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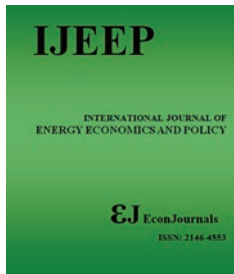
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New World Energy Order: The Obstacles to the Golden Age of American Energy Dominance

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ABSTRACT

The article explores the peculiarities of US energy policy at the present stage with the definition of its main geopolitical consequences. The basic economic prerequisites for implementing the energy strategy, identified by President D. Trump as “the golden age of American energy dominance,” are studied. In this regard, the US energy resources and infrastructure are assessed. The degree of influence of US energy policy on the foreign policy agenda (US-Russia, US-EU, US-Ukraine, US-China, US-Persian Gulf) are identified. It is revealed, that the actualization of the “shale revolution” and constant growth of oil production will inevitably lead to the energy independence of the US from the OPEC and also affect the oil prices in world markets.

Keywords: US, Energy Policy, Oil and Gas Supply, Oil Prices, Shale Revolution, Geopolitics

JEL Classifications: F02, F50, L95, N70, Q35, Q48

1. INTRODUCTION

Energy independence of the US is considered by President Trump as one of the key tools for implementation of the “great again” strategy. In the “America first energy plan” (The White House, 2017), the energy development is considered as an important condition for internal economic and social development; energy planning is also carried out with direct linkage to the foreign policy agenda.

During “ecologically-centered” Osama’s presidency, the main focus of the state energy policy was on the renewable energy development. On the other hand, the development of shale deposits was perceived mainly in a controversial way. After Trump was elected president, the logic of US energy policy underwent basic changes. It is enough to look at the “America first energy plan” to make sure that the US energy strategy is based exclusively on traditional sources, particularly shale reserves and coal. And in this sense, the US withdrawal from the Paris climate agreement testifies to the deep conviction of the American president in the correctness of his strategy (President Trump promises “golden age of American energy dominance” (Washington Times, 2017).

Today, US shale reserves are estimated at \$50 billion, and Trump associates the restoration of roads, schools and public infrastructures with shale energy development. Moreover, Trump believes that the effect will not take long: The development of the energy complex through the development of shale deposits will increase the wages of American workers by more than \$30 billion over the next 7 years, ensuring prosperity for millions of Americans. The “energy plan” assumes maximum use of available resources to reduce imports, improve export and, consequently, to have low domestic prices.

Obviously, such a policy affects the functioning of the world energy markets and geopolitics as well. The actualization of the “shale revolution” and constant growth of oil production will inevitably lead to the energy independence of the US from the OPEC, and also affect the oil prices in the world markets.

Thus, “an America first energy plan.” built according to all the rules of economic protectionism, is aimed not only at strengthening the energy security of the US, but also pursues the goal of forming a new model of the “world energy order.” The specification of this model consists, first of all, in the dominance of traditional energy and the abrupt abandonment of renewable sources. Another

important feature of the model is the formation of a new pricing logic on world markets, which is the binding of energy prices to the shale sector.

Trump's focus on implementing the "US energy expansion," in turn, creates some geopolitical risks. They are connected with aggravation of relations between the US and key players of the world energy market. The desire of the US to change its traditional status of the largest importer to the status of an aggressive exporter does not fit into the strategy of geo-economics development of a number of energy player countries. In this context, I will try to reveal the peculiarities of the "energy confrontation" between the US and Russia, the participants of the OPEC + cartel agreement, and in particular some countries in the middle East. I will also try to reveal the problems of supplying American energy resources to the European market, which is aimed at maximum diversification.

In parallel with this, one of the main tasks of the special report is to identify the main commercial and infrastructural problems of the US power system that impede the full implementation of Trump's energy strategy.

2. ASSESSMENT OF US ENERGY RESOURCES AND ENERGY INFRASTRUCTURE

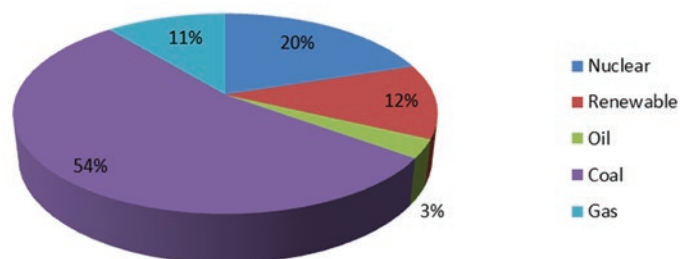
Today, the US is the largest producer, consumer and net importer of primary energy resources in the world. With a population of <5% of the world, the US produces more than 20% of the world's gross domestic product (GDP) and consumes about 24% of all oil produced in the world (own proven oil reserves in the US are 2.5% of the world's, 11th in the world), 22% of natural gas (proven reserves - 3% of world, 6th in the world) and almost 20% of coal (proven reserves - 27% of world, 1st place in the world). In total, the US accounts for almost 22% of the consumption of all primary energy produced in the world (Oleynov, 2008).

