

## US experts seek India, China entry in global energy system

Three US experts have suggested bringing the emerging major oil consumers, such as India and China, into the global energy system as a key diplomatic strategy to secure the stability of American oil supply.

Testifying before the foreign affairs committee of the House of Representatives Thursday, they were unanimous in suggesting this course as oil demand from large, rapidly growing, emerging economies, such as China and India, are projected to grow dramatically.

John M. Deutch, professor, Massachusetts Institute of Technology, and a former director of the Central Intelligence Agency (CIA), said India and China are eagerly pursuing state-to-state agreements to 'lock-up' oil supplies.

This will increasingly put them in competition with developed economies and create strains in their relations with the United States and other import dependent countries, he said in the hearing on 'Foreign Policy and National Security Implications of Oil Dependence'.

To reduce the adverse consequences of oil import dependence, Deutch suggested a set of foreign policy measures such as inclusion of the large emerging developing economies, notably China and India, in the International Energy Agency (IEA) because of their importance as importing countries.

IEA is currently restricted to Organisation for Economic Co-operation and Development (OECD) member countries.

The US should also encourage countries to move their internal domestic prices toward world oil prices, so as not to subsidize petroleum use, he said. This is especially important in countries such as China and India where artificially low domestic prices contribute to the explosion in demand for private automobile use.

Daniel Yergin, chairman, Cambridge Energy Research Associates, pointed to two critical new needs: to expand the focus of energy security to include infrastructure and the entire supply chain; and to bring China and India into the global system by expanding the IEA.

Indeed, from the viewpoint of consumers in North America, Europe, and Japan, Chinese and Indian investment in the development of new energy supplies around the world is not a threat but something to be encouraged, because it means there will be more energy available for everyone in the years ahead as India's and China's demand grows, he said.

'It would be wiser-and indeed it is urgent-to engage these two giants in the global network of trade and investment rather than see them tilt toward a mercantilist, state-to-state approach,' Yergin said.

Engaging India and China will require understanding what energy security means for them, he said. The primary concern for both China and India is to ensure that they have sufficient energy to support economic growth and prevent debilitating energy shortfalls that could trigger social and political turbulence.

And so India and China, and other key countries such as Brazil, should be brought into coordination

with the existing IEA energy security system to assure them that their interests will be protected in the event of turbulence and to ensure that the system works more effectively, he said.

Ariel Cohen, senior research fellow The Heritage Foundation, said securing the stability of US oil supply to the best extent possible in cooperation with traditional US allies, while bringing on board the emerging major oil consumers, such as India and China, should be the key diplomatic strategy for the intermediate term.

US should focus on securing its oil supply by deterring anti-status quo players, such as Iran, Venezuela, and the global jihadi movement with its terrorist organisations; and boosting an international coalition of oil consumers, bringing aboard India, China and other major emerging markets, such as Brazil and Turkey.

'The unfortunate reality is that the Middle East remains the strategic centre of gravity of the global oil market-a position that is not likely to change in the medium term. As long as radical Islamists, China, Russia, India, and [Europe](#) continue the struggle for the world's limited oil supply, the region will remain unstable,' he said.

Washington, Cohen noted, is already maintaining a strong US and allied naval presence in the Persian Gulf. It should also encourage its NATO allies, Japan, India, and Australia to deploy their naval forces periodically to the region.

Consumer countries, including the G-8 and major oil consumers, especially China and India, should join the G-8 to coordinate positions of the buyers' club.

The committee's Democratic chairman Tom Lantos said the United States cannot be completely energy independent. But the goal of reducing its energy dependence is within reach, and stabilising the supply of energy is and should remain a key component of United States national security.

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