

BOOK REVIEW

Daniel Yergin, 2020, *The New Map Energy, Climate, and the Clash of Nations*, Penguin Press, New York, USA, 541 pages, ISBN: 9780698191051

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Daniel Yergin is a writer having an influential voice in the world in the domains of energy, international politics and economics. He was awarded the United States Energy Prize and the Pulitzer Prize. His new book "The New Map" speaks about how the energy sector and climate change shape geopolitics, change industries and lifestyles, and accelerate a second energy revolution through the search for renewable energy sources.

After his previous book "The Prize: The Epic Quest for Oil, Money, and Power", in his current work "The New Map: Energy, Climate, and the Clash of Nations", Yergin updates and expands on the energy and geopolitical analysis during the second decade of the 21st century, with a focus on the global order which is torn simultaneously by climate change and the shale technology revolution (p.14). In this book, the author states that the past decade's global energy markets have been remodelled by the decrease of prices of gas and oil due to the American fracking surge (p.69), the geopolitics games of Russia's president Vladimir Putin corroborated with the continued rise of China by the expansionist politics of Xi Jinping on the South China Sea with its huge international investment strategies across Asia- the Belt and Road Initiative-are recasting political influences (p.132).

Yergin analyses the dramatic changes in the global policy landscape since the collapse of the Soviet Union in 1990. China has become the second largest economy in the world and is a global power (p.371). India is growing economically and militarily. With Europe quiet from a geopolitical point of view, the US has steered towards the Indo-Pacific region, where it is facing the increased influence of China on Eurasian territory (pp.162-163). The Middle East has experienced an 'Arab Spring' that overturned dictators but which weakened states (p.190). The region as a whole is increasingly dominated by the struggle between Iran and Saudi Arabia for leadership in the Islamic world (p.195). However, with all these changes, the importance of oil and energy resources has remained constant (p.200).

The author argues that global energy markets have been affected in the last decade by several factors, such as: the intensification in American fracking (which increased supply and reduced the cost of oil and gas), the vicious geopolitics of Vladimir Putin, the increase in the Chinese political influence by Xi Jinping through a strategy that includes expansionary objectives in the South China Sea and massive international investments.

Thus, the chess board of global politics and the psychology of the global economy were changed by the introduction of the controversial fracking technology that provided America with an unprecedented lever as the world's main energy power, ahead of Saudi Arabia and Russia (p.10). The world's energy system has changed. In this context, the book analyses the developments of the main international actors: the USA, Russia, China, together with the Europe and the Middle East.

The book is organized in a number of discrete sections. In the first four sections the author explains the changing landscape in the USA, Russia, China and the Middle East as the main global economic superpowers and the biggest gas and oil producers in the world. Yergin analyses, in the context of the events before 2011 (his previous book "The Quest" was published in 2011), the changes in the politics occurring in each region and describes how the current course of each region has been 'mapped'.

The shale revolution (caused by hydraulic fracturing science and technology or simply 'fracking') has propelled the United States to the level of a global leader

in the production of natural gas and oil from liquefied natural gas. The US is once again a major exporter of energy and no longer dependent on foreign sources of energy supply. Yergin writes that this revolution made the US one of the 'Big Three' in the world of petrol (p.10). The other two are Russia and Saudi Arabia.

OPEC had its own role in the context of the turbulent events from 2014 that occurred in the oil and gas industry. In 2014, the oil demand in China started falling (p.253). The OPEC strategy of leaving the market to manage itself instead of trying to stabilize it, didn't work (p.257). The exporters were free to produce at any level so, by 2015, oil prices had fallen hard. The stabilization in global oil prices was stabilized only in 2016, following the deal formed between OPEC and Russia that was taking 2.5 million barrels a day of oil out of the market in order to equilibrate the supply-demand equation (p.294). Oil prices improved following this OPEC and Russia agreement, but the US producers figured out how to make operations more efficient at lower prices. This allowed US producers to continue bringing oil into the market and the US becoming the biggest oil producer in the world, with the highest point reached being 13 million barrels per day (p.377).

Yergin analyses the battle for market share in March of 2020, Saudi Arabia and Russia being involved in a price war. Neither country was willing to give up market share when the US wasn't willing to do the same. Yergin outlines why this is a challenge for the US, the federal government doesn't wield the same control, it's up to each individual state to issue production curtailments, and not all states can actually do it. US producers had taken advantage of an opportunity in the market and the market was able to come back into some sort of balance (pp.293-294).

