



Recent Developments in Geopolitics of Energy and their Effects on the Political and Economic Future of the Middle East Countries

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Abstract:

Energy has always been of particular importance to humanity. Oil and gas have been some of the energies that greatly influenced the national security of countries, which produce and consume energy. With the transformation of geostrategic discourse into geo-economic discourse in recent decades and the key role of economics in global relations, oil as the basis of modern industry has enjoyed a higher status compared with other factors of power. While assuming particular importance for energy and its security for the countries producing and consuming energy in the coming decades, the present article endeavors to investigate this fundamental problem regarding the direction of changes in energy, and oil and gas markets in the future and their effects on the status of the Middle East. For this purpose, qualitative and library method has been used. The findings suggest that, according to the estimations, we will witness a gradual development in the geopolitics of global energy in the next decade, North America will become one of the oil and gas producers and exporters and that this development makes major geopolitical impacts on the future of the Middle East as the center of the world's energy. The authors suggest that the Middle East countries reduce their revenue sources from oil and gas to other sources such as tourism, non-oil exports and charging tax from citizens.

Keywords: Oil, Energy, the Middle East, Unites States of America, Geo-Economics

Introduction

Oil has always been considered as a strategic commodity since the early twentieth century. In some periods, energy became important only for supplying the required fuel in wars,

but during the Cold War, oil became an important factor in the development of industrialized countries. In the aftermath of the Cold War, oil is still highly significant due to its effect on the global economic development to

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such an extent that the issue of the global security of energy has been considered as one of the important issues in the international system, particularly among developed and developing countries. Energy (particularly oil and gas) is known as one of effective components in the production of wealth and power in today's world. The global economy with all its intricacies, including globalization, interdependence, emphasis on the constant competition, the use of relative advantages, etc., continues to depend upon oil and gas energies and on their supply of security.

Economic developments, global trade and political events in the last two decades of the twentieth century and the first decade of the twenty-first century along with the decrease in the proven oil and gas reserves on the one hand and the feasibility of commercial production from unconventional hydrocarbon reserves on the other hand predict a prospect of the global energy market, some trends of which can be satisfactorily anticipated. The impact of these trends on national and regional energy policy, investments and security of supply at the global level and the status of oil and gas in the area of Persian Gulf in the world trade is of particular importance. In addition to these predictable trends, there are some uncertainties that play a significant role in the process of future developments in the global energy market. While assuming particular importance for energy and its security for the countries producing and consuming energy in the coming decades, the present article endeavors to investigate this fundamental problem regarding the direction of changes in energy and oil and gas markets in the future and their effects on the status of the Middle East. The solution to the above problem can help us understand the political and economic future of the Middle East countries

that rely largely on oil revenues. For this purpose, the importance of oil and its place among the great powers is described by using hegemonic stability theory. The study, then, refers to its effects in the global energy market.

Conceptual Framework

The concept of power is a key concept in the discussions of political science. Many politicians regard power the core of politics and say: "What distinguishes people's political relations from other relations is power." (Alem, 1994:68) According to Joseph Nye, power in some respects resembles the weather. All are linked to it and talk about it, but only few people understand it. (Nye, 2008: 37-38). After the collapse of the Soviet Union and the Cold War, the military nature of power changed to economic nature in international relations and geo-strategic mechanisms were replaced by geo-economic components. In this period, instead of focusing merely on geopolitics, powerful countries mainly turned towards geo-economics and tried to have political-military attitudes towards sensitive areas of the world rather than political-economic ones.

Some believe power is the capability and capacity to do things and some think that power is the ability to achieve desired results. Some also believe that power is the ability to influence other people's behavior. This means what we want should occur. Of these definitions, it seems that the third definition is more comprehensive. (Beiki,2009:35) Morgenthau has divided the important factors of power into two categories: (1) relatively stable factors and (2) transformative factors. After geography, he regards natural resources as the second stable factor that has an important effect on the level of power of a na-

tion compared to other nations. (Yazdani, 2011) Today, the oil embargos have changed into the normal behavior of great powers, which also changes the behavior of small powers. This is made possible in two ways: Firstly, the dependence of exporters of this raw material on the revenues from the sale of this material for governing their own countries, secondly, the dominance of the great powers on the processes of exploration, extraction, pricing and sales. The second part, in fact, depends upon the hegemonic stability theory. The theory that suggests the world needs a stabilizer or leader for its stability (See: Kohane, 1980). The following 9 conditions are to be met if a country wishes to play this role:

