was 8, 518,000 barrels per day in 1990 had by 2000 reduced to 7, 213,000 barrels per day. This indicates that the North American production which in 1980 was 9, 891,000 barrels per day and which reduced to 8, 518,000 barrels a day in 1990, further reduced to 7, 213,000 barrels per day in 2000. Invariably, the North American production in two decades had dwindled by not less than 2, 500,000 barrels on a daily basis.[70]

The Western Europe production which between 1980 and 1990 increased from 2, 520,000 barrels per day to 4, 68,000 barrels a day had further increased to 6 million 287,000 barrels everyday in 2000. There has therefore been a remarkable and dramatic increased production in the two decades from 1980 from 2, 520,000 barrels per day to 6 , 287, 000 barrels a day, signifying an increase of a little less than four million barrels on a daily basis in the twenty years.[71] Asia and Pacific with a production of 4, 924,000 barrels production per day in 1980 which increased to 6, 289,000 barrels a day in 1990 also increased to 7, 124,000 barrels in 2000, representing a little over two million barrel a day increase from what it was in 1980.[72] One can therefore see that in spite of the dwindling production of North America to the tune of 2, 500,000 barrels a day in twenty years, the three regions gained a surplus or increased production of 3, 500,000 barrel production per day in the twenty years.[73]

Consumption of North America which was 17, 572,000 barrels per day in 1990 had however, increased to 21, 419,000 barrels per day in 2000, representing an increased consumption of a little less than 4 million barrels per day in the ten year period between 1990 and

[63] Mikdashi. Z.1996. *The International Politics of Natural Resources,* Ithaca, Cornell University Press. 1.
[64] Ibid.
[65] Ibid.
[66] Ibid.
[67] Ibid.
[68] Ibid.
[69] Ibid.
[70] Ibid.
[71] Ibid.
[72] Ibid.
[73] Ibid.

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2000.[74] In Western Europe, consumption which in 1990 was 12, 223,000 barrels per day had increased to 13, 899,000 barrels a day in 2000, representing an increase of well over 1, 5000,000 barrels per day within the decade between 1990 and 2000.[75] Asia and Pacific with a consumption rate of 12, 746,000 barrels per day in 1990 had increased to 19, 541,000 barrels a day in 2000 which was an increased consumption of close to 7 million barrels everyday in the ten years between 1990 and 2000.[76]

Invariably, North America with a production of 7, 213,000 barrels per day in 2000 consumed as much as 21, 419,000 barrels per day which indicates a shortfall of over fourteen million barrels per day that the North American region cannot but depend on the outside.[77] Western Europe had a production of 6, 287,000 barrels every day in 2000, but consumed 13, 899,000 barrels on a daily basis thus depending on the outside for not less than 7, 600,000 barrels per day.[78] Asia and Pacific with production of 7, 124,000 barrels per day in 2000, was in the same year consuming 19, 541,000 barrels every day, signifying a difference of over 12 million barrels for which it cannot but rely on the outside on a daily basis.[79] On the other hand, the region of Africa, which produced 5, 961,000 barrels of oil per day in 1990 had increased production by 2000 to 6 million, 769,000 barrels, while its consumption by the same year (2000) was 2, 201,000 barrels per day, leaving an excess of close to 4 , 5000,000 barrels to supply to the outside.[80]

Latin America which was producing 6, 861,000 barrels in 1990 had its production increasing to 9, 167,000 in 2000. By the same year (2000) consumption in Latin America was as high as 6, 347,000 barrels a day, representing close to 3 million barrels excess on a daily basis that could go to needy nations.[81] Eastern Europe which had a production of 11, 275,000 barrels per day in 1990 had its production reducing to 7, 629,000 barrels a day in 2000, representing a reduction of a little less than 4 million barrels per day. Consumption per day in Eastern Europe in 2000 was 4, 858,000 barrels, which represented an excess of a little less than 4 million barrels' supply a day for those with a shortfall.[82]

Production which was 16, 076,000 barrels a day in the Middle East in 1990 increased to 21, 430,000 barrels in 2000 and with a consumption of only 3, 838,000 barrels per day had an excess of over 17, 500,000 as excess production over consumption.[83] Invariably by 2000, the four regions disadvantaged by a biased international economic relations had an excess of twenty-eight million barrels per day to supply to those countries in the Northern developed regions, with shortfall of thirty-three million barrels per day.[84]

