The Biden Administration and Energy Part II - International Relations

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President Biden's first move on energy internationally likely will be one of his most unfortunate actions - rejoining the Paris Climate Accords. Unfortunately, he will have no choice, since he has consistently pledged to do so. This will be met with international acclaim, but as I have written before will be substantially limiting in the long run.

In order to make any real dent in combatting climate change, the world will need to constrict the growth of CO2 emissions from China, whose emissions exceed those of the United States and the European Union combined. That is unlikely to happen, especially with China being able to say it is following its commitment under the Paris regime (which it will be).

Meanwhile, the new Administration will be under extreme pressure to implement parts of the Green New Deal. As he does so, Mr. Biden needs to be cognizant of the failures of other nations who have tried radical energy solutions. Foremost is Germany, whose "Energiewende" model has failed miserably.

Despite substantial sanctions imposed by the Trump Administration against the Nord Stream 2 pipeline in the Baltic Sea from Russia to Germany and the companies involved in its construction, last month German Chancellor Angela Merkel approved restarting construction of the final 100-mile link. This pipeline solidifies German subservience to Russian gas imports, which are produced with little regard for the environment. It also bypasses Ukraine, Poland and the Baltic States, depriving them of much needed revenue. More than ten years after Germany established "Energiewende," it now ties itself more closely to Russia in order to provide energy for itself.

While the United States and the rest of the West try to wean themselves from fossil fuels, natural gas actually is causing a large geopolitical shift in the Eastern Mediterranean. The discovery of large natural gas fields in that area has disrupted Turkey's plans for economic control of the region. Although Greece, Cyprus, Israel and Italy have reached agreements on the development and importation to Europe of this resource, Turkey has been left out – mostly of its own accord.

Belatedly, Turkish President Recep Tayyip Erdogan has recognized the pending isolation. Last week, after years of anti-Israel hostility, Erdogan suddenly reversed course. Speaking after Friday prayers in Istanbul two weeks ago, Erdogan announced that he wanted better ties with Israel, and did not rule out the prospect of reestablishing full diplomatic relations.

Erdogan's move also comes after numerous Arab countries such as Kuwait and the United Arab Emirates have already established full diplomatic relations with Israel. There are many reasons for this development, including the rise of the Iranian threat and the frustration of these nations with the intransigence of the Palestinian leadership, but the "fracking" revolution also has played a large part. Thanks to oil and natural gas that now can be produced from shale, OPEC's power over the world economy has shriveled. The United States is now free to pursue its foreign policy to further its own interests without worry that its economic oil lifeline will be cut the way it was done during the 1973 Yom Kippur War. Whether or not the Biden Administration will throw this gift away by either stopping fracking or returning to a Middle Eastern diplomacy that in effect gives veto power to the Palestinian rejectionist camp will be one of the most critical things to watch internationally as the new President takes office.

In our own hemisphere, energy issues will be important to both the North and South. North of the border, in Canada, the split between the oil provinces of Albertan and Saskatchewan and the rest of the nation has cooled a bit, but remains acute. Prime Minister Justin Trudeau has bought out Kinder Morgan's interest in the Trans-Mountain Pipeline from near Edmonton, Alberta to the Pacific Coast north of Vancouver, British Columbia, but has still not started to finish construction. While the coronavirus and now the chaos in the United States has dominated news cycles over the last year, one should not be too sanguine about the issues facing Canada at this time. Their economic and political split runs nearly as deep as ours, albeit with more Canadian politeness hopefully keeping the lid on.

Then there is the country with the largest oil reserves in the world and perhaps the worst government, Venezuela. Despite innumerable attempts to force his ouster, President Nicolas Maduro hangs on. His country's oil industry and output, which dominate his economy, have been decimated, but Maduro still retains the support of the country's military. So long as he does, he remains an inviting target for Iran, China, and Russia to continue to prop him up, while gaining an interest in his energy assets. Venezuela has not been in the news much these last two years. Don't expect that to continue.

Finally, there is the little known area that could be the place most fought over by the world powers for influence in the coming years, the border region among Argentina, Bolivia, and Chile. Close to 70% of the world's brine deposits are located there, which is hugely significant in a world seeking increased battery storage for renewable energy. Last year,

Bolivia decided to delay deals with a Chinese company and a German company to extract lithium, saying Bolivia would go it alone.

Unfortunately, our energy discourse in the United States remains shallow. We have not given sufficient thought to what is required for solar and wind power to be stored and transmitted. Chief among those needs is lithium, the core element in most modern batteries. Without lithium, solar and wind energy have no chance of becoming major energy sources powering the world. With so much being located in this isolated South American triangle, the stability and political orientation of these countries becomes of paramount importance to the entire world. You've likely heard little about these countries in the last few years. Don't expect that to continue as the decade matures.