- 1.It should control the raw materials.
- 2.It should have control over the market especially in terms of importation.
- 3.It is required that it gain control the capital resources.
- 4.It has to control the commodities with high benefit.
- 5.It should have a popular ideology such as human rights and democracy and should not have racist propaganda.
- 6.It should control nuclear weapons.
- 7.It should be powerful and willing to lead.
- 8.It should promote a liberal economy and prevent supportive economic policies and tariffs.
- 9.It should have control over the stock market and exchange rate. (Asgar-khani, 2004: 91)

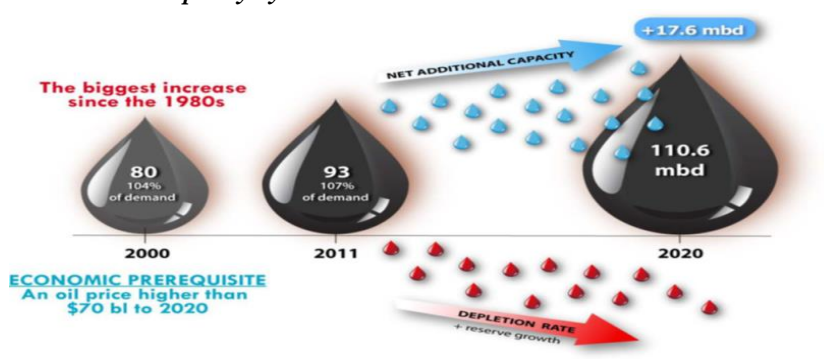
Therefore, it should be noted that the future of the world is in the hands of a country that can control the raw materials such as oil and gas and their sale market. According to the above theory, it is obvious that, instead of

exporting, America imports oil and gas in the future and uses the center of energy, the Middle East, to put pressure on his rival, China.

History of Energy Supply and Demand in the World

In the past, energy crises were managed naturally during a short period based on the function of the market forces. For example, in the crises in 1970s, the global recession following the crisis decreased the global demand for oil and the crisis was resolved with technological advances, reduction in costs and increase in productivity in both the supply and demand. In 1985, when prices were low, OPEC had excessive 15 million barrels from production capacity per day, which is equivalent to 50% of the total production capacity of these countries and to 25% of global demand. In 1990, when Iraq invaded Kuwait, the world's excess capacity of production in the world was 5 to 5.5 million barrels per day amounting to 20% of OPEC production capacity and 8% of global demand. This amount of excess production capacity could control the oil supply fluctuations and manage oil crises.

Due to its excess production capacity in the 1980s and 1990s, the oil market made us assume that we are living in the era of energy abundance and that market mechanisms will solve all problems. Iraq's invasion of Kuwait in 1990 (the 1991-1990 war) and the control of oil crisis strengthened this feeling. The atmosphere of globalization and reinforcement of the views supporting free market system increased more than over. However, this issue was followed by fluctuations. Notwithstanding, oil production capacity in the world is still rising. (Figure 1)

Figure 1- Oil Production Capacity by 2020

Source: *Oil: The Next Revolution*, Leonardo Maugeri, 2012

Another major development in the trends of global oil market is the acceleration of global oil consumption, particularly in Asian developing countries. The estimations show that the demand for oil in the developing countries is three times faster than that in developed countries and it is expected that 43 percent of total global oil consumption increase to 55 percent by 2020. (The oil and gas, 2012). According to estimations, the

global economy continues to depend on oil energy until the near future. According to Table 1, the global demand for oil will increase up to 1.9 percent from 2010 to 2025 annually and it will increase from 94.6 million barrels per day in 2010 to 119.2 million barrels per day in 2025. The highest development during this period belongs to China, India, Russia, North America, European countries and the Pacific, respectively.