By 2003, reserves in North America had increased from twenty-six billion, nine hundred million barrels which it was in 2000 to twenty-seven billion, two hundred million barrels. Production however reduced from the 7,213,000 barrels per day of 2000 to 7,190,000 barrels per day in 2003. Consumption had again increased by 2003 from its initial 21, 419,000 barrels per day of 2000 to 22, 332,000 barrels in 2003. In essence, by 2003, the North America dependence on outside oil was over fifteen million barrels per day![85]

Reserves in Western Europe also increased in 2003 from its 2000 level of eighteen billion and thirty-two million barrels to eighteen billion three hundred and eighty-five million barrels. Production which was 6, 287,000 barrels per day in 2000 reduced to 5, 624,000 in 2003. Consumption was at the same level of 13, 899,000 barrels per day of 2000 by 2003. Western Europe therefore had a shortfall of over eight million barrels per day in 2003, for which it could only depend on the outside.[86]

In Asia and the Pacific, reserves of fifty-two billion one hundred and thirty-two million barrels in 2000 had by 2003 reduced to forty-five billion, eight hundred and sixty-two million barrels. Production in the same year (2003) had also slightly reduced to 7, 075,000 barrels per day from its initial 7, 165,000 barrels of 2000. Consumption which was 19,541,000 barrels per day had further increased to 20, 857,000 barrels everyday in 2003. In essence, a shortfall of about 12, 500,000 barrels existed in Asia and the Pacific in 2003.[87]

In Eastern Europe however, reserves had increased by close to eight billion barrels by 2003 over the previous eighty billion, five hundred and eighty-six million barrels of 2000 to eighty-eight billion, two hundred and ninety barrels. Production had increased from its 7, 629,000 barrels per day level to 9, 937,000, while consumption had in the same period (2003) increased from 4, 858,000 barrels per day to 5, 059,000 barrels a day. In spite of the increase in consumption however, there was still an excess of over five million barrels everyday to supply to outside need.[88]

In Latin America, reserves of one hundred and nineteen billion six hundred and sixty-nine million barrels of 2000 had reduced to one hundred and sixteen billion four hundred and thirty-seven million barrels in 2003 with

[74] Ibid.
[75] Ibid.
[76] Ibid.
[77] Ibid.
[78] Ibid.
[79] Ibid.
[80] Ibid.
[81] Ibid.
[82] Ibid.
[83] Ibid.
[84] Ibid.
[85] Ibid.
[86] Ibid.
[87] Ibid.
[88] Ibid.

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production increasing from 9, 167,000 barrels per day to 9, 539,000 barrels a day. Consumption had however reduced from 6, 347,000 barrels per day of 2000 to 6, 189,000 barrels a day. An excess of over three million barrels therefore still existed in 2003.[89] Figures in Table 1 show that African reserves of ninety-two billion four hundred and fifteen million barrels of 2000 had increased to one hundred and five billion, five hundred and seven million barrels in 2003. Production of 6, 769,000 barrels per day of 2000 had also increased to 7, 270,000 barrels a day in 2003. Consumption of 2, 201,000 barrels per day had slightly increased to 2, 363,000 barrels a day. The excess of the African region by 2003 was therefore a little less than five million barrels a day.[90]

Middle East, with a reserve of six hundred and ninety-four billion, seven hundred and five million barrels in 2000 had increased to seven hundred and thirty-five billion, eight hundred and sixty-six million barrels of 2003 while production of 21, 430,000 barrels per day of 2000 had however, reduced to 20, 451,000 barrels a day in 2003. Since consumption by 2003 in the Middle East was only 4, 199,000 barrels per day an excess of over sixteen million barrels still existed in the Middle East for which it could supply needy nations of North America, Western Europe and Asia.[91]

By 2004, reserves in North America had reduced from twenty-seven billion, two hundred million barrels that it was in 2003 to twenty-six billion, one hundred and ninety-one thousand barrels per day. Production had equally reduced from 7, 190,000 barrels per day in 2003 to 6, 835,000 barrels per day.[92] Consumption had again increased by 2004 from its initial 22, 332,000 barrels per day of 2003 to 22, 857,000 barrels per day. In essence, by 2004, North American dependence on outside oil was over sixteen million barrels per day![93]

