Abstract  Energy will play key role in US foreign policy in the future. Since its inception in 2008 the US shale oil industry has never been a profitable industry. If it were judged by the strict commercial criteria by which other successful companies are judged, it would have been declared bankrupt years ago. US shale drillers have been encouraged by easy liquidity provided by Wall Street and other investors to continue production even at a loss to pay some of their debts. In so doing, their outstanding debts have mushroomed to almost $1 trillion leading to large number of bankruptcies among them.

Oil demand was corrupted or rather destroyed before novel coronavirus. Oil demand would have been damaged even without the spread of deadly virus. It was already fragile and nearly down to its knees. Coronavirus was a deadly blow to oil demand. It has seen two major oil collapses back in 1985–86 and 2002–03. The two sharp oil price falls took about two years each to recover. Current market volatility is uncertain. The two past market collapses were a combination of oil market fundamentals plus geopolitically motivated circumstances. In case current situation proved worst and US economy entered a depression mode, duration of low oil prices could be even longer.

US oil exports will always be challenged by the international price climate. The COVID-19 pandemic could go into history as the largest destructive event that has hit the global economy since the Great Depression of the 1930s. There are indications that its adverse impact could be even bigger than the Great Depression of the 1930s. Many ideas are being considered for bailing it out including an import tax or tariff on all foreign oil imports to the US. But this will not work since major crude oil exporters to the United States will shift their exports to the bigger market of the Asia-Pacific region rather than pay the tax.

Keywords  US Energy Diplomacy · Central Asia · Caspian Sea Region · Pipeline · Geopolitics · New Great Game · Biden
This book examines the essential principles of US policy toward Central Asia and the Caspian Sea between 2001 and 2020, over the course of which time the US was governed by George W. Bush, and then by Barrack Obama and Donald Trump. Energy remained a major component of the United States’ foreign policy throughout this era, as it had done since World War II when the focus on gas and oil shifted from economic incentive to security requirement in the minds of policymakers. US energy policymakers have emphasized the benefits of diversification of supply since the 1970s, along with encouraging investment in technology aimed at reducing dependency on oil, and on increasing energy efficiency. For many decades, the US thus fought to ensure that country open investment climates could take hold in resource-rich states, with secure transportation routes available to help deliver oil onto the global market. Indeed, the protection of the free market itself was maintained as a component of US security in and of itself.

These policy drives manifested themselves in different ways in different places and eras. How they manifested in the Caspian was particularly unique in some respects. For one, due to historic reasons, the US only first developed a policy toward the region at all when it opened up with the fall of the Soviet Union. The US was one of the first nations to aid in the establishment of economic and political autonomy of the newly independent and resource-rich Caspian states of Azerbaijan, Turkmenistan, and Kazakhstan. Crucially, this was seized as an opportunity to pull the states away from the local spheres of Russia and Iran, both states significantly beyond the reach of US influence.

After the enormously active Clinton administration policy on the Caspian, American interest in the region gradually waned, with Bush, and finally Obama administrations slowly vacating the space. Although Bush remained engaged in Kazakhstan and Azerbaijan, the 2008 Russian invasion of Georgia was a point in which Bush showed the limits of this engagement, failing to act decisively; Azerbaijan has since moved away from the US. But given the age of US shale gas and shale oil is upon us, the Caspian has had much less strategic importance to the US. As for Russian policy, the two administrations both began with an attempt at thawing or “reset” in Obama’s words, in US–Russian relations. However, fundamentally the two administrations ended up in the same place—at loggerheads, with a deep suspicion of Putin.

The first phase of US diplomacy in the region depended on supporting governments in creating intergovernmental and transit agreements and was characterized by some gains by US companies in the region, particularly Kazakhstan. In the second phase, toward the latter half of the 1990s, the foundations were then laid for a Southern Gas corridor, inspiring various route projects to be pored over and inevitably dragged out due to diplomatic and economic concerns, not to mention the sheer number of actors involved in each. However, with Russia still economically and politically recovering from the collapse of the USSR, progress was made in the form of the BTC, which was the first project in which Caspian energy resource transit to the world energy market without using Russian infrastructure, territory, and resources. The success of the BTC, with its unifying of state diplomacy and private company investment, was the West having found a foothold and a blueprint for the future bolstering of ties with the region.
The American government’s interest in East Asia would inevitably harm other regional priorities. Owing to the governmental financial crisis, the deductions in the American defense budget required the US to keep small armies in many of the regions. Among other regions, it was Russia where the US sought shelter regarding its foreign policy. In the 20 years after the collapse of the former Soviet Union, its armed forces shrank by approximately 75%, and the widespread corruption in Russia’s defense industry demoralized the remaining soldiers and their military officers.