Table 1:**The Outlook of Crude Oil Demand in Different Parts of the World (2010-2025)**

Region	2010	2015	2020	2025	Average annual growth (percent)
Developed countries	47.7	50.1	52.2	54.6	1
North America	27.2	29.2	31.1	32.9	1.4
Western Europe	14.1	14.3	14.4	14.9	0.3
Japan	5.3	5.4	5.4	5.3	0
Developing countries	6.3	6.7	7.2	7.6	1.4
The former Soviet Union	4.7	4.9	5.2	5.5	1.3
Eastern Europe	1.6	1.8	1.9	2.1	1.7
Developing countries	40.6	46.3	51.6	57	3
China	9.2	10.7	12.3	14.2	4.5
India	3.1	3.7	4.2	4.9	3.5
Other regions of Asia	7.9	9.2	10.4	11.6	3.2
The middle East	7.3	8	8.6	9.2	2.7
Africa	3.7	4.3	4.6	4.9	2.7
South and central America	6.8	7.8	8.5	9.3	2.5
All over the world	94.6	103.2	111	119.2	1.9

Source: *EIA (International Energy Outlook)*, July 2010

The Geography of the World's Oil and the Changes in Global Supply and Demand of Crude Oil

Shortage and surplus points define the global oil geography. According to the calculations of British Crude oil in 2013, there are about 1668.9 billion barrels of oil in the world, 1211.9 of which (72.6%) belong to OPEC member countries. Of this group, North America shares 220.2 thousand million barrels (13.2%), South and Central America share 328.4 thousand million barrels (19.7%), and Europe and Eurasia share 140.8 billion barrels (8.4%), the Middle East shares 807.7 thousand million barrels (48.4%), Africa shares 130.3 thousand million barrels (7.8%) and Asia-Pacific shares 41.5 thousand million barrels (2.5%). Therefore, global proven reserves have increased to 26 percent or about 350 billion barrels over the past decade (BP Statistical Review of World Energy, June 2013).

The rate of oil production in the world was 86152 thousand barrels per day in 2012. North America shares 15.557 barrels per day (17.5%), South and Central America share 7359 thousand barrels per day (9.2%), Europe and Eurasia share 17211 thousand barrels per day (20.3%), Middle East shares 28270 thousand barrels per day (32.5%), Africa shares 9442 thousand barrels per day (10.9%) and Asia-Pacific shares 8313 thousand barrels per day (9.6%). Oil production in the world has increased up to 1.9 million barrels a day in 2012 (BP Statistical Review of World Energy, June 201). Besides, according to calculations of British Crude oil in 2013, there are approximately 187.3 trillion cubic meters natural gas in the world. North America shares 10.8 trillion cubic meters (5.8%), South and Central America share 7.6 trillion cubic meters (4.1%), Europe and Eurasia share 58.4 trillion cubic meters (31.2%),

the Middle East shares 80.5 trillion cubic meters (43%), Africa shares 130.3 trillion cubic meters (7.7%) and Asia-Pacific shares of 15.5 trillion cubic meters (8.2%). The rate of natural gas production in the world was 3363.9 billion cubic meters per day in 2012 (BP Statistical Review of World Energy, June 2013).

Future Changes in the Global Oil and Gas Markets

Future developments in the global oil and gas markets is leading to Asia's, particularly China's greater power in the processes of demand for fossil fuels. Therefore, they will be more dependent on the imports of crude oil and natural gas while the United States and Canada still follow the policy of avoidance of increasing dependence on imports of crude oil and natural gas and with taking advantage of their unconventional gas reserves provide the necessary context for making fundamental changes in the global LNG world trade.

Consequently, it should be noted that there are a large amount of conventional and unconventional oil in the world. Over the next decade, the use of unconventional reserves of gas and oil increases. Unconventional reserves of oil in the world include oil shale in the United States, oil-soaked sands in Canada, super heavy tanks and tarry deposits in Venezuela and so on, to such an extent that the United States' oil production capacity in the coming years will increase (Figure 2). At the end of 2012, the International Energy Agency (IEA) released its most recent edition of World Energy Outlook by 2035. The most important part of the report is the outlook of developments in supply, demand and energy imports and exports in North America, especially in the United States (Leonardo Maugeri, 2012).

As you see in Figure 3, oil and gas pro

duction of the United States has increased which is due to the production of so-called unconventional oil and gas resources. Although the United States is short of conventional oil and gas resources, it has huge resources of unconventional hydrocarbon. America's increased

production from the above-mentioned resources is due to the increase in oil prices in the periods between 2004 and 2008. High oil prices in this period caused the economic extraction of oil from unconventional sources and a huge investment in this sector.