For half a century of the existence of the oil industry, more oil was produced in the US than in any other country in the world. As a result, a large part of the easily accessible oil base is already depleted. More than 80% of the oil reserves are concentrated in Texas (22%), Alaska (20%), Louisiana (20%) and California (18%). In addition to traditional oil fields, there are large reserves of oil shale, sand and some other oil-bearing rocks in the US. Potential reserves of such resources are estimated at 235-250 billion ton of oil equivalent (toe). Currently, the total number of oil wells in the US exceeds 500 thousand (US Department of Energy, 2017). The main consumer of oil in the US is transport: More than 65% of all consumption. This indicator is steadily growing. It is important to note that in accordance with the Law on Energy Policy and Energy Conservation, since the mid-1970s, large strategic petroleum reserves (SPR) have been created, stored in underground cavities of salt beds along the shores of the Gulf of Mexico (SRP Plan, 2007). In general, today the federal strategic oil reserves are the largest in the world.

As for gas, until 1986, domestic production almost completely covered domestic demand in the US. About 80% of proven natural gas reserves are in Texas (27%), Louisiana (15%), Wyoming (9%), New Mexico (9%), Colorado (7%), Oklahoma (6%), Alaska (6%). This indicates a high level of geographic concentration of natural gas (US Department of Energy, 2017).

In the future, the tendency to increase its dependence on imports was outlined. Currently, US net import is about 15% of consumption. Imports are from Canada and Mexico. As for liquefied natural gas (LNG), its largest suppliers to the US market are Trinidad and Tobago (70%), Algeria (15%) and Egypt (11.5%). In general, the LNG market is developing in the US at a rapid pace (International Gas Union 2017). The US views this resource as a key for deliveries to foreign markets. At the same time, a number of American companies are involved in this area outside the US. For example, the largest projects in this area were carried out by Exxon Mobil and Conoco Phillips in Qatar (the third country in the world for gas reserves). It is important to note that even under the presidency of George W. Bush, a 25-year agreement was concluded between the US and Qatar to implement up to 30% of LNG imports from Qatar (Oleynov, 2008). However, taking into account the growing energy protectionism of the administration of D. Trump, these developments look unlikely. I will turn to this issue separately.

Another important direction of the US energy development is the coal industry. In terms of coal mining, the US occupies the second place in the world after China (more than 20% of world production). The US is both an exporter and importer of coal (exports - 45 million tons per year, imports - 25 million tons). The main export destinations are Canada, Europe, Japan, and Brazil. As for imports, it is mainly carried out from Colombia, Venezuela and Indonesia. It is estimated that with a continuing level of coal production in the US, its reserves should be sufficient for 250 years (EIA, 2017). However, in the condition of the regular increase in production, this forecast will have to be corrected. Let's now turn to the structure of energy consumption in the US.



Structure of energy consumption in the US

Summarizing the foregoing, I should note that the US has a fairly energy-intensive economy, which dictates to the American authorities, regardless of their political ideology, to give special attention to the energy issues both in terms of domestic and foreign policy.

In terms of the amount of electricity produced the US ranks first in the world. The total amount of electricity generated in the US

exceeds the total electricity production of China and Russia. At the same time, over the past 20 years, the role of natural gas in the country's electric power industry has doubled (NREL, 2017).

As for the US energy infrastructure, according to the estimation of the American Society of Civil Engineers, over the past 20 years it has degraded, is not adapted to the requirements of the 21st century, and therefore needs a radical modernization (ASCE, 2017). The validity of such an assessment is especially obvious when comparing the parameters of infrastructure in the US and major competitor countries. According to the McKinsey Global Institute, in 1992-2013, the share of spending on the infrastructure in the US GDP was 2.4%, while China - 8.8%, India - 5.2%, Japan - 4%. In 2013, China invested almost twice as much in infrastructure as the US (829 and 449 billion dollars, respectively). The current administration also assesses the state of the American infrastructure extremely negatively, at the level of the developing countries. Trump estimates that \$1 trillion is needed to reform the infrastructure (McKinsey, 2016).

3. A NEW “WORLD ENERGY ORDER?”

Before turning to the peculiarities of Trump's energy strategy, it is necessary to generalize the main provisions of the US energy doctrine, which were worked out even under J. Bush Jr. and B. Obama.

Considering this issue in the context of the energy expansion declared by Trump, it is necessary to turn to the doctrine of American oil expansion that was first set forth in 1949, in the report “National Policy of the United States in the Oil Markets.” The report emphasized the need to ensure by all possible means the access of the USA to foreign oil (The International Petroleum Cartel, 1952). Today, this approach has undergone some systemic changes, and speaking of US energy expansion, in addition to providing access to foreign deposits, the US's focus on energy exports is also should be taken into account.

The US energy strategy is set out in the document “National Energy Policy: Reliable, Affordable and Environmentally Sound Energy for America's Future” (approved in 2001). Here are the main challenges highlighted in the document:

1. Development of energy-saving technologies,
2. Modernization and expansion of energy infrastructures;
3. Increasing the level of energy efficiency in the US, reducing the burden on the environment (National Energy Policy, 2001).

In order to solve the mentioned tasks, the Bush administration did not rely on renewable energy, but on the development of traditional sources. Indeed, the Bush's administration realized the fact that, if the current trends continue, by 2020, the countries of the Persian Gulf will cover up to 70% of the world oil supply with all the political consequences. In 2006, Bush, within the framework of his “the advanced energy initiative” focused on the development of four sources of electricity: Coal, nuclear energy, natural gas and renewable sources. On the other hand, Bush stated the need to reduce by 75% the supply of oil from the Middle East by 2025 (The Advanced Energy Initiative, 2006).