The world’s second-biggest nuclear Armory, which was essentially the primary value that Kremlin possessed in the Cold War, was of little importance in daily foreign policy. Among these problems, the problem of “a seemingly never-ending death rate crisis” was experienced by Russia due to deteriorating health conditions and increased death rates. Meanwhile, an economic production with a value of 2.2 trillion American dollars was pale by comparison with the US’s recorded 14.7 trillion American dollars. Unlike China, Russia could not be considered an equivalent rival for the US (Zihnioğlu 2016:366).

US Caspian Policy Under the Bush Era

By 2001, when Bush took office, the administration’s immediate focus rested heavily on oil. At the time, the US was faced with an increase in energy demand and thus it was deemed necessary to embark on a massive diversification drive. However, once the War on Terror entered full swing, the US not only paid more attention to the Central Asian region as a potential market supplier but as a logistical springboard from which to send troops and equipment to the front line in Afghanistan.

It was not just practical necessity vis-à-vis the war in Afghanistan, but US policymakers’ unwavering determination to uphold enmity with Iran, forcing it out of projects such as Nabucco (Author’s interview with Feridoon Barkeshli 2016), and its protectionist desire to break the Russian monopoly in its traditional sphere which resulted in an even more enthusiastic seizure upon the region as a potential hub of future oil relations and economic independence for its European allies.

President Bush had a grand geopolitical approach toward the greater Middle East in which Central Asia and the Caucasus were at least marginally included. However, Washington’s involvements in Afghanistan and Iraq deepened in such a way that the Caspian region was virtually excluded from US focus. The consequences of such a focus persisted throughout the Obama era, with attempts by the president to disentangle the US’ direct military involvement taking the limelight. In any case, Moscow’s omnipotent presence effectively limited the extent to which American overtures could succeed. In fact, when President Obama arrived at the White House, the limits of US strength as a dominant world political and military power had already been demonstrated in a host of issues, not least their inability to intervene in Russia’s invasion of Georgia in 2008 (Author’s interview with Feridoon Barkeshli 2016).
Russia had long since benefited from its political and technical involvement in the region, absorbing oil and gas sourced in Central Asia and the Caspian into its own pipelines to bolster its own supplies.

**Post 9/11 US Foreign Policy in the Region**

The United States shares many interests with other countries in the region, including the desire to prevent the spread of nuclear weapons and the growth of anti-Western radical political Islam, and to foster the expansion of democracy, growth of human rights, protection of the global environment, and free market economy, and thus the conditions long-held as required for the exploitation of resources and raw materials of Central Asian countries. On the other hand, many of these purported missions were suspected of shoring up the influence of American trade and capital in the region’s economy by both elites within the region and those countries in the region not linked to the American sphere.

The events of September 11, 2001 led the United States to fight terrorism, centering on Afghanistan, with forces deployed to Central Asia and carry out a major military strike against Afghanistan from these footholds.

However, the fact remains that Central Asia has never played a central role in US strategies unless in terms of greater security goals, whether vis-à-vis Afghanistan, Iran, or Russia, and thus White House policy toward the republics of the region has always been in the midst of a larger geopolitical plan. This thread carries through in the formulation of the New Silk Road, which can be seen as an attempt by the United States to simply lower the complexity of local conditions and indigenous agendas by encouraging the linking of Central Asian republics independently.

**US Caspian Policy Under the Obama Era**

Obama continued many of the policies of the Bush era, but where their approaches differed spanned the extent to which they each faced different challenges. In terms of similarities, both presidents managed relations with Russia carefully, at times cooperating with Moscow on areas of mutual interest. In terms of fostering alliances in the Caspian and Central Asia, a certain amount of diplomatic activity continued, with Obama’s Secretary of State, John Kerry, visiting five countries in the region as part of the C5+1 project. One of the main focuses of US diplomatic efforts in the region which continued from the Bush era was the promotion of gas and oil pipelines to the EU. The fruit of this drive comes in the form of the TAP gas pipeline, which will represent the fulfillment of the southern corridor dream, connecting the Caspian to the European gas grid. Similarly, under Obama, the US continued to isolate Iran from the region, essentially ensuring it lost its position on the global oil and gas markets through punitive sanctions and international pressure; however, it
is debatable as to whether this benefitted Russian or Western companies more in the region.