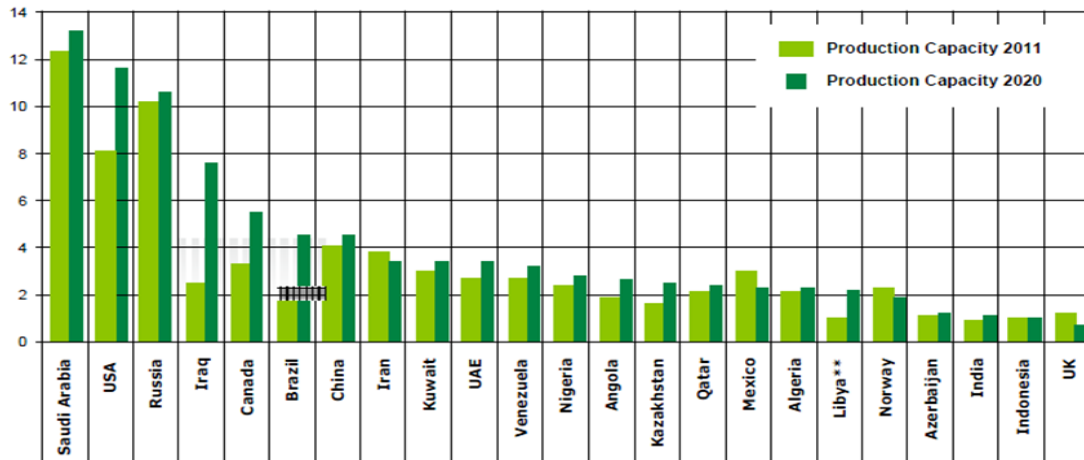


Figure 2: The Change in the Oil Production Capacity of Countries by 2020 (23 Leading Countries)
Source: Oil: The Next Revolution, Leonardo Maugeri, 2012

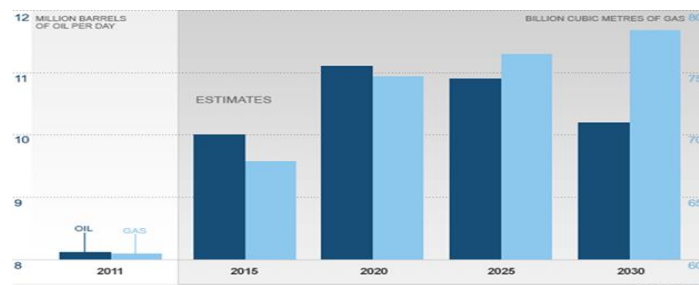


Figure 3: U.S. to Become Biggest Oil Producer
Source: Mark Thompson, CNN Money November 12, 2012

As you see, the United States will become one of the largest oil producers by 2030.

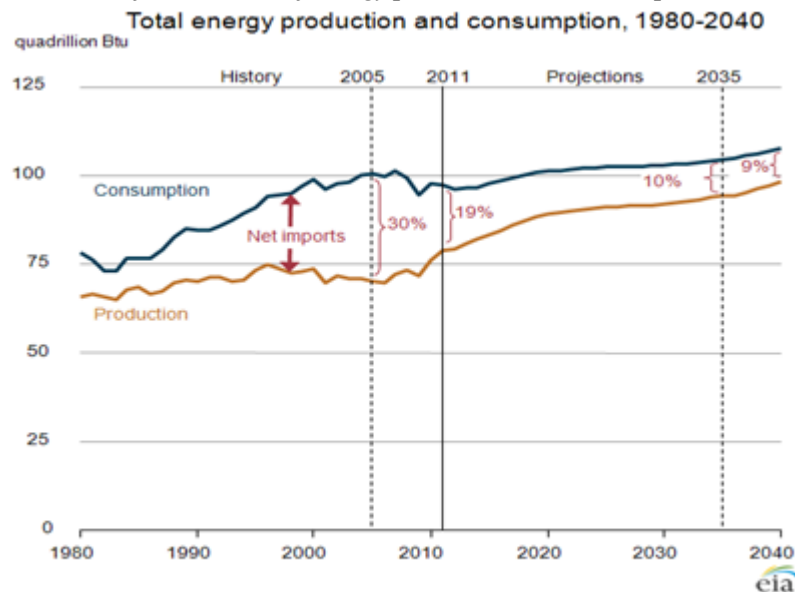
After the release of Outlook, the Energy Information Administration (EIA) of America, which is the main component of the country's Energy Ministry, released the first version of the country's energy outlook for the

