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Full Length Research Paper

International politics of oil and the clash of dependencies

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The term dependency has a direct reference to the Southern developing nations, which through their underdeveloped state, are reliant on the Northern developed nations. However, the international oil politics gives a totally different picture of dependency. This is because Northern developed nations, disadvantaged in both reserves and production, but with a very large appetite for oil, are dependent on the South for he product that is critical to their economics and civilization. There is therefore a clash of the two dependencies; one that is structural and the other that is product. A critical analysis is thus done in this notable clash in contemporary international relations.

Key words: Oil politics, Dependency

INTRODUCTION

The international oil politics is a clear demonstration of what other type of dependency exists in the relations of various nations of the world. Dependency has always been viewed from the structural perspective, with a consensus amongst many scholars that the Southern developing nations are reliant on the Northern developed countries. The case of oil however reverses a particular type of dependency; the product dependency on the Northern developed nations and creates a clash between this type of dependency and the structural dependency which is more popular in discussion. It is important to note that there is a great difference between a dependency being in place and such dependency being well utilized. While there is the tendency to assume and even believe that the Southern element of power in oil has not been adequately utilized in the Southern advantage, it does not neutralize the dependency that is in place in the Northern developed nations. There is therefore a need to critically analyse what these two types of dependency represent in international relations and why a particular type of dependency is prominent and by far more appreciated amongst scholars. This work is divided into four sections. The first section discuses the case of Southern dependence on the North. The second section analyses the dependence of the Northern developed nation on oil while the third section assesses the Southern approach to the oil power by linking this to the dependent state of the South on the North. The fourth section concludes.

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THE CASE OF SOUTHERN DEPENDENCE ON THE NORTH

Literature on the Great Power-Small Power relations seems to be of a consensus on the dependent nature of the small power in relation to the great power. Infact, virtually all materials give the impression that such relation not only exist but is one that cannot but be a permanent feature at every level of international economic relations. Offiong *(1980)* for instance strongly holds the view that if the individual former dependencies could not get equitable treatment from their former masters under colonialism it would be folly on their part to expect it now. He claims that while the association between the rich and powerful countries and the underdeveloped ones is necessary, and perhaps essential, the issue lies in the problem of equitable treatment. This assertion is in agreement of some other *authors* such as Aribisala and Galtung.

All international agencies agree that drastic action is required to improve conditions in third World countries. These include urban and rural public work projects to attack joblessness and underemployment, institutional reforms essential for the redistribution of economic power, agrarian reform, tax reform and the reform of public funding. But, in reality, political and social obstacles to reform are a part of the very nature of the international order and of most third World regimes (Green and Seidman*,* 1968).

Underdevelopment, far from being due to any supposed isolation of the majority of the World's peoples from the modern capitalist expansion, or even to any continued feudal relations and ways, is the result of the integral incorporation of those people into the fully integrated but contradictory capitalist system which has long since embraced them all (Ibid, 74).

The process of this incorporation, according to the dependency theorists, has been in stages. These correspond to the level of socio-economic development of the capitalist nations starting with the European organized mercantilism which was characterized by a policy of government sponsored pillage, and was followed by the era of slave trade which marked the exportation of human beings (Africans) to work in the wires and plantations of Europe and North America. Yet another stage was the period of direct colonial control or what Offiong (Ibid, 74.) calls "the period of colonial imperialism", when most third World nations became oriented to the export of primary products, principally agricultural, under the control of metropolitan capital from the same colonial nations. During this period, certain socio-political-economic structures provide what would facilitate the exploitation of the natural resources. Moreover, via the mechanism of western-based neo-colonial third world, underdevelopment has been perpetuated and perhaps even increased since many of the third world countries started to gain political independence, over the past forty-five years.

The net consequences of these incorporations have also been described as the industrialization of a few capitalist, metropolitan countries, having, as its corollary, the creation of satellite nations, which are locked through an international division of labour into a status within the world capitalist system. This situation is what Gunder Frank referred to as the center-periphery relationship or satellite-metropolitan relationship (Frankel*,* 1973). The satellite-metropolitan relationship is considered dependent rather than interdependent because the satellite (Third World nations) lacks the resources to create or choose alternative ways of responding to the constraints imposed upon them from the international environments. Dependent nations, in other words, are unable to chart substantial influence over the basic decisions affecting them and their national economies. Consequently, their mentor countries and other international structures and processes shape all the issue of what to produce and for whom, directly or indirectly (Rosenau, 1969*)*. Dominance and dependence are, of course, references to a hierarchical ordering of units (Richard *and* Waterbury, 1990*)*. One might therefore expect small powers in a dependency situation to be constrained in their foreign policy behaviour, with the major link being the ranking of the two nations on their power. Thus, the less dependent an already dependent country becomes, the more independent its foreign policy becomes.

Propositions put forward by Arghiri (1972*)* and Andre Gunder Frank (1969*)*, indicate that there is a basic inequality in the power relation between the small powers and the great powers, otherwise known as the centre and the periphery, that results in the transfer of the economic surplus from the latter to the former. This transfer dooms the periphery to underdevelopment on a persistent and permanent basis. Presbich and Singer both postulate the secular deterioration of the terms of trade in the small powers stating that the secular deterioration of the terms of trade is the principal mechanism for the transfer of surplus value from the periphery to the centre (Presbich*,* 1950*;* Singer, 1950).