In the future, President Obama continued this line, but with the only difference: Acting as an “eco-centered” leader, he essentially pursued a policy of increasing the production of hydrocarbons in the US. Of course, the democratic party traditionally does not sympathize with the oil and gas business. Over the years, democrats have advocated the development of renewable energy and the preservation of ecological balance. However, the democrat Obama in one of his messages noted that the “shale revolution” is a bridge to the strategy of renewable energy sources.” In 2009, at the International Gas Forum in Argentina, the US authorities announced a “shale revolution” that will migrate around the world (Simonia and Torkunov, 2016). Suffice it to say that by August 2015, in the US and Canada 2 million wells were drilled with the use of “fracking technology” (Powell, 2015).

In 2015, US President Obama signed a draft budget for 2016, which abolished the ban on the export of American oil, which had operated for the past 40 years. The US government imposed a ban on the export of US crude oil shortly after the beginning of the energy crisis of the 1970s. In the course of the Arab-Israeli “judgment day war” in 1973, OPEC imposed an embargo on the supply of oil to countries supporting Israel, primarily the US and Western Europe. In the condition of the backdrop of rapidly rising oil prices, Washington ordered the creation of a strategic oil reserve, lifted the limit on the import of oil and oil products and, on the contrary, set a ban on the export of crude oil (Laurent, 2008).

One of the main factors driving US pro-shale policy was the failure of the second Gulf War to open up Iraq sufficiently as an energy resource. The protracted campaign in Iraq forced the Bush administration to begin the process of diversifying US energy, which was then continued by his successor B. Obama and, in fact, continued under D. Trump.

The beginning of the Iraqi campaign in 2003, among other things, pursued the goal of initiating the privatization of the Iraqi oil complex. As we know, the Iraqi oil complex was nationalized back in 1972, but in the 1990s, under UN sanctions, it worked only with Soviet (Russian) and Chinese companies, providing them with a 10% deduction from sales. To start the process of nationalization under the pressure of the White House, in 2007, the Government of Iraq approved the draft Law on Oil, which then was not ratified by the parliament. The law, the concept of which was developed in 2003, suggested that only 17 oil reservoirs would remain under the control of the Iraqi government, while the remaining 80 ones would actually fall under the control of US companies (Shumilin, 2008).

The operation to establish control over Iraq's oil industry was elaborated in detail in the report of Baker-Hamilton, initiated by Bush (Baker and Hamilton, 2006). On the first page of the report, Iraq is presented as a country that has the world's second largest explored reserves of oil. In their recommendations, the authors of the report urge the US authorities to help Iraq reorganize the oil industry and stimulate the flow of foreign investment. It is noteworthy that Iraqi Kurds became active supporters of the adoption of the law. According to the official position of Iraqi Kurdistan, Kurds will act according to the specified Law on oil, even if formally the parliament does not accept it. In general,

Shiite political groups acted for the adoption of the law, while the Sunnis criticized it. It was during this period that companies such as Exxon Mobil, Shell, Total, BP, etc. initiated negotiations with the Iraqi authorities on their return to the Iraqi oil market, they were expelled from in the 1970s.

In this regard, it is important to note that the strengthening of the positions of Russian energy companies in Iraq is a serious risk for the US foreign policy. Iraq was a major economic partner of the USSR before the introduction of international sanctions in 1990. The annual Soviet-Iraq trade amounted to \$2 billion. In the sanctions regime, the interaction between Russia and Iraq was carried out mainly within the framework of the UN program “oil for food.” Today, the Russian oil company “Lukoil” is involved in the development of the West Qurna-2 field, as well as “Rosneft,” which has a contract to develop the Kirkuk field (the oil field was lost by the Kurds in November 2017 after an armed conflict between Baghdad and Erbil. “Rosneft,” which entered into contact with the Kurdistan authorities after the referendum on independence, found itself in a difficult situation, but tries to resolve the issue bypassing political processes). The company also plans to start large-scale production here and build a gas pipeline for delivering up to 30 billion cubic meters (bcm) to South Europe. At the same time, the pipeline is planned to be connected to TANAP, which is part of the “Southern Gas Corridor” lobbied by the European Union.

All these processes and facts show that accusations of excessive energy protectionism carried out by Trump are not always true. President Trump only continues the vector of US energy policy, chosen in the middle of the last century. This vector has undergone periodic changes, but on the whole, it retained its main principle - the principle of using the energy factor for internal and external influence. Let's now turn to the main points of Trump's energy strategy.

As it was mentioned above, in the “America First Energy Plan,” the energy development is considered not only as an important condition for internal economic and social development; energy planning is carried out with direct linkage to the foreign policy agenda. This linkage particularly appeared when Trump appointed ExxonMobil CEO Rex Tillerson as a Secretary of State, who, in the 1990s, as a representative of Exxon in Russia, actively lobbied for the creation of a company to develop the Sakhalin-1 deposit. Then, as a head of the company, he entered into an open confrontation with the Russian authorities that had taken the course for the nationalization of the energy industry. Tillerson is the main ideologist of the development of the liquefied gas market, considered as the only direction that can form a single global gas market like the oil one. We have the similar situation on March 2018, with the appointment of Mike Pompeo, who was previously involved in the oil business.