year 2013. This outlook predicts America's energy production and consumption status by 2040 (Figure 4). According to this outlook, the period under review (up to Horizon 2040), the growth rate of total domestic energy production of America will be higher than that of energy consumption and this will nat-

usually reduce the imports of all kinds of energy in this country, to such an extent that the level of dependence on imported energy will reduce from 19 percent in 2011 to 10 percent in 2035 and 9 percent in 2040. The level of crude oil production in America, including production from unconventional crude oil and compact and hard layers will significantly increase in the coming decades. Compared with conventional oil layers, the production of this type of crude oil which is more diffi-

cult and costly due to higher degree of hardness of its layers has technically become possible thanks to horizontal excavation technology and development of hydraulic technologies and it became economic thanks to the increase in global crude oil price from 2004 onwards. As previously mentioned, its production has increased significantly over the past few years (Energy Productions and Imports, 2013).

Figure 4: The outlook for the status of energy production and consumption in the United States



Source : http://www.eia.gov/forecasts/aeo/er/early_production.cfm

However, in case of realization of what was investigated so far, North America will become a net exporter of hydrocarbons in the next decade. This important change in the outlook of oil and gas production in North America will undoubtedly make commercial impacts, which IEA report referred to. The report also shows that about 90 percent of oil in the Middle East will gradually be exported to Asia, particularly China and India by 2035. But the very important issue is the geopolitical effects of these changes which can

influence the future of the Middle East and the Persian Gulf in the next decade (Energy Productions and Imports, 2013). However, this relative self-sufficiency does not separate the United States from other global oil markets (and global oil prices) and it does not reduce the crucial importance of Middle East in its foreign policy (Leonardo Maugeri, 2012).

It is necessary that two points be considered in the strategic policies of the great industrial countries in supplying energy security

and their efforts to reduce the dependence on imports of crude oil and natural gas: Firstly, the historical dependence of industrial countries on crude oil importations, particularly from the area of Persian Gulf made oil exporting countries also greatly dependent on exchange revenues from crude oil exportation. Therefore, the policies of diversification of imports or the plans to reduce imports from the Persian Gulf area in fact puts the security of exchange earnings of exporting countries at risk which is obviously in conflict with the strategic policies of these countries, especially countries that are politically dependent on the West and deprived of public support. This can be observed in the policy-making of some big OPEC producers, especially Saudi Arabia. In the Twelfth Forum of Ministers Global Energy Forum, IEF, in March 2010 in Mexico, Abdullah Salem al-Badri, OPEC Secretary General, says: "the security of demand for oil producers and that of supply for consumers is equally important... we cannot expect the increase in investment in the exploitation of oil tanks and at the same time support the need to reduce oil consumption, increase the subsidies for the production of crude oil alternative energies and recommend the reduction of oil imports from certain areas" (www.opec.org). From this perspective, it can be stated that the West's policy for supplying energy security in some cases is not consistent with the dominant policies in many big crude oil exporting countries, especially in the Persian Gulf.

Secondly, not only does China take the strategy of imports diversification and reinforcement of alternative energies of crude oil and natural gas into account, but it is also extremely concerned about the adverse effects of some common policies in Western countries which bring about both financial

restrictions for oil exporting countries and political conflicts in the Middle East. In fact, China regards these policies as a serious threat to security supply: "through mutual cooperation, the international society must seek to provide stability in crude oil producing and exporting countries, especially in the Middle East to supply the security of international routes of energy transport and avoid the regional political conflicts that can affect global energy supply. (www.opec.org)

Accordingly, we are witnessing major changes in the energy sector developments and on the one hand, future developments in the global oil and gas markets is leading to Asia's, particularly China's greater power in the processes of demand for fossil fuels. Therefore, they will be more dependent on the imports of crude oil and natural gas while the United States and Canada still follow the policy of avoidance of increasing dependence on imports of crude oil and natural gas and by taking advantage of their unconventional gas reserves, they provide the necessary context for making fundamental changes in energy global trade (oil and gas).