To Amin, since wage differences exceed differences in productivity, higher wages in the center than in the periphery result in profit rates. There is therefore a widening gap between the consumption levels of the modernized minorities and the mass of the population in the dependent countries" (Amin S. Op. Cit., 75). Economic growth is thus retarded by an increasingly unequal distribution of income coupled with the fact that the capitalist class devotes a considerable fraction of its consumption expenditure to relatively capital–intensive commodities" (Ibid, 79). The described process is supposed to continue, thus perpetuating inequalities and a distorted pattern of production while limiting domestic savings and investment. It is in line with this that Amin declares:the new division of labour would perpetuate and worsen unequal exchange. Furthermore, this unequal division of labour would perpetuate the distorted pattern of demand in the peripheries to the detriment of mass consumption, just as in the previous phases. Therefore the development of the world system would remain fundamentally unequal (Ibid., 80).

It is also argued that the terms of capital investment in the satellite economies, the organization of the world market and the pattern of world demand, are all structured to benefit the metropolitan countries. Thus, dependent nations face lagging growth rates, a drain of resources, and excessive rates of capital repudiation, burdensome foreign debts and highly unstable periods of boom and burst economies geared to the response of the world capitalist market economy (Ibid.).

The metropolitan countries further the underdevelopment and the dependence through the extraction of the raw material of the periphery countries, that is what is produced over and above what is needed for the peoples' subsistence and for maintaining their stock of productive equipment for use in the same metropolitan countries (Leys, 1981).

Dos Santos identifies the evolution of dependency from its traditional form, in a broader theoretical perspective when he argues, the new phase of big capital relying on multinational corporation, leads to a new international division of labour which presuppose an increase in the industrialization of raw materials and of products of a high degree of technological development, the export of these products to the dominant centres, particularly to the United States, which in its turn would specialize in the production of goods and services for export which have a high technological content, and the export of capital, thus raising the parasitism typical of the imperialist powers to its highest level (Santos, 1973*)*. The structure of Dependence The Political Economy of Development and Underdevelopment, C. K. Wilber Ed .New York, Random House. P: 205).

In essence, the underdevelopment of the third World is a consequence of dependence on industrialized nations, particularly the western industrialized nations. The dependence is primarily an exploitative relationship, which impoverishes many of the third World countries mutually, spiritually, politically and economically. It perpetuates an international division of labour that guarantees persistent underdevelopment and the widening of the gap between third world and the industrialized nations. Underdeveloped primary-producer countries therefore operate under constraints that are colossal and defeating in nature and even when productivity has increased dramatically. Hence, Onimode claims that the situation has not changed in any appreciable way. They have increased production of these raw materials while their earnings from these increased exports have been decimated by falls in world prices (Onimode, 2000). Despite significant economic growth in a few developing countries, it has become crystal clear that the gap between the rich and poor countries is wide. The dependence was initially based on an international division of labour in which the dominant centers reserved for themselves the economic activities that concentrated technological progress. And the devaluation of prices of raw materials in the face of rising costs of finished products from the industrial societies is not a question of business cycle. It is a matter of progressive and secular deterioration (Woolsey, 1967). The result is that the importing countries determine how much they pay for these raw materials.

Modernization theorists have however argued that the present affluence of the west is not the result of exploitation of the third world countries. They state that this particular argument gives the poor societies “a moral legitimacy” to demand for trade concessions, which is a sort of “reparation” from their alleged exploiters. The modernization school agrees that the rich nations depend on poor ones for certain raw materials stating however that this dependence is declining; and that a great decline in this dependence is expected in view of technological innovations and search for alternative resources nearer home (Offiong, 1980).

McClelland argues for instance that the motivational syndrome or drive is important for development (McClelland, 1961*)*. A nation “with a generally high level of achievement will produce more energetic entrepreneurs, who in turn produce rapid economic development”. To him, it is because the developed nations have a high level of achievement that they are developed, while on the other hand, the third world’s underdevelopment is due to their low achievement level or orientation. Thus, Hagen searches for innovators. To him it is personality that impels growth, and to him, “authoritarianism and non-innovating personalities are both the characteristics of third world societies”, hence they are underdeveloped. To Rostow, it is because the third world societies have not undergone the five stages of economic growth like the western industrialized societies, that they are underdeveloped (Nwoke, 1986*)*.

Whatever may be said about internal factors within the third world as basis for its underdevelopment, the truth is that the western developed nations have consistently worked towards deepening the crisis. Nwoke, for instance emphatically states that if a country does not have enough of the minerals it needs for industrial and military use, it has to get them from other countries through any possible means (Ibid, 102). It therefore follows that any powerful country that lacks adequate supplies within its borders will be under strong internal pressures to adopt a meddlesome, imperialistic, and even bellicose foreign policy, in order to ensure that other countries’ activities, and supplier countries’ exercise of sovereignty do not deny it access to vital minerals. It is in this vein that Nwoke declares that: … there is a coherent foreign policy adopted by the advanced countries, individually and collectively to preserve the status quo that enhances their own material industrialism and under develops Third World resources…concretely, the objectives of imperialism are to secure natural resources for the advanced countries and markets and super-profits for their natural resource transnational firms (Ibid 122).