According to Matteh Bryza, who served the Clinton, Bush, and Obama administrations as “Director for European and European Affairs on the National Security Council” staff, US Ambassador to Azerbaijan, and Assistant Secretary of State for Europe and Eurasia, there was no difference between the Obama administration and the Bush administration—or the Clinton administration for that matter; however, Obama was in a far more advantageous position due to allies having gotten on board with the US drive for diversification:

I spent two years going around Brussels and other EU capitals trying to explain why this made sense. And it got to a point where President Bush actually asked, ‘why are we—why are you—working so hard to convince the Europeans of something we think they need to do but they don’t want to do?’ So the Germans resisted the push to diversify, the Italians resisted, the Brits resisted a bit. And it was only after a time, when the Russians cut off gas to Ukraine in 2006, that the EU finally woke up. But for a couple of years it was us and a couple of others going around EU capitals saying ‘don’t you think you need to diversify your supplies? Because the Russians want to manipulate you’. So that was the focus under Bush. The Obama administration continued that, but came into the game when the EU had already decided to pursue the Southern Corridor, so then the State Department and White House could support the EU effort.

For Obama’s critics, this is the cause of contention. Whereas Bush had struggled to convince the EU, Obama in a position to benefit, yet was accused by numerous sources as having failed to exploit his advantage in the name of the Russian Reset policy (Author’s interview with Steve LeVine 2017). The Obama Administration believed the Bush administration had been too aggressive about Georgia’s independence, especially given the Bush Administration’s efforts to give NATO membership to Russia’s neighbors and install a Missile Shield defense system.

Part of this reset, for Obama, involved scaling back the work President Bush initiated in the Caspian states in terms of shoring up the democratic institutions. Bush’s international world view, which combined idealistic aims using real political methods under the guise of security measures thus allowed for interaction with the region which measured deeper than simply pipeline mapping. According to Barkeshli, Barak Obama drew “a thick line” between the social and political values of America at home, and the business interests of his country toward Caspian Sea and Russia, and thus relations naturally cooled because of decisions made in line with this.

The US’ New Silk Road Initiative

As of 2011, the New Silk Road Initiative became the main metaphor which US foreign policymakers framed their strategy toward Central Asia and Afghanistan. Yet by June 2013, during John Kerry’s trip to India, the project was barely mentioned. By January 2015, Barrack Obama, himself on a trip to India to attend Indian
Republic Day as a guest of honor, went the entire trip without mentioning the US New Silk Road policy at all (Laruelle 2015:365).

It seems that during the Clinton era, the US was far more interested in the Central Asian and Caspian Sea region in general, while with the advent of the New Silk Road Strategy, the main concentration was limited to energy cooperation between Central Asia and South Asia. The US’ major focus here lay on the TAPI project. The US strongly supported exporting Turkmen gas to South Asia via TAPI and to Europe via Trans-Caspian Pipeline projects. During Bush and Obama administrations both supported these projects, and it remains to be seen that Trump administration would support such projects as well.

The Nabucco Failure

Many observers have charged the US with focusing far too greatly on the success of the Nabucco project throughout the 2000s as a means to connect Caspian gas with the EU market. The failure rested on the inability of diplomats blinded by the success of the BTC pipeline to recognize the significant differences between gas and oil pipelines in terms of how they are organized and financed.

Furthermore, it is an issue which could only afflict the US and EU given their emphasis on open markets, as—unlike China and Russia—the West’s commercial entities act as they wish regardless of where their governments direct them to invest. Essentially the wrong lessons were learnt from the success of the BTC in that oil supplies are a buyer’s market, whereas gas must have a clear recipient, and despite having six project sponsors, there was no secured market for 33 bcm gas. No one party was in a position to fund such an expensive endeavor. And thus it was only natural the TAPI was eventually selected as the most viable project.