The shale sector continues to be a priority for the US energy. Trump's Energy Plan requires maximum use of available resources to reduce imports and, consequently, lower energy prices for Americans. According to the plan, the development of the energy industry will increase the wages of American workers by more than

\$30 billion over the next 7 years and thereby ensure prosperity for millions of Americans.

From 1974 to 2015, the average real income of a family in the US with a secondary school education fell by 20%. Those who studied in high school, but did not enter college, it fell by 24%. On the other hand, the welfare of college graduates has increased. Their average real income increased by 17% (Colgan and Keohane, 2017). Thus, the social majority, the “working class” with a secondary education, is in the focus of the Trump's strategy.

The solution of such social problems can become possible only with the development of the “main energy phenomenon” of the early 2000s - the shale revolution. The latter, according to the plan, involves the development of shale reserves estimated at more than \$50 billion. Although Trump promises that such activity in the mining sector will restore roads, schools and public infrastructure. The implementation of the “shale revolution” with the concomitant activation of the coal industry will, firstly, inevitably lead to the US energy independence from OPEC and, consequently, to the formation of the shale sector as a “trendsetter” in the oil industry. Secondly, it can cause a very serious blow on the positions of Russia in the world gas markets. The spread of waves of the “shale revolution” in different regions of the world can create certain risks for Russia.

The shale gas deposits are found on almost all continents. Shale deposits are also interesting because of the combination of the qualities of fossil fuels and a renewable source. In the 2000s, the “shale revolution” embraced other countries. Significant reserves of shale deposits declare China, Canada and Australia. Large deposits are also found in several European countries: Austria, Great Britain, Hungary, Germany, Poland, and Sweden. According to the forecasts of the World Energy Agency, the extraction of unconventional gas in Europe by 2030 may amount to 15 bcm per year (WEC, 2013).

Russia also has shale reserves. However, large-scale extraction of shale gas for Russia is not relevant, since there are a lot of traditional reserves in the country. Along with this, in many regions of Russia the presence of shale deposits was established about 10 years ago. At the same time, there is no economic expediency in its extraction. As evidence, experts cite the fact that the cost of producing “blue fuel” varies, depending on the region, from \$10 to \$71 per 1000 cubic meters, while the cost for the shale gas in the US is \$107-250. However, in 2012, President Putin recognized the danger of global changes in the energy market for “Gazprom” associated with the increase in the production of shale gas (Gazprom Bank, 2013).

On the other hand, there is a point of view that Trump is very jealous of the export of American energy technologies, as well as the creation of joint ventures in the development of shale deposits. Consequently, waves of the “shale revolution” are unlikely to cover Europe. However, this jealousy has so far been manifested only in relation to China, when in the pre-election race Trump actively criticized H. Clinton for her plans to supply equipment to China and start joint development of shale deposits.

I think that this approach is quite natural, taking into account the Trump's willingness to unleash a trade war with China, as well as not forgetting his policy aimed at returning US businesses from China to the US. Anyway, both Russia and China are considered by Trump as a revisionist states that create a number of threats for US national security and energy security in particular (National Security Strategy, 2017).

Thus, the Trump's energy strategy, built according to all the rules of economic protectionism, is aimed not only at strengthening the energy security of the US, but also at forming a new model of the "world energy order." The specification of this model consists in the dominance of traditional energy and the abrupt abandonment of renewable sources - expensive and necessarily subsidized.

4. NORD STREAM-2: A STRUGGLE FOR THE EUROPEAN MARKET

With the election of Donald Trump as a president, the gas industry started to act as a key component of the US' foreign policy. Obviously, it is practically impossible to consider this issue outside the context of Russian-American relations. If in the oil industry direct confrontation with Russia seems not to be foreseen (due to the use of more or less objective market mechanisms), in the case of natural gas, some risks are outlined. In the summer 2017, a bill on the expansion of sanctions against Russia came into force in the US. The document was highlighted by the almost belligerent vocabulary applied to Russia because of the Nord Stream-2 pipeline project. The bill stressed that the US would continue to support its European partners in reducing dependence on Russian energy resources, and especially gas, used by Moscow as a "weapon of coercion, intimidation and influence on other countries." Secretary of State Tillerson made a statement that the US had rich natural gas reserves that could satisfy the demand of the European market (Bloomberg, 2017). Of course, rhetoric is important, but the economic component of the issue has not been canceled yet (Figure 1).

The prevalence of economic interest over the political ones immediately turned out to be obvious. The main evidence of this was the refusal of the EU energy ministers to issue the mandate to

the European Commission to discuss the regulatory framework for Nord stream-2 with Russia. Moscow described the possibility of issuing such a mandate as a step to the loss of the EU's sovereignty. It is noteworthy that a couple of days before the refusal to issue a mandate, six EU gas transport operators made a joint statement (Gas Connect Austria, Fluxys Germany, ONTRAS, NET4Gas, Gascade and Gasunie Germany), openly urging the head of the European Commission J. Juncker to refrain from participation in negotiations with Russia. They stated that Juncker's participation could cause a negative effect, and any delay in the negotiations only reduces the investment attractiveness of the project (Reuters, 2017).