The relationship between the third world and European community and indeed the rich nations in general “is not a relation aiming at even encouragement of a diversified spectrum of extraction and manufacturing, leading to horizontal exchange between rich and poor countries, raw materials against semi processed and processed (Galtung, 1973*)*. Should this have been the desired goal, Offiong insists that there would have been a central authority, “distributing important processing industries more evenly between member and associated countries, with special attention exactly to the spin off effects to the amount of challenge and stimulus to the inspiration given to local research and education; in order to avoid having patterns developed in rich countries just automatically copied or adapted by an expert team from the center” (Offiong, 1980*)*.

It is in this light that Agbaje views the terrain of the global economic system as very chilly and slippery for much of the third world, especially since a significant portion of this part of the world is increasingly being given a brusque cold shoulder by the rest of the globe. He further claims that interaction, bargaining and persuasion have featured more prominently in the lexicology of the weak in the emerging terrain (Agbaje, 1991).

Many of the third world's complaints about the world economic "system" center around terms of trade and commodity process in particular, and a number of attempts were made to protect the primary exporting countries from the effects of fluctuations in commodity prices. What the commodity exporters were pressing for were not schemes which merely evened out fluctuations, but which sustained higher prices to raise incomes in the exporting countries. The best area in which the higher prices could be sustained was in the case of Oil Producing and Exporting Countries (OPEC), the oil producers' organisation, being an avenue available for the third world where production could be much more closely controlled by governments than in the case of most commodities and where the industrial powers were particularly vulnerable (Ibid., 20).

It is incorrect to say that the industrial nations will decrease their dependence of raw materials on the third world nations. Rather, there is a high tendency that the north will continue to protect the sources of their crucial raw materials and markets (no matter how small) for their finished products. Unfortunately, continued dependence on the great power by the small power would only make for a continuation of the lopsided economic relation or at best make a change dependent on the great power (Aribisala, 1983) a situation that can best be described as far-fetched, considering Baran's assertion that development in underdeveloped countries is profoundly inimical to the dominant interests in the advanced capitalist countries (Baran, 1975).

It is in this view that the considerable influence of the great power on the small power lies. This is particularly reflected on the international oil politics as whatever advantage reserves and production might have given the south is considerably and adversely reduced by the lack of knowledge, technological and technical expertise in the south. Invariably, while it may be an incontrovertible fact that oil portends an element and source of power for the south, its deficiencies in other critical areas reveal the continued influence of the structural dependency of the south on the issue relevant power that oil represents. This forms the theoretical aspect of this work.

OIL AND NORTHERN DEPENDENCE

Natural resources including energy are unevenly distributed in the world and very few countries have been endowed with an abundant commercial energy base. Invariably, therefore, commercial sources of useful energy and their distribution among nations vary considerably over time. This makes energy a commodity of paramount importance to individuals, enterprises and nations (Alnasrawi, 1973). Becht and Belzung both agree that "known resources per person including mineral and forest wealth are far greater in some countries than in others." (Becht and Relzung, 1975). This further confirms the fact that the blessings of nature are not evenly distributed throughout the world.

In contradiction to assertions of writers on great power-small power relation and in agreement with the view of Becht and Belzung above, the introduction of oil as a raw material of immense value to the economies of the world has been given adequate attention by various authors to indicate the position of the raw material in changing the asymmetrical nature of international economic relations. Ikein for instance describes oil as a critical product to northern economy, (Ibid) an assertion that Doran (1977), Fried and Schultz (1975), Ali (1976), Willrich (1975), Aribisala (1986, Fisher and Ridker (1973) and Frankel (1981) agree with. The Independent Petroleum Association of America (IPAA) (2001) actually describes oil as black gold; declaring that; It is the energy source that dominated the 20th Century and will continue to be pivotal for the foreseeable part of the 21st Century. It is the most versatile energy source available today. It is the most political of energy sources, the resource that makes countries go to war, the resource that countries must have to wage war. It is the single largest commodity in international trade and has been one of the most volatile(Independent Petroleum Association of America (IPAA) (2002): Understanding the World Petroleum Association of America Market 2000 Washington DC:IPAA, .15).

World crude oil production by region in relation to consumption reveals that southern producing nations are highly favoured in reserves while demand and need are in the northern (developed) nations. In 1983 for instance, North America produced 9,857,000 L of oil per day while consuming 16,737,000 L (OPEC Statistical Bulletin, 2000). In the same year, the Middle East that produced 11,149,000 L of oil per day consumed only 2,361,000 L. Africa, in the same year, produced 4,442,000 L of oil per day, only to consume 1,559,000 L (Ibid.16, 22). Western Europe that consumed 11,758,000 L of oil per day could only produce 3,357,000 L.