With regards to Russia, Yergin considered that the fall in oil prices in the 1980s was one of the reasons for the collapse of the Soviet Union (p.77). Vladimir Putin understood that oil and gas could lead to a rebirth of Russian power (p.79). Under Putin, Russia supplied natural gas and liquefied natural gas through pipelines to Central and Western Europe, with some of these pipelines crossing Ukraine. In 2013, Putin decided to intervene in Ukraine's domestic politics (p.94). In the following year, Russian forces joined the pro-Russian insurgents

located in Crimea in order to take control of the Crimean Peninsula. Yergin writes that “Putin announced the ‘reunification’ of Crimea with Russia” (p.96). The US imposed sanctions, which Germany repelled. This made President Trump later argue that “Germany is totally controlled by Russia” (p.107). Later, Vladimir Putin and Xi Jinping joined forces to provoke America and claim almost the whole of the South China Sea, one of the world’s most critical trade routes (p.117).

Regarding the Strategic Alliance between China and Russia as part of a broader geopolitical alignment whereby the two partners oppose the “US hegemony” (p.11), Yergin noted the potential danger that this Alliance could pose to the West. He says that this China-Russia cooperation involves not only energy resources but also joint military exercises, including naval exercises in the South China Sea. Yergin writes that the China-Russia relationship, which was once based on Marx and Lenin, is now based on oil and gas (p.125).

China’s ‘new map’, explains Yergin, includes the whole South China Sea, key ports along the Indo-Pacific motorway (called the ‘string of pearls’) and railways and roads along Central Asia in Europe – all of which are manifested in President Xi Jinping’s Belt and Road Initiative (p.136). China’s growth has been fuelled by coal, oil and gas, and the latter two are largely sourced from suppliers in the Middle East. Most of China’s energy resources need to transit huge containers by sea through strategic vulnerable points such as the Malacca Strait. Thus, China’s need for increased naval power prompted India to develop its own naval resources and provoked a general arms race between the Indo-Pacific powers.

Yergin describes the Middle East as an ‘arc of confrontation’ (p.220) between, on one hand, Iran’s regional powers, Saudi Arabia and their respective allies and, on the other hand, the Islamist groups fighting for power in some of the failed states in the region. The shale revolution has led to the decline of OPEC, but Saudi Arabia’s proven oil reserves still place it among the energy superpowers of the twenty-first century. Russia’s return to the Middle East is attributed to the failed US policies, in particular those of the Bush and Obama administrations (p.221).

In Section 5, "Roadmap", Yergin points out that the demand for oil is driven by personal mobility (driving and flying) and electricity for gas. The transport sector is changing with the onset of electric vehicles, the focus now is moving forward to the additive power of renewable sources in a mixed energy system.

In the final section of the book: "Climate Map", the book discusses the current and future geopolitical impact of climate change, artificial intelligence, renewable energy sources, as well as the current pandemic and government policies. Yergin points out that "energy transition" means different things to different countries: "Climate change is global, but nations will respond in different ways" (p.369). The author predicts that the use of wind and solar energy will continue to expand, electric vehicles will become common, and that governments will impose greater restrictions on fossil fuels to combat climate change. Yergin equated the energy transition to an energy revolution.

For more authenticity, the book contains personal stories and vivid details. Examples include the story of Harold Hamm who was the frontrunner of hydraulic fracturing, a pioneer fracker (p.29), the story of the Chinese sailor Zheng He from the 19th century (pp.171-172), the story of Osama bin Laden (p.244), and the time when Putin and Xi Jinping serve each other pancakes and ice cream (p.118).

The book's conclusion is fairly straightforward: The new international order for petroleum would no longer be shaped by OPEC. Yergin points to the great energy and geopolitical questions in an era of rising political turbulence and predicts the profound challenges that lie ahead. Gas and oil will continue to be part of the energy mix, but the climate discussion becomes more critical for everyone. The biggest unknown for 2021 on the global market has been the concept of "peak demand", as all major producers have had excess capacity (p.275). Now that the questions of 2021 were largely solved, we are still facing an energy crisis and a potential conflict in Europe, it remains to be seen what the demand will look like following the world's new opening up after COVID-19 shutdown. More importantly, the main drivers for the long-term developments in the energy sector are yet to be discovered after the pandemic – but Yergin's book delivers some interesting foundational elements for us to take away and use for further research, especially when it comes to Europe's energy security.