The Advent of the Shale Gas Revolution

It has been pointed out by many that George W. Bush’s administration was only naturally disposed toward international oil ventures given many of its principal figures, including Dick Cheney and Condoleezza Rice, were closely associated with oil companies. In fact, while Republicans in the United States are often found in the upper echelons of the oil industry, the heads of more technical aspects of the economy, such as IT and the Stock Exchange, tend to attract more future Democratic leaders and donors. And thus while it is often agreed that the “Shale Revolution” which occurred under President Obama’s tenure may have been a private sector affair, it has been remarked that no Republican president in the US would have dared to allow extensive fracking within the United States given the lack of political support they rely on from that emerging industry (Laruelle 2015:365).
However, dislodging the US’ political dependence from the political stability of foreign energy providers was a clear goal of the Obama Administration, alongside a general retreat from the front lines and a renewed focus on post-2009 economic recovery, and thus the advent of shale gas seemed like the perfect event to exploit. This was successful to an extent unimaginable only a decade earlier, in that the US found itself in a position to become a powerful LNG exporter to regions such as the EU, and so rather than having to lobby oil states to develop pipelines to their allies, could begin to consider supplying allies themselves. While the EU is still technically ill-equipped to rely on LNG imports, the rise of shale in the US has been a relatively recent phenomenon which has led observers to ponder as to whether it may lead the US to begin taking its role as a supplier seriously.

One interviewee for this study posits that the US is currently in a transitional phase in terms of approach to energy right now and that it no longer makes sense to pursue pipeline politics given the fact of LNG terminals. LNG is going to play important role in the world gas market. Although Obama continued to support the construction of the TAPI pipeline connecting the Shah Deniz to the European market, the private sector was not as responsive as was hoped, and shale—combined with financial considerations, as well as questions over whether supplies would amount to enough to make such a pipeline viable—made many drag their feet.

After all, Obama caught all conventional oil and gas producers in OPEC and outside OPEC such as the Caspian basin literal states by surprise. Shale oil production surpassed well over 5.00 M/B/D in 2015, though it lost over 2.5 M/B/D of its production volume by 2016. Shale oil flooded the market bringing down the price of oil. Saudi played a key role in coordination, leading to many oil-producing countries in and outside OPEC to be hit rather hard, losing more than half the value of their stocks.

By utilizing these new and advanced technologies, the US produced shale gas as an unconventional source of energy, and not only met its own needs with gas, but also appeared in the world energy market as a gas exporter. The new circumstances meant the US could now compete with the other oil producers and, to some extent, gas at global level. One cannot ignore the political impacts of the new developments in the extraction of unconventional gas in US foreign relations. The extraction reduced the US dependency on imported fossil fuels particularly from the Middle East and Latin America. It also triggered some concerns particularly among the US allies in the abovementioned regions that the new status might lead to some unsatisfactory policies and positions which would undermine the longstanding US political and military commitments to consult with or support them in regional affairs.

Concrete Results of the Obama Era

In terms of measurable diplomatic results, by the coming of Obama, it was clear that Turkmenistan was not much interested in offering additional energy deals with the US or EU, instead, working actively on a new pipeline with China as well as one
supplying Russia (Author’s interview with Matthew Bryza 2017). Turkmenistan was beginning to cool its relations with the US during the end of the Bush era, when it demanded a timetable for the US troops’ withdrawal from bases in the country, followed by a request to leave. Meanwhile, the Kashagan Oil Field in Kazakhstan will potentially join the BTC in the future, and with Kazakhstan having played an admirable balancing act between, Russia, China, and the US, looks likely to continue to benefit from further opportunities in the future.

The elimination of the post of “Special Envoy for Eurasian Energy by the Obama Administration” and subsequent creation of a Special Envoy and Coordinator for International Energy Affairs within the State Department is the clearest example of a break between Obama and the previous Clinton and Bush Administrations. As a result of this administrative reorganization, the post effectively lost its power, playing a subordinate role whose policy ideas could be crushed by greater departments with no recourse to the White House.

US policy at that time was supported by the White House, Energy Department, State Department, and Commerce Department. But when the post landed at the Department of State, it became one of many posts and effectively lost its teeth, relegated to diplomatic pushes for greater transparency and organizing talks.