The situation was not too different in 1993 as North America that consumed, 18,369,000 L per day could only produce 8, 562,000 L. Western Europe could also only produce 4,098,000 L per day although it consumed 12, 641,000 L. On the other hand, the Middle East that produced 16,076,000 L of oil per day, consumed only 2, 582,000 L, while Africa that produced 5, 961,000 L per day consumed 1, 778,000 L (Ibid.16,22). By 2003, the situation was worse for the North. While North America could only produce 7,190,000 L per day, its consumption had risen to 22,288,000 L (OPEC Statistical Bulletin, 2003). Western Europe which could only manage to produce 5,624,000 L was already consuming 13,899,000 L. Meanwhile, Middle East production rose to 20,451,000 litres, while that of Africa also increased to 7,270,000 L

(Ibid).

The industry is a unique industry, with characteristics which distinguish it from every other sector. Oil is the lifeblood of the developed industrialized world, providing readily accessible power and heat, as well as a vast array of consumer, commercial and industrial products (Silva–Calderon, 2003). Oil holds numerous benefits as a product and over other commercial energy sources such as accessibility, versatility, transportability and cost (Ibid. 5).

Oil as a southern weapon of bargaining is fundamentally represented in Zindani's description of the commodity as the element of blue tactics in the third world's economic and political struggle vis-à-vis the Western World (Zindani, *1977).* Henry Kissinger once noted that "oil is the world's most strategic commodity", (Kissinger*,* 1974*)* an evaluation that must have been made after critical analysis.

Crude oil is the most important single commodity in world commerce and it accounts for over 50% by weight of all sea-borne international trade. What is more, in many applications, the most notable of which is transport, there was as at 1996 and even at present, no substitute for oil products (Rybezynski*,* 1996*)*. Oil is perhaps the most important source of energy in the world today. Apart from the common energy derived from oil, more than 600,000 chemical products are said to be obtainable from the commodity. Some common by products of oil are lubricating oil, paraffin oil (kerosene), and gasoline (Petrol) among others. These do not have immediate effective substitutes.

Oil is also easier and cheaper for industrial use than coal and solar energy. Coal is difficult to extract and heavy to transport. It has been difficult discovering solar energy for industrial use due to scientific problems and the heavy cost involved. Oil therefore provides nearly half of the world's energy requirements and since 1973, energy demand has risen by an average of 2% per year (Leys, 1980). It was estimated that by 1970, the world required an equivalence of 173 million barrels of oil per day and by 1979 the world outside the communist areas consumed 80% of the world's oil supplies (Ibid: 1002).

Natural crude oil has therefore, since the early 1970s, remained a major source of commercial energy. It is expected to maintain its role as a standard of value and of reference, especially in view of obstacles in the way of developing substitutes, ranging from close substitutes such as synthetic crude, to partial substitutes such as nuclear power. Mikdashi actually identified three major obstacles in the way of substitutes to oil; namely, that it requires large-scale investments, advanced technology and long lead times (Mikdashi*,* 1996*).*

Oil is the leading source of commercial energy in the modern world, accounting for around 40% of today's world energy mix. It is a unique commodity, with a combination of attributes, which far exceeds that of any other energy source – sufficiency, accessibility, versatility, and ease of transport and, in many areas, low costs. These have been complemented by a multitude of practical benefits that can be gained from decades of intensive exploitation and use in the industrial, commercial and domestic fields (Silva–Calderon, 2003).

There is every indication that oil will maintain this leading role well into the 21st Century. This is in spite of the fact that, over the past decade or so, oil has come under pressure on environmental grounds, particularly in the context of the UN – sponsored climate change negotiations. There have also been long-standing efforts among some consuming nations to diversify energy sources away from oil, on so-called "strategic grounds". However, projections from the reference case of OPEC's World Energy Model, "OWEM", suggest only a marginal dip to 38% in oil's market share in the period to 2020. In absolute terms, world oil demand is forecast to rise from 76 million barrels a day in 2000 to 107 million barrels a day in 2020 – that is, by around 41% (Ibid, p.5). By all accounts therefore, the thirst for oil will continue to grow for decades to come (Silva–Calderon, 2004). Global oil demand is also projected to raise from 38million barrels per day to 115 million barrels per day by 2025 an annual average growth of 1.6 million barrels per day or 1.7% over the years 2002 – 2025. OECD countries are expected to account for the largest share of oil demand (OPEC Bulletin, October .21).

There is broad consensus on the projection that energy demand will continue rising in an era of increasing globalization, rapid communications and continued advances in technology, but that consumers will want this energy to be as clean and as safe as possible, as well as integrating itself fully into their plans for sustainable development and economic growth. There is also consensus on the contention that, of the world's five main commercial energy sources, oil will maintain its present leading role well into the larger part of the 21st Century (Yusgiantoro, 2004).

Oil has been discovered in most of the world's regions, and about 80% of oil produced is traded-internationally. No other energy commodity offers quite the same qualities of transformability and transportability. Oil is also the largest single source of energy in the world and together with gas it supplies more than half of the world's energy requirements (Baker and Pomper, 1997). Although, the use of alternative fuels is expected to rise, oil is forecast to remain the single most important source of energy well into this century (OPEC bulletin, 2002). The significance of oil is based on its vast reserves and its ease of utilization (Stonbaugh and Yergin, 1980).

