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## **Analysis: Trump's goal of 'energy dominance' could change the global balance of power**

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Fueled by technological breakthroughs and cuts to taxes and regulation, the United States is on target to become the world's biggest producer of crude oil in the next five years.

Let that sink in. The U.S. will be bigger than Russia and Saudi Arabia.

It would be a remarkable feat and significant, too. It could clear the way for America to redefine its relationship with the world, minus a reliance on overseas oil.

- **Oilpatch can't match enthusiasm of U.S. industry**

The implications are huge, if hard to predict.

Might it bring chaos if the U.S. chooses to exit the Middle East? Or will it spur Washington to try to broaden its influence? Could Canada, Mexico and America forge an alliance to influence oil prices?

Such questions were purely academic a decade ago.

Now they're part of a broad debate around the potential for American energy self-sufficiency or, in the words of U.S. President Donald Trump, a new "energy dominance."

Through the fog of rhetoric, one thing is clear: Change is upon us.

"Energy security is a road map to economic prosperity," U.S. Energy Secretary Rick Perry enthused during an address to a world energy conference this month in Houston.

"America is in the midst of an incredible energy revolution. Energy progress that we're seeing here is due to a cascade of technological breakthroughs driven by innovation.

"These advances have ... got powerful implications both here and abroad."

It's been an unimaginable turnaround.

Less than a decade ago, legislators on Capitol Hill were warned dwindling oil supplies and a reliance on "inimical foreign actors" meant crude was America's greatest vulnerability.

The "shale revolution" has stomped that notion flat.

Breakthroughs in hydraulic fracking and horizontal drilling, though controversial, meant oil and natural gas once thought stranded can now be economically developed in a big way.

- **Oilpatch investment lured south as U.S. overhauls tax and regulatory regime, industry group says**

U.S. oil production has nearly doubled over the last decade, averaging 9.3 million barrels per day in 2017.

Trump stoked the boom by slashing taxes and regulation.

Now, the Paris-based International Energy Agency believes America will pass Russia and Saudi Arabia as the world's largest crude oil producer by 2023.

The story doesn't stop with oil, either.

Development of natural gas and natural gas liquids continues to sky-rocket, driving up exports and growth of the American petrochemical industry.

By 2022, U.S. Energy Information Administration projects America to be a net oil and gas exporter.

In the political realm, this has touched off enthusiastic discussion of energy security and self-sufficiency.

"I've always thought that we should talk about energy as being an instrument of our national security," Texas legislator John Cornyn, the current Senate Majority Whip, told a room full of oil executives and analysts at this month's CERAWEEK conference in Texas.

"[It is] something we can do to not only maintain strong relationships with our friends and allies but [it's] also a carrot to try to develop economic relationships with countries that may not be our friends, necessarily."

This isn't theory.

Last summer, Trump pledged to help Poland ease off its dependence on Russian energy. A few months later, Poland inked contracts for U.S. liquefied natural gas, providing some evidence of how the U.S. might extend its influence through energy exports.

But the biggest impact could be in the Middle East, if the U.S. shifts its attention.

'The goal is not just ... self-sufficiency, an island unto ourselves.'- Christopher Sands, Johns Hopkins University

"That reliance [on Middle East oil] is now being reduced ... and that means that the concern the United States has about maintaining its energy security has reduced," said Allan Fogwill, president of the Canadian Energy Research Institute (CERI).

For some of those who imagine America's burgeoning energy wealth will spur it to retreat from global politics, there's concern a U.S. exit from the Middle East may augur crisis, conflict or even war between nations in the region.

But Emma Ashford, a research fellow in defence and foreign policy at the Cato Institute in Washington D.C., says the U.S. has already become less dependent on Middle East crude and has not pulled back troops.

"We've remained in the region, and continue to see it as vitally important, even though most American military involvement in the region — certainly since 2001 — has been focused on terrorism, stability and other issues," Ashford said.

"There's really no threat to energy supplies. Certainly there is no threat that couldn't be countered by increased production elsewhere in the world."

With the U.S. poised to pass Russia and Saudi Arabia in oil production in five years, legislators in Washington D.C. will determine what it means for American foreign policy. (J. Scott Applewhite/Associated Press)

For now, Trump's talk of "energy dominance" is being interpreted as more outwardly focused — some might argue imperialistic — and quite different from energy "independence."

While the U.S. can throttle back on overseas oil, the integrated nature of the energy market makes true "independence" from foreign oil and gas extremely difficult. Canada, for example, exports more than three million barrels of oil per day to its southern neighbour.

"Canada does have an important role in the United States overall requirement for crude oil and refined products," said Fogwill of CERI.

Christopher Sands, director of the Center for Canadian Studies at Johns Hopkins University in Washington D.C., says the goal of U.S. "energy dominance" is not to become an "island unto ourselves."

Energy dominance for the U.S. would mean having the ability to help influence the price globally, he said, while also helping ensure its allies have the energy supplies they need and potentially gaining some leverage on rivals.

For Sands, there may be an opportunity for Canada to be part of a wider, North American energy dominance.

- **Fracking for freedom: How U.S. energy independence could change the global political landscape**

As Canada and the U.S. are largely aligned on key foreign policy issues and because of the potential for Canadian energy exports abroad, co-operation on infrastructure could give the two countries leverage in the world market.

"There is an important partnership that we haven't really sketched out, and that is Canadian energy accessing global markets via American tidewater," Sands said.

"The appeal for Canada is getting out of this sort of one-customer dilemma where Canada is not getting world market prices, certainly on oil."

This idea isn't without hurdles. In Canada, for example, climate change concerns might limit the appetite for exporting carbon-emitting fossil fuels. In the U.S., there's been talk of a tax on pipelines.

If the two countries can find agreement, Sands said, they could form a coalition that, while it wouldn't be a cartel like OPEC, could still "support friendly countries and help influence resource prices."

Whether it includes Canada or not, Cato's Ashford finds the idea of U.S. energy dominance to be a strange concept.

"It appears to encapsulate not just the idea of U.S. self-sufficiency in energy, but also the idea that we will now use our bounty of energy to advance our foreign policy," Ashford said.

"For example, exporting U.S. [liquified natural gas] supplies to European states in order to undermine Russia exports."

She sees problems with this: there are regulatory barriers when it comes to exporting hydrocarbons, and this would be far more expensive for European states than more easily piped-in Russian natural gas supplies.

"So while this is an interesting idea in theory, it's hard to see it working well in practice," Ashford said.

Regardless, whatever change is coming, this is only the beginning.