The reduction in proven reserves of conventional oil and gas in giant and supergiant fields is a fact that global oil and gas market has now accepted. The process of exploration during the last three decades shows that there is a little chance to discover the fields that are part of the discoveries in the 1940s and 1950s due to absolute oil volume. Therefore, in future studies on global market of oil and gas, the possibility of discovery of giant and super-giant oil fields is not raised and there is no realistic strategy for oil and gas that can take account of the feasibility of exploration and exploitation of these type of fields seriously. Reduction in proven oil reserves in areas, especially the Persian Gulf that car-

ryout the main global production is a fact that is completely accepted in the field of supply and, undoubtedly, makes its adverse effects on the balance of global supply and demand for fossil fuels in the long term.

Today, one of the important goals of great powers is achieving and gaining control over energy resources, which is considered as the main stimulus for their economics. Energy, especially oil plays a geo-economic role in determining security and causing regional and international conflicts. In this period, the concepts of energy security, strategic reserves, oil resources, oil producers and consumers and security of oil pipelines have a special status. In the modern era, valuable resources of oil and gas have been replaced by territorial importance through the dominance of geo-economic discourse and the importance of economic issues and development and this is why the Middle East area and Iran are the center of attention of the international exchanges in the global energy market.

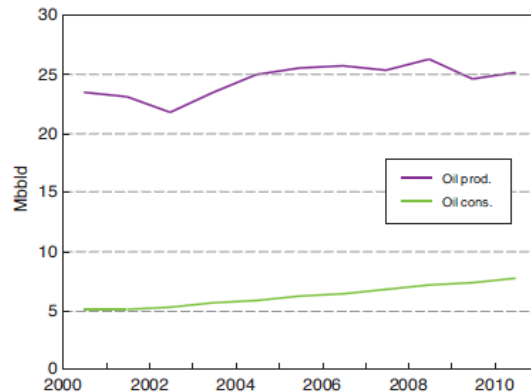
The Status of the Middle East and Iran in the Global Energy

Middle East has always played a unique role in global events. Due to some reasons, such as energy, water and strategic passages, the presence of Israel and its security for the great powers and regional consumer market, etc., this region is of great importance in global interactions (Masoud Derakhshan, 2011). The Middle East is a region in which geopolitical and geostrategic factors are compatible because, firstly, one of the outstanding characteristics of these regions is the existence of rich natural resources. Secondly, it is because it has a huge gross production. According to current estimations, more than 70 percent of the world's proven oil reserves are located in OPEC member countries. Much of OPEC oil reserves exist in the Mid-

dle East, which form over 60 percent of OPEC's total reserves. http://www.opec.org/opec_web/en/data_graphs/330.htm.

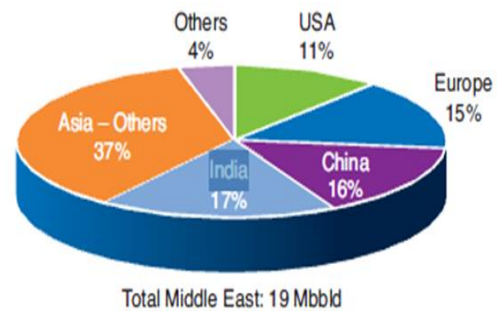
Furthermore, the level of oil production in the Middle East is higher than the consumption level (Figure 5). Figure 6 shows oil export markets in the Middle East and North Africa:

Figure 5: The level of oil production and consumption



Source: BP Statistical Review of World Energy, June 2011

Figure 6: oil export markets in the Middle East and North Africa



Source: BP Statistical Review, June 2011

Currently, India, China, Europe and America are the major oil consumers in the Middle East. That is why the Middle East will play a special geo-economic role in the twenty-first century and since geopolitical factors are based on economic factors in the Middle East, they

play a central role in the formulation of global strategies (Shamkhani and Pirouz, 2009).

Moreover, the Persian Gulf region is one of the most important regions with energy resources in the world that plays a very important part in the global energy relations. The changes in the energy and oil resources in the region are one of the issues that will greatly influence the future developments of the world. In addition, due to intense competition on oil between powerful countries, this area plays very significant role in the future geostrategic relations in the world. According to Table 1, the global demand for oil will in

crease from 2010 to 2025 and the strategic importance of the Persian Gulf region to meet this amount of energy demand, particularly in the oil and gas sector will increase over the coming years. This region as the most important oil reservoir in the world plays a significant role in the future of the global economy in the current industrialized world in the short term. Having 748.4 billion oil barrels, this region is the world's most important oil reservoir (Table 2). This amount, which forms 56 percent of the world's known reserves, plays a major role in the future energy supply in the world.