Total proven recoverable oil reserves in the World grew from 291 billion barrels in OPEC's founding year, 1960, to more than 1,000 billion barrels in 1990 and again to 2000 billion barrels in 2003 (OPEC Bulletin, 2004). By 2004, total World proven recoverable oil reserves grew to 2100 billion barrels (OPEC Statistical Bulletin, 2004) and by October 2005 was 2250 billion barrels (OPEC Bulletin, 2005). In 1960, OPEC's share of those reserves was 75%. It fell briefly in the late 1970s under the weight of non-OPEC oil supplies coming on to the market, but has since recovered, and stood at 77 percent by April 2003(OPEC Statistical Bulletin, 2003) and 79.5% in October 2005 (OPEC Bulletin, 2005). With non-OPEC production stagnating or beginning to decline, only OPEC, with total proven oil is capable of expanding its production capacity to meet the anticipated future world oil demand (OPEC Bulletin, 2001). According to Rilwan Lukman, OPEC Secretary General in 2000, "for the foreseeable future, and certainly over the coming decade, oil is set to maintain its central position in supplying the World's energy needs, and OPEC which has about 76% of world oil reserves, will continue to play a fundamental role in World energy scene, both as the key supplier of the incremental barrel, and as the key to market stability" (Lukman, 2000). Lukman buttressed his point by stressing that if the latest reference case of OPEC's World Energy Model (OWEM) was anything to go by, then, the share of oil over the period 2000 – 2010 at 40 – 41% reflected the central expectation that oil would remain the key energy source over the years (Ibid.59). Further oil profiles suggest that total reserves are more than two trillion barrels, of which more than three quarters are in OPEC member countries (OPEC Bulletin, 2005). The rise of the reserves of oil in OPEC member countries is reflected in the long lifespan of these resources. The lifespan of OPEC reserves was 89 years, compared with only 18 years in non-OPEC nations. This means that as time goes by the world will rely more on OPEC members for its oil supplies (OPEC Bulletin, 2002).

In fact, the above projection was further supported by oil output in the turn of the twentieth century, which recorded an average annual growth rate of 2.3 percent, the level of demand rose to 69 million barrels per day – about 10 percent higher over the decade. There is also a forecast that the global, mostly industrialized nations' demand for crude oil by 2010 would have risen to 76.4 million barrels per day, a rise of almost 20% from 1990 levels (OPEC Bulletin, 2004).

At the beginning of the 20th Century, petroleum was found and produced in large quantity, but was also wasted. The United States government actually had to step into the production of petroleum to protect the resources. This it did by creating commissions to determine where wells could be developed and how much they could produce, thus forcing conservation and stabilization of the supply and price (IPAA, 2001).

The affirmation that oil producers are in the South and that its consumers are mainly in the North was made by Silva – Caldron in 2003 when he declared that "… there are the deep-rooted, longstanding differences, misunderstandings, rivalries…between the different parties in the industry; these are most pronounced between producers, where they are essentially South based, and consumers, where they are essentially North – based" (Silva –Calderon, 2003). Because of diminishing supplies elsewhere, OPEC members will be required to supply almost 40 million barrels per day of oil by 2010, which is 65% more than in 1990. The market share is therefore expected to have risen from 37 percent, at the start of 90s, to more than 50% by 2010 (OPEC Bulletin, 2001).

Among fossil fuels, oil demand continued to rise astronomically since the 1990s, although its share of the energy mix fell from 46% in 1990 to 43% by the year 2000. Substitution for oil throughout this period affected principally its heavier end, since no technological breakthrough could be foreseen in the near future in the provision of commercially viable alternatives for inexpensive, petroleum based transport fuel products. World energy demand therefore grew by an average of 1.8% during the decade, while world oil demand also grew by 1.1%, the greater rate of demand growth incidentally was in the OECD countries, at 3.0 percent for energy generally and 2.2% for oil (*OPEC b*ulletin, 2001*)*.

The world oil demand rose to 58 million barrels per day by the year 2000, with non-OPEC supply dropping by around 1million barrels per day by the same year, to 26 million barrels per day, the call on OPEC supply rose to 32 million barrels per day, additional eight to nine million barrels per day by the year 2000 (OPEC bulletin, 2001). The actual first quarter 2003 data indicated that OECD consumption rose by 1.22m b/d or 2.54% over the corresponding 2002 period. Nearly half of the growth in consumption, or 630,000 b/d, was registered in North America, while OECD Pacific up 550,000 b/d and the demand in Western Europe increasing marginally by 40,000b/d (Ibid.43).

Global oil demand in 2006 is projected to rise by 1.47 million barrels per day to a yearly average of 84.73 million barrels per day (OPEC Bulletin, 2005*)*. OECD demand is projected to rise by 470,000 barrels per day to average 50.24 million barrels per day for the whole of 2006. North America will account for around 80 percent of the total gain in demand (Ibid.33). According to the OPEC reference case, World demand for primary energy over the period 2000 – 2020 is expected to increase from just over 180 million mboe/d in 2000, to roughly 220 mboe/d in 2010 and almost 270 mboe/d in 2020, which represents an average of approximately 2% per annum. Fossil fuels will therefore continue to dominate the World energy balance, accounting for 90% of commercial primary energy demand (OPEC *b*ulletin, 2001*)*.