The sanctions did not become a surprise either for Russia or for Europe, preparations for them were conducted long and publicly. That is why the project was successfully speeded up by Russia. In particular, the pipes for the project (and also for the Turkish stream) have already been purchased, only the issue of their laying, which was to be implemented by the Swiss company "Allseas," remains. A certain risk zone is formed here, as the great share of the orders of the Swiss company falls on the American market. The sanctions regime may lead to a revision of the contract with Nord Stream AG, the gas pipeline operator. Along with this, another European partner of "Gazprom," "Shell," stated that commercial interests over sanctions were prevalent, assuring in readiness to continue fulfilling its obligations under the project.

Germany's official statement against anti-Russian sanctions may become an important indicator of the behavior of the project participants. "The law on new anti-Russian sanctions is unacceptable for Germany and contrary to the interests of European business," German Foreign Minister Zigmar Gabriel stated on July 28, 2017 (The Local, 2017). These words also fully correspond to the spirit and logic of the statement of the Chancellor of Austria about the inadmissibility of resolving the sale of American energy products on the European market, ignoring the interests of Europe. On the other hand, before the law was passed, a consensus was reached between the white house and the congress, somewhat mitigating the mechanisms for implementing sanctions. For example, if the law originally ordered the US president to apply sanctions against companies participating in Russian pipeline projects, then, in the new edition, "the president can apply sanctions" is applied. And this fundamentally changes the matter. It seems that Trump thus left room for maneuver.

As already noted, the price of production of natural gas in Russia is much lower than in the US. In this sense, Russian gas is still quite competitive, also comparing it to the natural gas produced in Europe. This, apparently, dictated the interest of a number of European companies and individual officials to the "Northern Stream-2." We should not forget that with the limitation of production at the largest gas field in Europe - the Netherlands Groningen - the Old World faced the need to provide additional supplies. At the same time, with the increase in production, the cost of American gas will also fall, and here "Gazprom" should be on its guard. However, like in the past 40 years, Europe remains the main market for Russian gas. In turn, the economical processes and market transformations in 2014-2016 ensure the export activity of "Gazprom." According to "Gazprom's" marketing data, in 2016,

Figure 1: Nord stream-2 (www.bloomberg.com)



the share of Russian gas in European consumption broke a historic record, reaching a level of 34% (Gazprom's deliveries to Europe amounted to 179.3 bcm). "Gazprom" believes that this is not a temporary success, and its consolidation in early 2017 is not only due to the cold winter, which also played an important role. This success is a reflection of new trends in European and global energy, which can lead to a situation, in which the share of Russian gas in the European market will exceed 50% by 2025-2030.

According to the forecasts of Eurogas, by 2030, the consumption of natural gas in the European market will grow up to 440 bcm. By the 2040s, it will reach the highest level, which will be caused by the transition of a significant part of the heat and power complex to gas. At the same time, the decline in European domestic production will continue at the main fields in the Netherlands, Norway and the United Kingdom. Today the fall is noticeable for the European market. Eurogas estimates that by 2018, gas production in Europe will drop to 40 bcm (Eurogas, 2007). In such conditions, the construction of the Nord Stream-2 gas pipeline becomes particularly important. The new pipeline together with the operating Nord Stream-1 will provide a capacity of up to 110 billion bcm of gas. At the same time the Turkish Stream project as well as already operating Yamal-Europe pipeline is getting high importance for European energy security.

On the other hand, we should also apply to the tariff policy. The export price of Russian gas fluctuates around \$165-170, which is about 20-25% lower than European Swap rates. The price of Russian gas today actually fell to the lowest levels recorded in 2004. According to official data, in 2016, the price of Russian gas in Europe was \$167-171, while in 2015, the average price reached \$243 (Gazprom, 2018). Obviously, this decline is due to another trend of a global nature - the linkage of gas prices to oil prices.

There are also countries in Europe that adhere to the principles of anti-Russian sanctions and express their readiness to purchase more expensive American liquefied natural gas. And they not only express readiness, but are already in the state of import of American energy resources. Among these countries is Poland, which opposes providing access to "Gazprom" to the OPAL main gas pipeline used by the Russian company for the transit of natural gas to Central Europe, delivered through Nord stream-1. In July 2017, the European Court rejected the demand of Poland to block the access of "Gazprom" to OPAL (The Oxford Institute for Energy Studies, 2017). The decision to reject the demand of the Poland was apparently due to the considerations that the final freezing of the Nord Stream-2 and blocking the access of Russian gas to OPAL will bring Europe in a state of energy crisis due to a gas deficit. Today, in OPAL there is no other gas except Russian. Therefore, the European main gas pipeline is often called in accordance with its direct purpose - the continuation of the Nord Stream-1.

Along with this, Poland already purchases American coal (the first consignment of raw materials, 75,000 tons was delivered from the US in mid-October, 2017). In the autumn 2017, the Polish authorities announced about a long-term cooperation with the US on purchases of American liquefied natural gas, a part of which would be diverted to Ukraine (Reuters, 2017).

In the meantime, Russian-Ukrainian tensions around the Nord Stream-2 continue. After Finland approved the project, the presidential administration of Ukraine made a statement that the pipeline could not be built without Kiev's consent, the project is "unacceptable," and the EU needs an alternative infrastructure to ensure its energy security.