Reserves in Western Europe also reduced in 2004 from its 2003 level of eighteen billion and thirty-seven million barrels to seventeen billion three hundred and ninety-one million barrels Production which was 5, 624,000 in 2003 reduced to 5, 367,000 barrels per day. Consumption also increased from 13, 899,000 barrels per day of 2003 to 14, 189,000 barrels in 2004. Western Europe therefore had a shortfall of 9, 500,000 barrels per day in 2004, for which it could only depend on the outside.[94]

In Asia and the Pacific, reserves of thirty-nine billon four hundred and sixteen million barrels had by 2004 reduced to thirty-nine billion, two hundred and twenty-nine million barrels. Production in the same year (2004) had however, slightly increased from 7, 075,000 barrels per day to 7, 306,000 barrels per day. Consumption which was 20, 857,000 barrels everyday in 2003 had increased to 22, 400,000 barrels per day 2004. In essence, a shortfall of about fifteen million barrels existed in Asia and the Pacific in 2004.[95]

In Eastern Europe however, reserves had increased to ninety-one billion, two hundred and ninety million barrels. Production had slightly reduced from its 9, 937,000, to 9, 928,000 in 2004, while consumption had in the same period (2004) increased from 5, 059,000 barrels a day to 4, 932, 000 barrels per day. In spite of the increase in consumption however, there was still an excess of over five million barrels everyday to supply to outside need.[96]

In Latin America, reserves of one hundred and sixteen billion four hundred and thirty-seven million barrels in 2003 had increased to one hundred and eighteen billion nine hundred and fifty-two million barrels in 2004, with production reducing from 9, 539,000 barrels a day which it was in 2003 to 9, 928, 000 barrels per day in 2004. Consumption had however slightly increased from 6, 189,000 barrels a day, 452,000 barrels per day. An excess of over 2,500,000 barrels therefore still existed in 2004.[97]

African reserves of one hundred and five billion five hundred and seven million barrels in 2003 had increased to one hundred and eleven billion six hundred and forty-five million barrels. Production of 7, 270,000 barrels a day in 2003 had however increased to 8, 385,000 barrels per day. Consumption of 2, 363,000 barrels a day of 2003 had slightly increased to 2, 506,000 barrels of oil per day in 2004. The excess of the African region by 2004 was therefore more than five million barrels a day.[98]

Middle East, with a reserve of seven hundred and thirty-five billion, eight hundred and sixty-six million barrels of 2003 had increased to seven hundred and thirty-nine billion one hundred and thirty-five million barrels of oil by 2004, while production of 20, 451,000 barrels a day in 2003 had increased to 22, 015,000 barrels per day in 2004. Since consumption by 2004 in the Middle East was only 4, 603,000 barrels per day, an excess of over 17, 500,000 barrels still existed in the Middle East for which it could supply needy nations of North America, Western Europe and Asia.[99]

Invariably, by 2003, an excess of over twenty-four million barrels per day existed in the four regions that were at gross disadvantage in the international economic system that could serve as an element of power over the Northern developed nations.[100] By 2004,

[89] Ibid.
[90] Ibid.
[91] Ibid.
[92] OPEC Statistical Bulletin 2004.
[93] Ibid.
[94] Ibid.
[95] Ibid.
[96] Ibid.
[97] Ibid.
[98] Ibid.
[99] Ibid.
[100] Ibid.

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an excess of over twenty-nine million barrels existed everyday for which the Northern developed nations could not but depend on the South. It can therefore be deduced that if oil producing nations in the South had utilised the oil power as a political force rather than mainly for economic benefits which it presently represents, it is more likely than not that the dependence as illustrated above would have changed the North- South relation to the benefit of developing nations. This is because for forty four years, consumption of developed nations have not been met by production and reserves. This implies that dependence on Southern oil has remained for the past forty four years and with the exception of the 1973 event in which the oil power was utilised as a political force, the South has been incapable of utilising the global crude oil reserves, production and consumption pattern to reverse the economic status quo. The problem at effectively utilising the Northern dependence to Southern benefit is because oil remains the means to only an economic benefit, and does not assume its role of a political force which introduced remarkable achievements in the 1973 oil embargo days.

XI. Conclusion

Oil has continued to be very essential to the international community even though the reserves have continue to favour the South over the North the consumption of the North has been by far higher than that of the South. To an appreciable extent in fact, it can be clearly stated that the consumption level of the North has far surpassed its production level, a situation that has introduced a high level of dependence and reliance on the North and for which only an alternative to oil may eliminate.

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