In Western Europe, there was a demand for 14 million barrels per day of crude oil by the turn of the century, up more than 10% over the decade. Western Europe's oil production (through the North sea oil fields) unfortunately peaked at less than 5 million barrels per day in 1995 and will decline to a little more than 4 million barrels per day, according to OPEC's forecast by 2010, before falling to less than 3 million barrels per day in 2020 (OPEC *bulletin*, 2005*)*.

The Commission of the European communities had initially made a forecast that the European Communities' total demand for energy would grow by almost 15% in the 1990s, and the EC interestingly needed a net import of around 9.6 million barrels per day of crude oil in the year 2000 alone, which was 70% of its consumption. The EC could not but therefore have a growing dependence on external oil production in spite of the North Sea Oil fields (Ibid.32).

By 2003, the North American region comprising of both the United States and Canada was producing 7,190,000 barrels per day. Consumption had however increased by 2003, from its initial 21,419,000 barrels per day of 2000 to 22,332,000 barrels in 2003. In essence, by 2003, the North American dependence on outside oil was over fifteen million barrels per day. The continued dependence of the United States on imported oil eventually made the country vulnerable to the Southern oil producing nations, especially found in the Middle East (OPEC Annual Statistical Bulletin, 2003).

Of course as stated above, the Middle East is critical to World oil discourse. This area possesses 71% of the world's oil reserves and yet accounts for only 36% of its production – almost exactly half. Such an imbalance between the actual and potential share of the world's oil output suggests that the Middle East's importance as a source of oil supply will, with the passage of time, become even greater, as the other sources of oil supply inevitably dwindle (OPEC Bulletin, 2002).

This view is reinforced by the fact that, by and large, the Middle East's reserves are more easily accessible and can be more readily produced than those from other parts of the world. Most Middle Eastern oil producers are members of OPEC, and as such have an especially close association with other leading third world oil producers, from Latin America, Africa and the Far East. This collective OPEC stance on important oil issues has benefited member countries themselves in the international energy sector, which would otherwise have been dominated and controlled by the established Industrialized powers. From the above it is clear that mostly the Organisation for Economic Cooperation and Development (OECD) member countries, mainly the Northern countries, remained heavily dependent on oil, most of which came from OPEC. In 1981, the world outside communist areas was dependent on OPEC for three fifth of its oil supplies (Ibid: 1002).

As a result of the economic significance of this commodity, it has also acquired a great strategic significance in international politics. The focus of the world on the Middle East and especially on the Persian Gulf is mainly because these areas primarily export the largest amount of oil to non-communist countries. The West, headed by the US could not afford that these areas be controlled by the communists, during the cold war era, for this might result in a likely economic warfare by the communists to squeeze and strangulate the economies of the West. Even after the cold war era, focus and attention of the United States have remained on the Middle East. This is why the United States has jealously guided the Middle East and has persistently built military bases to act as deterrence.

It is also because of the importance of oil that developing countries attempted to link energy matters to the North- South dialogue. Discovering the importance of this resource, the oil exporting (developing) nations realised they could use oil to redress the imbalance between the haves and the have-nots. This was the origin of the oil crisis of 1973, which caused some major changes in relations of the North and the South.

Oil as an indispensable product thus divided the international community into two major groups. The first was made up of oil producing states, virtually concentrated in the southern part of the globe and the second was the oil consuming countries, largely found in the north. It soon became apparent especially to the developing nations that oil could easily be used as a weapon against the north and as a means toward achieving certain concession from the North.

The issue of oil became for the south, the predominant element of bloc strategies in their economic struggle against the north. Since the northern developed nations were increasingly vulnerable to oil, it was possible for the oil producing countries to use oil, as a weapon, to champion the southern demands.

It is in this dependence that the southern power lies. The dependence of the north on oil and its continued critical nature to the economies of the northern regions indicate that the regions with reserves of the product will continue to be important to the developed countries. In essence the continued increase in the demand for oil, especially as has been witnessed since 2003 in relation to depletion of the resources in developed nations further emphasises the power of the south on the north.

SOUTHERN APPROACH TO THE OIL POWER: A LINKAGE TO DEPENDENCY

The southern oil producing nations understandably possess an advantage in reserves but lack the expertise on technical grounds. This has served as one of the greatest deficiencies and contradictions in international oil politics in which advantages in oil reserves are reduced by lack of technical expertise and technological advancement. Saudi Arabia, with the largest oil reserves in the world of more than 260 billion barrels or about a quarter of the global oil, actually possesses no technical expertise in exploration and production. When it therefore developed the Qatif and Sa'fah fields in December 2004 that increased production by 800,000 barrels of oil per day, it was with foreign technical expert. The mega-projects, for which the Saudi Arabain nation did not have the technical expertise, increased the nation's total production capacity from 10.5 million to 11.00 million barrels per day. Plans to increase Saudi Arabian sustainable production capacity to 12.5 million barrels per day, with fields and reservoirs for the expansion programme already identified by the close of 2004 was however, done though a technical expertise that the Saudi Arabian nation had very little or no knowledge of, and for which it therefore had no control and authority. In essence, inspite of the fact that by the end of 2004, one-half of the world's top 50 oil companies were fully or majority-owned govern-ment enterprises and together they held more than 70% of the world's proven oil reserves, the fact that the technical expertise was absent, considerably reduced control. This also neutralized the effect of combined oil production that provided about 50% of the total global oil consumption (OPEC bulletin, 2004).