With the launch of the Turkish Stream and the Northern Stream-2, Ukraine will practically lose transit, which will lead to significant losses in the country's economy. The exploitation of the gas transportation system (GTS) in Ukraine is becoming increasingly difficult, and with the cessation of transit it will be completely impossible: A significant part of the funds (about \$2 bln), formed as a result of the transit functions, is directed specifically at maintaining the infrastructure (European Parliament, 2017). As a result, Kiev offers itself to external investors. However, the Ukrainian GTS may have an investment attraction only when it is transitory.

Along with this, Ukraine continues to increase the volume of coal purchased from the US. In August 2017, the first batch of American coal was sent to Ukraine. It is planned to bring the volume of supplies to 2 million tons per year (Economics, 2017). At the same time, Russia as well as South Africa and Poland remain the leader of coal supplies to Ukraine. Of course, President Poroshenko should look for alternative ways of importing energy resources, taking into account the emerging problems in the coal industry in neighboring Poland. However, it is unlikely that American coal will cost for Ukraine cheaper than Russian one, especially taking into account transportation costs.

Another project, considered in the context of anti-Russian sanctions, is the construction of an interconnector Poland-Ukraine, which by 2022 will directly supply gas from Norway. Similar prospects were considered by Kiev after the signing a memorandum on the construction of the "Baltic Pipe" gas pipeline between Denmark and Poland in June 2017. The parties intend to deliver the project by 2022, i.e., for the period when Poland plans to abandon the Russian network gas (Energy.net, 2017). It is assumed that exactly half of the investment should be provided by Poland. This causes some skepticism. However, it is too early to make conclusions.

Summing up the main problems of competition in the European energy market, it should be noted that the US are steadily trying to consolidate their positions on the market, directly claiming competition with the leaders of LNG production - Qatar, Algeria, etc. The development of its own deposits (especially shale and coal) is a priority economic policy of Trump. This evidenced also by the statement published on June 27. In accordance with it, by 2018, the US will become net exporter of gas, and by 2020 will become the main player on the global LNG market (EIA, 2017). However, on the way to such a great goal, the US faces a whole range of problems. The main one is activation of Russia in the sphere of LNG production. By developing LNG production in the Arctic, Russia is exposing this energy resource as a key for the development of the European market. Thus, "Yamal LNG" company has already received unprecedented tax incentives, and

on December 18, 2017, sent the first shipment of gas to Great Britain (73 thousand tons) (Vedomosti, 2017). Anyway, in 2018, the Russian-British diplomatic crisis interrupted this energy communication.

5. “NON-RUSSIAN” DIVERSIFICATION

There are a number of other, “non-Russian” pipelines and projects that are aimed to supply gas to Europe. Among them is South Gas Corridor with its prolongation within the framework of Trans-Anatolian gas pipeline (South Caucasus-Turkey-Europe). The Caspian region and in particular Azerbaijan continues to be considered as an important vector of diversification of European energy security.

After the collapse of the Soviet Union, Azerbaijan began to openly demonstrate its energy independence from Russia. In the mid-1990s, after the end of the armed phase of the Karabakh conflict, a number of Western companies, including British Petroleum (BP), rushed to the Azerbaijani oil and gas market and got access to the Azeri-Chirag-Gunashli field development. This field was in the zone of oil and gas interests of Russia, however, the arrival of Western energy companies in Azerbaijan became in many respects fatal for it. Russia, weakened after the collapse of the USSR and still confident in its predominance in the post-Soviet space, missed the right moment to secure the status of Azerbaijan’s main energy partner. Later the Russian company “Lukoil” received access to participation in oil and gas projects in Baku, including Azeri-Chirag-Gunzheli. However, it was never able to fully ensure the observance of Russia’s interests in the Azerbaijani oil and gas market (BP, 2007).

Azerbaijan’s next initiative aimed at reducing dependence on energy supplies from Russia and ensuring access to European markets through Turkey was the Baku-Tbilisi-Ceyhan (BTC) oil pipeline. The agreement on the construction of the pipeline was signed by the Presidents of Azerbaijan, Georgia and Turkey in 2002. The BP Azerbaijan Company acted as the operator of the BTC. In May 2006, Azerbaijani oil first reached the Turkish port of Ceyhan. At present, the main shareholders of the pipeline are British BP (30.1%), Azerbaijani SOCAR (25%), American Chevron (8.9%), Norwegian Statoil (8.71%), Turkish TPAO (6.53%), Italian ENI (5%), French Total (5%), Japanese Itochu (3.4%) and Inpex (2.5%), American ConocoPhillips (2.5%) and Amerada Hess (2.36%).

It is obvious that in view of the lack of oil in the Azerbaijani market, the withdrawal of BTC to the designed capacity (50 million tons per year) will reduce the congestion of two other regional pipelines - Baku-Novorossiysk and Baku-Supsa. To solve this problem, Azerbaijan initiated a negotiation process with Kazakhstan, as a result of which, in 2006, an agreement was signed on the transportation of oil from Kazakhstan through the Caspian Sea and further along the BTC pipeline (BP, 2002).

As a similar project aimed at reducing dependence on Russian hydrocarbon supplies, it is customary to consider the Baku-Tbilisi-Erzurum gas pipeline. It is laid along the same route as the BTC

oil pipeline, and is designed to export Azerbaijani gas from the Shah Deniz field to Turkey with a further export to Europe. The operators of the gas pipeline are the British BP and the Norwegian Statoil (The Economist, 2013).