**China Key Role in Caspian Sea Region**

Another difference between the Bush and Obama administrations came in Obama’s shift in focus to the Asia-Pacific region as part of a greater foreign policy overhaul. This came about as a natural consequence of Obama’s withdrawal from Afghanistan, along with a general downscaling of overt troop presences in the Central Asia, Middle East, and its bases along the way.

The Obama administration’s diplomatic stress on Asia reflected its concern that China’s rise was encouraging China to act contrary to regional stability and contrary to US alliance stability, namely regarding Japan, Korea, and Taiwan. This perception of China’s rise reflected, among other things, the rise of China’s economic power throughout Asia. As a result, an economically renewed China, hungry for resources, in fact, found a valve for its increased clout in America’s withdrawal from Central Asia. Given the New Silk Road initiative pushed forth by the United States aimed at increased cooperation and ties between the countries of the region in order to dilute Russia’s hold, China’s expansion into the area was seen as acceptable and even welcomed by the US in some quarters (Author’s interview with Robert S Ross 2017).

China’s own “One Road” project is more than lip service to greater cooperation in the region; however, and is in fact backed by huge investment projects. During the coming years, the country promises to invest $50 billion in the Central Asia region, backed by private companies being supported by the state in an effort to invest in the region’s energy sector and infrastructure. In terms of how this play with Russia, China is playing a delicate game in order to ensure that Russia understands that the country intends no military presence in the region and seems to have succeeded.
After all, unlike Iran still reeling from sanctions, Turkey unable to offer more than commercial and trade ties, and the EU in no financial or political position to infiltrate the region, Chinese leaders may visit the region many times a year, sign a variety of economic, political, and educational agreements, and back up their words with plans, financial arrangements, and technical expertise. Bush visited Georgia once, while Obama did not visit Central Asia and Caspian Sea regions—much to the chagrin of diplomats on the ground aware that perceptions were a key part of bolstering ties as it functions on the ground. Russia, in contrast with China, has no financial resources to compare, and thus China’s role can be helpful in modernizing the energy sector and infrastructure of their southern neighbors. The only risk involved is that China has had a history of putting countries into a debt trap, taking over the assets of states in order to compensate for its partners faulting on a loan.

According to one observer interviewed for this study, Chinese interests are “pretty conventional.” The only concern, they state, from a strategic point of view is Russia, is

For China to try to manage that is act in a way that doesn’t anger Russia. I think the conventional view now is that we have a marriage or a division of labor—Russia is on the economic side, and I think China is quite happy that. And so if you look at how China should extend its influence in the world, I think Central Asia is the best bet. I mean, if they didn’t have all these other obstacles like border disputes and US concerns and Taiwan, then this is what they would do in other parts of the world. But they can’t do it along the periphery of other parts of China.

**Mistakes in the Caspian Sea Region Since 2000**

When it comes to mistakes, interviewees differed on their focus. Many of these differences were the result of a difference of perspective. Long-term career diplomats tended to view breaks in long-term progress with negativity, while figures from the oil and gas industry tended to find fault with diplomatic efforts which could not be justified by economic or political gains. In essence, the mistakes the US made in both the Bush and Obama eras can be summed up by the following points:

- A loss of its interest toward the region.
- A failure to engage at high-level politicians in the region.
- Overly focus on the Nabucco project.
- Failure to effectively intervene in border disputes and crises.
- Over-selling America’s capacity to incorporate the Caspian states into the Western political-economic order.
- Elimination of Special Envoy for Eurasia energy.

The shale revolution has unfolded so quickly that policymakers have still not had time to adapt to the shift in realities and its implications for foreign policy. Still, in terms of energy politics, it is not Central Asia, but the Middle East which will first feel the effect of however this shift manifests itself. In any sense, the international scene is now a lot more fluid, and America’s interests are no longer tied exclusively
to imports, which could see the US act more in the interests of securing buyers than securing supplies in the coming era. This will be interesting to observe in the Trump era.

**Shale Gas Revolution and US Foreign Policy**

In the last decade, technology has advanced to such a degree as to allow the US to become self-reliant on energy through shale gas extraction, allowing the US to even surpass Russia as the world’s largest gas producer. This state of affairs will only continue for as long as stocks remain however and a further shift to natural and LNG is likely to rock the markets once again in the future. Natural gas production in the US has decreased the price of domestic natural gas, with a knock-on effect on the price of LNG in Europe and Asia too. After the shale gas revolution, the overall prices of gas decreased likewise, to the detriment of some.