In Algeria, production capacity increased only due to a number of prospects by State oil firm Sonatrach, both on its own and in conjunction with International Oil Com-panies. For example, production started up at the ROD field, which is a joint venture between Sonatrach, Italy's ENI and Australia BHP Billiton. Expansion through explo-ration efforts also got underway by the end of 2004, with the award of eight blocks to IOCs under the fifth licensing round (OPEC bulletin, 2004).

Indonesia had produced for well over a century by 2004, and by the end of 2004, 12 new oil and gas explo-ration blocks were awarded by the state to IOCs. Infact, the US giant ExxonMobil discovered reserves of 600 million barrels in the Cepu blocks. This indicates that both the exploration and the eventual daily production were expected to be handled by a foreign company, the ExxonMobil, thus signifying the dependence on the outside for technical expertise and technology (OPEC bulletin, 2004).

Iran's plan to expand production capacity from 4.2 million barrels per day to 5 million barrels every day was also dependent on an outside technical expertise. One key development in these plans was the Yadavaran field, which was awarded to a foreign firm, China's Sinopec. The field had by 2004, a reserve of 3 billion barrels and an estimated production level of 300,000 barrels per day (OPEC bulletin, 2004).

The contribution of non-OPEC members to destroying the potent weapon in the hands of the South is therefore a notable factor in the power play in the oil industry. OPEC's share of the World oil market fell from 63% in 1973 to 48% in 1983 (International Monetary Fund, 1984). Non-OPEC supply in 2003 rose by 1.18 million barrels per day (OPEC bulletin, 2004) while that of 2004 increased to 1.34 million barrels per day at the expense of OPEC members (OPEC bulletin, 2004). This sub-stantial proportion of the OPEC share in World production was lost to non-OPEC producers. In fact, non-OPEC production in the oil-exporting developing countries such as Mexico, China, Egypt and Malaysia, rose steadily from 2.8 million barrels per day in 1973 to 7.5 million barrels per day in 1983 (Spero, 1990).

Invariably, the South was used to destroy a Southern weapon, as those non-OPEC producers that reduced the proportion of the OPEC members were also Southern nations. It is the division employed that seriously reduces the possibility of oil serving as a credible political weapon. The introduction of non-OPEC nations as a threat to OPEC is premised on two important facts. The first is that OPEC is not attractive enough to the non-OPEC nations in the South. The reason for this is because with its focus and attention on revenue generation, an oil producing nation does not have to belong to OPEC to supply its oil to needy nations and generate its income.

The case would have however been different if OPEC were to be a political force which serves the role of an international pressure group as the protection the organi-sation could offer might have made OPEC more attract-tive to the oil producing nations outside the body. The protection, employed in 1973 by OPEC that not only manifested the organization not only as a political force but made the organization to record remarkable achievements against the Northern control. The second is that to non-OPEC nations, the inequitable distribution of resources is not of enough critical issue to warrant the coming together of all oil producers in the South. This implies that readdressing the disadvantaged position of the South has not assumed a primary contradiction to non-OPEC nations to bring them together with those in OPEC at a common front against the North.

The non-OPEC nations therefore worsened OPEC's problem, as it was becoming more difficult monitoring OPEC members' oil transactions. With new non-OPEC sources of supply, greater availability of cheaper oil from OPEC cheaters, slackened demands and there was thus less fear of rising prices. The oil companies, in essence, saw no serious need to enter into long-term contracts and therefore met supply needs through the spot market. While therefore in 1973, over 95% of all oil was traded on long term contracts, at least 20% of the World's oil was traded on spot market by 1983 (Turner, 1983).

The issue of the pricing of oil is viewed from two major perspectives. The first is in relation to what the price of oil represents to oil producing nations of the south. In this sense the price of oil makes it imperative that oil is viewed as an income which negatively affects the possibility of the product being used as a weapon. The second is the dollar denominated sales-dependence of oil in the international community. This is implied in the fact that the dollar determines the pricing of oil in the international market and as such whatever affects the dollar automatically translates into the pricing of oil. This becomes a major and fundamental aspect of dependence because oil producing nations have no other denomi-nation than the dollar that the pricing of oil is directly tied to and as such a dependence is created in the oil pro-ducing nations as the pricing of oil cannot besaid to be in control of oil producing nations that have advantages in reserves and production.