Today, Russian companies are trying to maintain their influence in the energy market of Azerbaijan. One of the steps aimed at maintaining positions is the continuous increase in the volume of natural gas purchased from Azerbaijan. In January 2010, an agreement was reached between Gazprom and the State Oil Company of the Republic of Azerbaijan (SOCAR) on the purchase of 1 bcm of gas by Russia instead of the previous 500 million. In 2011, this volume amounted to 2 bcm. Thus, by buying large volumes of Azerbaijani gas, Russia partially reduces the resource base of Azerbaijan and calls into question the fulfillment by Azerbaijan of its obligations on gas supplies through the Southern Gas Corridor. In turn, “Gazprom” actively supplied gas to Azerbaijan in 2000-2006. Azerbaijan’s further refusal to import gas from Russia was linked to the launch of the Shah Deniz field, but today Baku resumes negotiations with Moscow on gas supplies necessary for pumping into the oil layers (Davtyan, 2017).

At the same time, Azerbaijan continues to consider the “Turkish Stream” as its potential competitor, which also manifests itself in official rhetoric. In October 2016, Azerbaijani President I. Aliyev made a statement that the Turkish Stream cannot compete with the Azerbaijani Trans-Anatolian Pipeline (TANAP), as Azerbaijani gas, unlike Russian, had already been sold to consumers (Gazeta, 2016). The statement of the Azerbaijani president should hardly be viewed in the context of a potential economic war for energy dominance between Azerbaijan and Turkey, which is interested in implementing the “Turkish Stream” and soberly assessing the prospect of becoming an energy hub. Consequently, Aliyev’s statement should be considered as a message to the Kremlin. Of course, considering the issue of “Turkish Stream” construction purely within commercial logic, it can be concluded that, when competing with TANAP (costs \$10 billion), it will not have significant advantages. First, contracts for the supply of gas from the Azerbaijani Shah-Deniz field through TANAP in the amount of up to 16 bcm have already been concluded for years ahead (The Economist, 2013). Secondly, today the EU is interested in receiving gas through this route. This route, as is known, is a part of the “Southern Gas Corridor” Azerbaijan-Georgia-Turkey-Greece and further along the Trans-Adriatic Gas Pipeline (TAP) - to Italy through the Adriatic Sea. Incidentally, the EU’s interest in this route is also evidenced by the fact that the TAP pipeline is not covered by the EU’s Third energy package, which prohibits one business entity from extracting, transporting and distributing gas (Oxford Economics, 2012). Tax credits are also applied to TAP (costs \$4.5 billion), which also makes the Turkish Stream less competitive. Along with this, like the Turkish Stream, the Southern Gas Corridor underscores the importance of Turkey as an important energy actor as a transit country. However, despite the existence of virtually all preconditions for unfolding a tough competitive struggle, we should not expect “pipeline wars” between Russia and Azerbaijan. Azerbaijan traditionally considers itself in two parallel - Western and Russian - geopolitical planes. Evidence of this is the close energy cooperation with Russia within the Baku-

Novorossiysk oil pipeline and the parallel implementation of the anti-Russian BTC oil pipeline or the Baku-Tbilisi-Erzurum gas pipeline. The same trend can be traced in the transport and logistics sector. Since the mid-1990s, Azerbaijan has positioned itself as a key participant in TRACECA (the international transport corridor Europe-Caucasus-Asia, which is being lobbied by the EU), while actively integrating into the Russian project “North-South” by construction of the Iran- Azerbaijan railway.

It should be also noted that according to the EU Third Energy Package, Gazprom may require to provide it with 50% of the capacity of the South Gas Corridor, because the EU’s law prohibits the owner of a gas pipeline to use more than 50% of its capacity. The European Commission confirmed that it will comply with European legislation. Thus, although the pipeline may somewhat reduce Gazprom’s supply volumes, on the other hand, the project may be an EU investment in the gas pipeline system for Gazprom bypassing Ukraine. Anyway, Europe will receive only 10 bcm per year via the Trans-Adriatic Pipeline. And there are some doubts that Azerbaijan can provide gas to the 3rd countries (for example, to Bulgaria in order to create a Balkan Gas Hub) in through the South Gas Corridor in full because of the reduction of gas extraction (about 3% drop in 2017). (In 2014, under the pressure of the European Commission, the authorities of Bulgaria stopped the South Stream pipeline project, which would supply 100% of natural gas necessary for the Balkan Gas Hub. Now, Bulgaria is seeking sources of gas throughout Eurasia, including Russia).

On the other hand, the establishment of the route of the longest underwater pipeline in the world with a length of 2000 km and a throughput capacity of 12 bcm is on the agenda of the EU energy policy. According to the preliminary scenario, the pipeline will reach the Italian city of Brindisi from the Leviathan field on the Israeli shelf (reserves - 450 bcm) and further on to Rome. The infrastructure will pass through Greece and Cyprus with further accession to the IGI (Greece-Italy) interconnector and will connect the Israeli “Leviathan” with the Cyprian deposit “Aphrodite” (reserves - 140 bcm). The gas pipeline project, estimated at \$6 billion, has already secured support from the EU and, in particular, the European Investment Bank (De Boncourt, 2013). As for pricing, the cost price of gas on Leviathan is \$52, which indicates a potentially high export prices.