Table 2:
The amount of oil resources, production and consumption in the countries close to Persian Gulf

Country	Billion barrels	Percent of total	Production (thousand barrels per day)	Consumption (thousand barrels per day)
Arabia	264.1	19.8	9713	2614
Iran	137.6	10.3	4216	1741
Iraq	115.0	8.6	2482	-
Kuwait	101.5	7.6	2481	419
United Arab Emirates	97.8	7.3	2599	455
Qatar	26.8	2.0	1345	209
Oman	5.6	0.4	810	-
The entire Persian Gulf	748.4	56	23646	5338

Source: BP Statistical Review of World Energy 2010

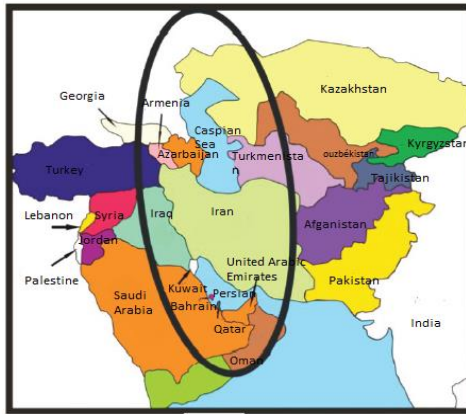
The first five countries having the largest proven reserves of oil in the world and the main OPEC countries are located in the Persian Gulf region. According to BP statistic, by having 137.6 billion barrels of oil, Iran has 3.10% of global oil resources in the world and in terms of natural gas, by having 15.8 percent of world gas resources; it has won the first place in the Middle East and the second one in the world. Iran's position in the gas sector is more important, because on the one hand, gas has been granted special status in the strategy of energy security of Asian consumers, and

on the other hand, it has won the second place in terms of world's gas resources and enjoys a superior geographic location in West Asia. Iran is the center of attention of the international exchanges in the global energy market from two points of view: Firstly, geopolitical location of the country and being located at the center of global energy ellipse. Accordingly, Geoffrey Kemp influenced by Mackinder's Heartland theory, points out to center of global energy or geopolitical Heartland (Map No. 1.) The center or the heart of this ellipse is also Iran, which is at the same

time the junction of the continents of Asia, Europe and Africa. This elliptic area, which is called “the strategic ellipse of gas resources in the world”, contains 70.2 percent of the worlds’ gas (.BP. Statistical) (Review of World Energy 2010) (Map No. 2)

Map 1: Heartland’s Geopolitical Energy

Source: An adaptation of Kemp and Harvey, 2004: 91



Map 2- Global Gas Strategic Ellipse

Source: Drawn by Authors



With its geopolitical and geo-economic location, huge oil and gas resources in the world, lots of experience in the field of energy, good geographical location in Persian Gulf and the Caspian Sea and its location approximately Central Asia, Iran has the capacity to establish a link between its energy resources from the South, East and Northeast. Due to this importance, geo-energy and geo-

economy and owing to commercial and economic importance of this area, the Middle East and at the center of it, Iran is of utmost importance. Therefore, Iran is a country whose security and environment is important for the international societies.

Furthermore, Iran has a vital role in global energy security. In a world where national security of countries is tied to energy supply, the protection of this unique status is of strategic importance for Iran. Having a fundamental role in global energy supply, which guarantees sufficient revenues for the development of countries, also guarantees the country’s national security. As a result, the strategic purpose of Iran’s oil and gas sector could be “making more contribution to supply the global demand for energy” over next years (Mahdian and Fakhri, 2011).