The shale revolution in the United States is not merely a positive business development however and its geopolitical consequences can be felt all over. The global energy trade map is shaking with continued decline while US energy exporters are poised to seek new markets. For example, most of Africa’s oil needs have diverted to Asia instead of the United States, and as US production continues to increase, this has reduced global oil and gas prices, reducing the geopolitical clout of those nations depending on large resource revenues. Most energy-producing countries that do not have diverse economies—such as Russia and the Gulf states—will suffer from this, but the benefit will be felt in large consumer nations such as China, India, and other Asian countries.

Greater self-reliance has allowed the US to overcome the economic disadvantages of depending on competing economies and relying on expensive military ventures. In other words, in the new order brought about by shale, the United States may consider even dominating the Gulf energy resources it was once tethered to, while going further and being influential in controlling prices to further increase the robustness of its capabilities. Having occurred mainly during the Obama administration, the US shale gas revolution is having a significant impact on US energy policy and energy diplomacy and foreign policy. The precise ways in which shale over the long term will have influence have yet to be seen, as global energy oversupply and the stalling of America’s new phase of energy development have affected matters in the meantime.

However, while much is made in some quarters about new US energy independence and the implications of decreased reliance on the Middle East, the fact remains however that the overall world economy on which America’s economy and well-being very much depend is still deeply dependent upon imported energy, of which the major Middle Eastern producers are and will remain the main market setters. In the meantime, the Caspian States and Central Asia can be considered to have shifted far beyond the focus of US policymakers, as they slowly begin to adapt to the new realities of America’s new energy profile, and the various challenges of a truly more multipolar world.
US Caspian Policy Under the Trump Era

Given the increasing competition between the United States and China and the important role of Central Asia and the Caspian Sea in the one-way road project, Washington can increase the presence in the region and increase the level of economic and political relations with countries in the region. US energy companies could be involved in regional energy projects, but Chevron’s departure showed that they are interested in investing in other areas, including the Mediterranean. Donald Trump has made many promises to increase US self-reliance on energy production and cut dependence on foreign oil and gas producing countries, which, if implemented, will bring about many changes in the market as well as in the geopolitics of crude oil. Accordingly, the production of fossil energy sources is of dual importance to Trump. On the one hand, he believes that the country’s vast unconventional oil and gas reserves are worth $50 trillion, the further development of which, by reducing legal and financial constraints, could lead to millions of jobs and $30 billion in annual wage increases in the United States. On the other hand, the production of domestic resources is also of strategic importance to Trump because it helps his goals of “gaining energy independence” and “reducing oil imports from OPEC and other countries that are hostile to US interests.”

Trump had a policy before the recent crisis to try to find ways of increasing US influence in Central Asia and the Caspian. To a certain extent, America is not going to be able to be, when economies are growing in the normal sense, in a position to match the Chinese ability to provide loans for infrastructure at an extremely low cost. Two countries that they see as a part of the One Belt One Road initiative, to a certain extent it includes the whole world. But the Chinese have not found solution that will kind of turn this concept of One Belt One Road into a reality. The United States got involved in the Caspian Sea States at a time when the US was pursuing an active and aggressive foreign policy in East Asia, and on the other hand, the Soviet Union was dismantled and was in dire need of capital investment and aid. The United States generously poured in the capital and fully supported international oil and gas companies to move into the region. Former Soviet nations have a long history of oil and gas industry and in fact, the first oil activity in the greater Middle East started in Baku, Azerbaijan. However, oil and gas technology in the former Soviet Union was old and not quite up to the job. The US and Western companies brought in new technology, know-how and capital required to renovate the oil and gas industries of the Caspian Sea States.

Corona Virus and Oil Market

Because of coronavirus, right now gas, including imported energy, is very competitive in Europe. This is a good market for gas and gas is out-competing coal generation in Europe and that makes it an attractive market. That is not always the case
though. Typically LNG would be quite an expensive way to get gas. But just giving European gas buyers optionality, creating an alternative source of supply for them has been a very significant development in European gas, and it is one of the things when you look at the number of new gas terminals for LNG that have been built across Europe in the past decade, and that is one of those things really which would be very significant even if not a single molecule of gas ever flowed through those terminals, just the knowledge that they are there, and you know their providing alternative is very important.

