



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: RSISPublication@ntu.edu.sg or call 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

RUSSIA AND THE RETURN OF HISTORY

Barry Desker

26 September 2008

Riding on the back of the sharp increases in oil prices, Russia is reasserting its big power status. The current crisis in relations between Russia and the West reminds us that there is no sharp division between traditional and non-traditional security.

THE RUSSIAN invasion of Georgia one month ago and its recognition of the independence of South Ossetia and Abkhazia on 26 August 2008 mark the return of Russia to great power status. The Medvedev-Putin strategy has reminded the international community that *realpolitik* and spheres of influence remain a staple in the mindsets of policymakers. It challenges the view that in the 21st century, we are increasingly part of a global community which is rules-based and would be restrained by the need for a peaceful resolution of disputes.

Russia's revival and the shift in global power

This forceful approach by Russia has drawn attention once again to the shifts in global power arising from the sharp increases in prices of oil and other natural resources over the past year. Russia's economic collapse in the 1990s and the loss of the Soviet empire has been replaced by vistas of a booming Russia today.

Russia's revival as a great power puts the spotlight on the impact of high oil prices on the relative power of states. Oil prices have almost doubled in a year, reaching the historical peak of US\$147 per barrel in July 2008. With rising energy demand especially from China, India and Korea, oil prices are likely to remain high.

Three issues attract attention. First, there is increasing emphasis on the security of supply from the producing countries. Major energy consumers such as China are seeking long term supply contracts and their state oil companies are embarking on oil exploration around the globe. As current price levels are sustained, once marginal sources with relatively high costs of extraction, such as Alberta tar sand deposits in Canada and deep sea drilling in offshore locations, now become feasible sources of supply.

Oil consuming countries are also keenly interested in Middle East security issues as the region is the largest supplier of oil and the Arab-Israeli conflict makes the region extremely volatile. There is now growing concern in Western Europe because of its dependence on Russian oil and natural gas. By contrast, Australia and Canada have become attractive suppliers of clean coal and uranium respectively as they are perceived as stable states.

Security of energy distribution chains

A second issue that merits attention is the security of distribution chains for energy supplies. From an Asian perspective, the Straits of Malacca and Singapore is a critical route for shipping vessels transporting fuels from the Middle East to Northeast Asia. At meetings of the International Maritime Organisation (IMO), the United States, Japan and China have recognised that it is important to ensure security of navigation through this possible choke point. Two examples suffice to highlight the significance of the Straits of Malacca and Singapore to international shipping.

Firstly, oil flows through the Straits are three times greater than the Suez Canal/Sumed pipeline and 15 times greater than flows through the Panama Canal. Secondly, two-thirds of the tonnage passing through the Straits consists of crude oil from the Persian Gulf bound for Japan, South Korea, and, increasingly, China. More than half of the world's shipping tonnage passes through the Straits. An IMO study concluded that if for some reason the Straits were closed, all excess shipping capacity would be absorbed, "with the effects being strongest for crude oil shipments and dry bulk cargoes such as coal...[which] could be expected to immediately raise freight rates worldwide".

Other examples can also be cited. The disruption of plans by an Al-Qaeda cell to sabotage transnational distribution grids in Europe highlights that security measures are needed to protect the energy infrastructure against possible sabotage by terrorists. Similarly, oil and natural gas pipelines are vulnerable, as we have seen from the supply disruptions in the Lagos delta of Nigeria in 2008 by disaffected elements. European states are becoming wary of possible disruptions if pipelines are laid carrying oil and natural gas from Central Asia through Russia and the Caucasus.

The third aspect attracting attention is the increasing reliance on technology for solutions to the problem of ensuring security of energy supplies. Alternative fuel sources are being researched and developed as a strategy to diversify the sources of energy production. There is increasing interest in the generation of sustainable and renewable energy. Solar and wind power are examples of alternative sources that makes use of nature, while biomass is another class of renewable energy.

New dimensions in security

The recent focus on energy security has highlighted that security in today's globalised world not only covers traditional military concerns but has also taken on new dimensions. Issues such as food scarcity, climate change, and the environment are now firmly on the security agenda. There is growing interest in the inter-relationship between these issues and perceptions of human security.

The current crisis in relations between Russia and the West reminds us that there is no sharp division between traditional and non-traditional security. Russia's exercise of great power status in the Caucasus region demonstrates that a self-confident resurgent Russia has returned on the back of the sharp increase in oil and mineral prices. The strong Western backlash, on the other hand, reflects its deep concern about the vulnerability of strategic oil export pipeline routes from Central Asia to Europe through the Caucasus in the wake of the Russia/Georgia war. We are witnessing the return of history.

Barry Desker is Dean of the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University.