Oil and the Political Future of the Middle East

Most Middle East countries, which are considered as oil exporters, are not in a good condition in terms of democracy indicators. These countries have been able to survive through the sale of oil and the distribution of its money among segments of society. In fact, these countries depend on oil revenues rather than on tax revenue which makes them accountable to people. Larry Diamond’s studies reveal a surprising fact about the oil exporting countries. He writes: “there is a strange fact about 23 countries whose economy is run by oil sales: none is democratic” (diamond, 2008: 74). He goes on to say that, some countries such as Venezuela and Nigeria were democratic in a few years ago, but the rise of oil prices and oil revenues resulted in the decline of democracy there. The studies that Ross conducted also show that oil hinders democracy for three reasons: 1. Rentier effect. 2. Repression effect. 3. Modernization effects

(Ross, 2001: 325-61). A Rentier state is a state that relies on oil revenues or other mineral resources. A state that is financially independent of its people from the very beginning shakes the foundations of democracy in different ways. According to Ross, these studies confirm the prevention of oil exporting countries from the formation of social communities and civil society. On the other hand, a Rentier big and wealthy state avoids the emergence of a capitalist class that wishes to protect its interests and consequently make political demands and does not allow the formation of such a class in the country from the beginning. He says that oil-exporting countries take advantage of their high revenues for repression. Underdeveloped countries economically cannot create wide police information and intelligence systems and afford military weapons for internal and external purposes. For example, we can refer to Iran's military expenditures before the Revolution or those of Saudi Arabia. Ross believes that the economic development in oil exporting countries, contrary to what is expected, does not lead to social development, even when the states spend a lot for people and increase their level of education and well-being. Since job proficiency are not commensurate with social relationships, the effect of modernization on regimes in these countries is not significant. For example, telephone becomes a tool for spending time not for communication and networking. In fact, this revenue was not to the benefit of human and social development. It has neither improved the life quality in terms of human development indicators of the United Nations Organization, nor has it made the social and cultural changes that modernists proposed. Countries with oil reserves are not really rich because human development there

is lower than economic development and their income. For example, Diamond shows that the status of Saudi Arabia, the United Arab Emirates, Iran, Oman and Qatar in the ranking of human development in 2008 is respectively 31, 25, 24 and 14 times lower than economic development ranking with dollar index (Diamond, 2008). Thus, when oil-exporting states have such a situation despite high oil sales, expecting them to survive in the condition where their sales will reduce or expecting the Middle East to lose its importance in terms of energy is clear. In the geopolitical transformation of energy from the Middle East to America, not only will the political systems of countries in this region undergo a transformation, but the government will also be restricted in terms of financial resources.

Conclusion

One of the characteristics of the early third millennium and the era of dominance of geo-economic discourse is the importance of global economy at the global level and fossil energies, particularly oil has always been considered as one of the most important economic elements. In recent decades, we have witnessed significant changes in the global oil and gas market. These changes can be described as follows: Asia's, particularly China's greater power in the processes of demand for fossil fuels in the world, technical developments in the commercial exploitation of unconventional oil and gas reserves, change of pattern of historical dependence of some big oil consuming countries on big oil exporting countries, particularly in the Persian Gulf region and the discovery of huge reserves of unconventional oil and gas, such as oil and gas shale, especially in America and Canada.

The discovery of huge reserves of unconventional oil and gas, such as oil and gas shale, particularly in America, Canada and Russia and the possibility of development of commercial exploitation of these resources in the future providing the rise in prices of crude oil and natural gas have changed the image of political economy of the supply and demand of oil and gas at the global level. These changes have already manifested themselves and made their medium and long term impacts on the new formation of global oil and gas market players. The old strategy of the United States of America to reduce dependence on the Middle East oil and the relative success of this strategy, along with the beginning of exploitation of unconventional gas reserves in the country provided the suitable context for China to supply, in the medium and long term, its required oil and gas which are rapidly increasing partly from the countries in the vicinity of the Persian Gulf. Although this issue still does not reduce the strategic significance of the Middle East, but it should be noted that with the changes made to geopolitics of energy, the current countries in the Middle East will not play a role in the political future of this region. Either these countries run into difficulty with gaining satisfaction of segments of society due to the decrease in oil revenues and due to lack of proper distribution of oil revenues among them or they undergo a revolution owing to failure in providing the means of repression and modernization in the country. Even if these states do not collapse, they will lose their economic importance and the current political status in the eyes of great powers such as America. Perhaps that is why some countries in the region, such as Saudi Arabia are trying to prevent the usage of America's oil wells to be economical and doing research on this subject in this country by lower-

ing oil prices around 40 dollars. Although these strategies may not be successful in the short term and highlight the importance of energy geopolitics in the Middle East, they will not be effective with the advent of new clean energy and new technologies that reduce the cost of oil extraction. The best solution for these countries is moving towards non-oil economy and the development of democracy.

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