Any increase in energy prices means other industries lose and therefore consumers lose. Trump wants to pursue an America first policy on energy, but that would on the whole be damaging to the economy. The Trump Administration has a very protectionist view on trade. The deal that Trump supposedly hoped for with Saudi Arabia and Russia did not do very much for prices. So it is still possible that before the year is out the Trump Administration will do something to try to strengthen American energy production by kind of keeping the US out of the total impact of the global market. Most Americans do not work for the oil industry, but they all drive cars. So they prefer to see lower prices than higher. It seems we are considering a very unusual thing and it is not clear whether that necessarily forecasts what the American policy will be in the longer term. Currently, it is a very interesting moment in oil; right now it may be kind of a pivotal moment in many ways and the Coronavirus may have accelerated things and compressed time to so that things such as bigger trends and directions, that would have happened anyway, will happen much quicker.

The oil price decline as what we saw during the propagate of COVID-19 will be a short-term issue however it can not set a certain date for the recovery of the economic activities to see the higher oil prices again. Indeed, we will see some longer term impacts of Coronavirus in energy markets as the crash in oil prices which leads to shut down the wells, will impact the characteristics of some producing reservoirs. Nevertheless, with the lower price of oil, more pressure is felt by the production companies which eventually pushes out the players of the supply-side with a higher cost from the market. After any disruption in supply, demand, and price, the nature of the oil market is to rebalance itself and finds a new point of equilibrium. We must consider the shale companies can be bankrupted and some smaller companies with a higher cost of production and with limited assets to hedge the risks of a lower price will be pushed out of the market. Yet, it is not the end of shale oil and gas as the shale rocks are still there and they are in high demand by the oil market and the fact is the oil business cannot dismiss shale oil even with manipulating the market by an oversupply of crude oil.

With the recent impacts of the COVID-19, the US must revise its energy strategy from “energy dominance” to more interactive energy policy as an energy or market moderator. The US also has understood that it cannot ignore the current market participants as these players have been in the market for ages and also can manipulate the energy prices and make the US oil less attractive from the economic perspective. The energy export of the US will face some challenges if its price cannot compete with other equivalent products in the market, yet, the US will stay in the market playing a critical role as market moderator.
US LNG Exports

The United States must be able to sell LNG at a competitive price in the European market. The Trump administration is highlighted in what they have been talking about in terms of their energy policy, but it was definitely something that the Obama administration was interested in as well. Crucially, it is not necessarily that the US wants to supply all of Europe’s gas, rather it wants to offer Europe an alternative. It wants European countries to think that they do not have to solely rely on Russia. The problem is still that even with very low domestic US gas prices, even very low, the extra costs involved in LNG, the liquefaction, the shipping, the reclassification of the other end, all of that means that LNG is still relatively expensive, supply coming into the European market, certainly in terms of the underlying cost relatively expensive coming into Europe compared to Russian gas. However, it has had a very appreciable impact on European gas markets simply by being there as an option. So, Gazprom has been forced into a lot of changes to its structures and pricing; there is a lot more kind of flexibility now that you see in Gazprom’s behavior because it knows that US gas is there as an option.

US–China Relations

The inevitable rise of China is being underpinned by the fact that it is currently the world’s largest economy based on purchasing power parity (PPP), the workshop of the world, the world’s largest importer of crude oil, the growing importance of the petro-yuan, the Belt and Road Initiative (BRI), and above all the Russian-Chinese strategic alliance which will lead and shape the new world order in the twenty-first century.

Were China to be prevented by rising US tariffs from exporting some $800 billion worth of goods annually to the United States, it can sell them somewhere else. However, for the United States to replace these imports with far more expensive imports from Japan, South Korea, and the EU could lead to rising costs for US customers, higher domestic inflation, widening the budget deficit, and adding at least 2.35% to the US’s current outstanding debts of $23 trillion. Still, the trade war is not principally about oil or China’s trade surplus and alleged Chinese malpractices. It is about the petro-yuan undermining the supremacy of the petrodollar and by extension the US financial system, Taiwan, refusal by China to comply with US sanctions against Iran and Venezuela, China’s overwhelming dominance in the Asia-Pacific region, and its sovereignty claim over 90% of the South China Sea, the new order in the twenty-first century and above all fear of the US losing its unipolar status.