Unfortunately, rather than viewing oil as an absolute and total southern weapon which cannot but be employed fully against the north, the weapon has always been viewed as an Arab instrument against the north. Three events have consistently contributed immensely to this view. The first was the fact that the bargaining power of the governments of the oil producing countries of the Middle East rose vis-à-vis the international companies that had discovered, developed and long controlled Middle Eastern oil. The second was that the growing dependence of the United States on Middle Eastern and specifically Arab oil had, by the early 1970s considerably increased. And the third was the establishment and expansion of Israel in Palestine against the bitter opposition of the Arab nations, but with the strong support of the United States (Penrose, 1979).

There was therefore the urgent need of using oil to cut short the consistent expansion of the Israeli nation, and the support of its allies, which unfortunately introduced an exceptionally high level of confusing the southern interest with that of the Arab. Oil began to be used as a political weapon but one restricted to the Arab-Israeli war, with the Arabs warning Israel and its supporters in the west that the need for oil would be used against those countries that would back Israeli aggression in the Arab World (Zindani, 1977).

In the first instance, because of the southern view of persistently confusing the Arab interest with that of OPEC, the southern programme as presently conceived depends almost entirely upon northern acquiescence for its implementation, rather than employing the southern strength and weapon in achieving the new order. Unfortunately, waiting for the developed countries to close gap between the rich and the poor cannot but be fruitless and hopeless, since closing the gap or a change of the status-quo cannot be seen as being in the interest of the north (Aribisala, 1983). Moore also wonders how the south, in spite of its enormous weapon, would see the new economic order as basically the creation of the first world, whose major global interests are being protected within the contemporaneous order (Moore, 1987).

Also, the use of oil by the Arab world instead of through the collective body of the OPEC, or better still other non-OPEC oil exporting countries, has always proven counter-productive. Of the four Arab -Israeli wars so far, oil has always figured significantly in all but that of 1948. When in 1967, the third round of the Arab-Israeli war began; the Middle-East oil became even more important to most of the industrialized world as oil had almost replaced the use of coal since 1965.

The oil embargo in 1967 was however of short duration as oil again started flowing after two weeks (Ali, 1974). This was because within a few days, all of them found that none of the countries had the financial strength to carry on the oil embargo (Mosley, 1974). Kuwait had to lament that "injuriously used, the oil weapon loses much if not all of its importance and effectiveness" (Middle East Economic Survey, 1967).

The Arab World was not united in its oil diplomacy against the northern nations, a situation that has continued to adversely affect any meaningful progress in advancing a better deal for the South. While the approach through an Arab concerted effort is limiting in its own form, the fact that there is not even a united front by the Arab nations makes utilising the oil potential a very difficult task. For instance, the European economy was not badly hurt in the 1967 embargo because some of the Arab nations such as Algeria and Libya supplied Europe with oil. Also, when fighting broke out in 1948 in Palestine, the decision to embargo the supply of Arab oil to the West was not implemented largely due to the opposition by Saudi Arabia (Ibid???). Unfortunately the Arabs are hardly united even in steps they take against the developed nations. For instance, the price increase of 1973 was not one that the Arab nations allowed with a collective OPEC front as many of the Arab nations took individual decisions with Libya announcing the unilateral increase of oil price by 28 percent, Iraq declaring a personal increase of 70 percent, and all Arab exporting countries further agreeing to a further cut of 5 percent during each of the following months (Ali, 1976).

What has made any concerted Arab effort fruitless at achieving much better North-South relation is the fact that the Arab oil producing nations are too dependent on northern (Western) nations' technology and food supply, and thus to be able to mount any serious, considerable and lengthy opposition against the North becomes threatened.

In fact, Ali claims that the United States sold Saudi Arabia military vehicles and other equipments. Saudi Arabia has also spent billions of dollars on American weapons. So intense was the friendship between the United States and Saudi Arabia that Saudi Arabia only reluctantly joined the Arab effort at oil embargo after extensive pressure from Egypt, but lifted the embargo soon after its imposition (Ali, 1974). Saudi Arabia has also consistently mounted pressure on other OPEC members ever since the oil embargo was lifted in 1974 to lower the prices of oil, all in order to favour the United States (Ibid, 112). In fact, the Saudi oil minister made a public commitment to abandon artificial fixing of oil prices and hold free auction, only jettisoning the move after intense pressure by important forces within Saudi Arabia and other OPEC members. Actually, the actions of the Arab nations made the general contention the world over to be "that leading oil states are more interested in accommodation than in confrontation with the north countries" (New York Times, 1973).

CONCLUSION

The North-South relations indicate the dependent state of the south on the north by showing very clearly the role that underdevelopment plays in dependency. The international politics of oil on the other hand is a demonstration of the influence of a product dependency in the relations amongst nations. The politics of oil and the attendant dependent state of the northern developed nations indicates what should have ordinarily been an element of power in the hands of the south. One might have to however, state that the longer years of dependency of the south on the north and the lack of knowledge as well as expertise, even in matters relating to oil have considerably neutralized this element of power. Invariably, the dependency that is structural in nature takes pre-eminence over the product dependency, in spite of the notable role that the northern reliance on the product would have played in international politics. It is in the deep effect of the structural dependency that the non-performance and inadequacy of the product dependency lies.

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