The US has achieved significant progress in being the number one crude oil producer thanks to shale oil and the same will happen in gas. However, this is not that position as strong as the position of Russia and Saudi Arabia. Because we do not know exactly how much reserves there are in shale. It is also produced mostly by
small and medium-sized enterprises, not the big IOCs because this requires significant flexibility, being smart and agile, rather than gigantic IOCs like Exxon Mobil and Chevron could do it. However, the US also has not only energy resources, she demands a global dominance, but it also has the world's most powerful military.

It has more than 20 aircraft carriers around the world that are held together 40 in the world aircraft carriers more than half the United States and it allowed them to project power in the East China Sea in Latin America, in Africa, everywhere, the Mediterranean, the Gulf so the US is going to use its military power and muscle whenever needs to be to help guarantee its global dominance power. Also, economically, the US is still number one, according to some calculations, it might be number two after China. But whatever we say the US is still the most important economic superpower in the world. So, it will use its policy muscles again to enhance its strategy for being number one in pursuing global dominance strategy. But in my opinion, it is not only energy, the US has to develop dominance in precious metals and mines. So, the US must develop its own lithium strategy and it has to develop a space superiority strategy. It is the first power who armed space; also controlling oceans. These are areas where a world power can practice its superiority. And the US right now has this possibility.

Nobody knows whether the US can do this next 20 years 15 years down the road because China is catching up. So will Russia and India and Indonesia and since the US alone, not together with EU, it has to quicken up efforts to dominate trade, investment, energy, space, oceans, military and because if you read the National Security intelligence report the US is worried that its power may not be continuing to the second half of the twenty-first century. China has this 2049 strategy called peaceful rice. And its objective used to be number one in the world. Not only in economy but in military, energy, food, space, oceans. Hence, the US is feeling the heat and the pressure that it has to act when it is still military power.

**Energy Diplomacy Under Biden**

The Trump administration sought to maximize domestic oil and gas production capacity to fulfill the slogan of energy domination. Given Biden’s promise to ban new drilling permits on federal lands and waters to combat climate change, oil, and gas production in these areas should not be expected to increase. Given that Biden has not emphasized the issue of energy dominance, it is natural that in the global energy market, using energy diplomacy, it will seek to protect US national interests, and Biden will need the cooperation of OPEC and Russia to stabilize the global oil market.

The cost of gasoline and car prices has risen and people are turning to e-cars, and given that the car market economy in the United States is highly important, all of this will have a significant impact on demand for gasoline and oil. The peak of demand is emerging faster and as mentioned earlier, the world market will be more sensitive to demand. It may be widely believed that outside the United States, coun-
tries such as Russia, Saudi Arabia, and other world oil producers are interested in electing Biden as president because it would hurt shale oil production and shale competitors by reducing production. They will benefit, but this is a misconception because Russia and Saudi Arabia are worried about not electing Trump, and this concern is due to the impact of Biden’s policies on the process of reducing global oil demand.

Biden will lack the cordial relationship that Trump had with Saudi Crown Prince Mohammed bin Salman. Saudi Arabia is the largest member of OPEC. Thus, Biden may not be as involved in the OPEC production policy as Trump. Unlike Trump, who has repeatedly been sending tweets, Biden is likely to use quiet diplomatic channels to influence OPEC. Any influence that Biden might have as the President of the United States is likely to be aimed at the same goal, which is to maintain oil at a reasonable price. Every president in the United States needs cheap fuel for consumers. Similarly, for Biden, in line with his ambitious climate program, fuel prices must be at a level where clean energy alternatives to fossil fuels seem reasonable.

Trump interacted more with OPEC than did previous US presidents. Trump often influenced OPEC’s production policy with his tweets and phone calls, arguing that oil prices should be low enough for consumers and high enough for drilling companies. His sanctions against Iran and Venezuela also helped remove major historical obstacles to OPEC’s pro-Washington policy and strengthened the power around Saudi Arabia and Russia, which were part of the OPEC Plus. The Trump administration’s policy of maximum pressure on Iran was able to reduce Iran’s oil exports and prevent foreign companies from investing in Iran’s energy infrastructure.