The implementation of the project on the delivery of Leviathan gas to Europe, with solution of a number of technical and economic problems (throughput, pricing policy, etc.), can become the locomotive of the European energy policy aimed at diversifying natural gas imports. In this context, the development of the Egyptian Zor gas field (850 billion reserves) by the Italian company ENI, the increase in supplies of Algerian gas, Iran’s intention to export gas to Europe via Turkey and a number of other factors can potentially increase the share of non-Russian as well as non-US gas in the European market.

In parallel to this, certain preconditions are also being formed for the supply of Iranian natural gas to the European market. In July 2017, the Iranian government and an international consortium of French Total (50.1%), Chinese CNPC (30%) and Iranian Petropars

(19.9%) signed a contract to develop the 11th phase of one of the world’s largest gas fields “South Pars,” where it is planned to produce more than 50 million cubic meters a day. It also provides for the construction of a plant for the production of liquefied gas. As we know “South Pars” is divided between Iran and Qatar, and the attraction of foreign companies is also aimed at eliminating the backlog of Iran due to the late start of development (Total 2017).

6. OPEC+ AS AN OBSTACLE

In the issues of opposition to OPEC as the main supplier of oil and oil products to the world market, Trump’s strategy is also built on the principles formed and applied under the previous administrations. Back in the early 2000s, every fourth ton of oil produced in the Middle East came to the US. The main suppliers were Saudi Arabia, Kuwait and Oman. A significant part of oil exports from the Persian Gulf passed through the Strait of Hormuz, which connected this water area with the Indian Ocean (from the Persian Gulf tankers reach the coast of Alaska for 40 days). The American authorities clearly understood that in the case of the blockade of the Strait of Hormuz, the US would be most affected, as it transported almost 80% of the oil through this strait. Thus, already in this period (and in some respects long before it), the US began to pursue a policy of reducing dependence on Middle Eastern deliveries, which affected US relations with OPEC.

US relations with OPEC began to deteriorate noticeably during George W. Bush’s second presidential term. In 2005, the US Senate introduced a bill allowing the prosecution of cartel countries in US courts on charges of violating antitrust laws in cartel collusion. In 2007, the US Senate Legal Affairs Committee voted for a bill against the creation of oil and gas cartel organizations like OPEC (Shumilin, 2008).

Tensions in relations with OPEC and especially with the main country of the cartel, Saudi Arabia, were also continued under B. Obama. For example, the US-Saudi relations were periodically in a deadlock because of differences in Syria, Iran, the Arab-Israeli conflict, etc. Moreover, in 2016, Congress passed a bill that allowed the filing of judicial claims of Saudi Arabia on charges in involvement in the September 11 terrorist attack. As a result, Saudis threatened to sell US debt obligations of \$750 bln (New York Times, 2016). Without turning to the detailed historical analysis of US-Saudi relations, we will define only their main axis, which amounts to countering the US and the USSR during the Cold War. In the post-war period, the US began to consider the Saudi kingdom, rich in energy resources and quite loyal to them, as its main ally in the region. This loyalty, first of all, was conditioned by periodically given out by the USA preferential credits, and since 1950th - by the direct financial help with the purpose of support of economic development of Saudi Arabia. By this time, the US had finally secured Saudi Arabia as its regional satellite, which simultaneously performs two functions. The first, geopolitical one, was to ensure US domination in the Middle East by demonstrating military force, as evidenced by the erection of the US air base in Dhahran. The second, economical one, was the ensuring of US energy security by importing Saudi oil. In order to avoid an energy collapse in 1973, a Simon’s plan, long hidden

from the public, was adopted. According to the plan, the US pledged to buy oil from Saudi Arabia, provide military assistance, help with logistics, and in exchange receive Saudi investment in the state budget. In order to support the oil business, in 2003, when the Coalition Forces invaded Iraq, Saudi Arabia provided political support for the invasion, but did not participate directly in the armed actions. After the overthrow of Saddam Hussein, Iraq became close to Iran, and Saudi Arabia was perceived with distrust by the new Iraqi leadership. As it was already mentioned, today, the strategic cooperation between US and Saudi Arabia is getting some negative transformations that can be deepened because of confrontations in energy sector.

Tensions with some members of the cartel continued with the election of Trump as a president. It is enough to turn to the diplomatic boycott of Qatar in June 2017. Although it demonstrated a certain risk for the world's energy and especially for the oil markets, but the predicted energy apocalypse didn't come. On the energy area, Qatar got off with a temporary closure of helium production plants - a strategically important product used primarily in the space industry and experimental physics. Soon, however, relations between the US and Qatar were normalized, and an agreement on combating terrorism was signed between the countries (POMEPS, 2017).

In this context, the activation of the Russian-Middle East economic dialogue, which creates some risks for the US strategy in the region, should be also taken into account. This activation is also due to the successes of the Russian military forces in Syria. On October 5, 2017 started the first ever visit of the King of Saudi Arabia to Moscow. During the visit, 14 agreements were signed. Among them - an agreement on the creation of a joint investment energy fund (\$1 bln), an investment fund in the area of high technology (\$1 bln). Also, Saudi Arabia's National Oil Company "Saudi Aramco," the Russian Direct Investment Fund and PJSC SIBUR Holding signed an agreement on cooperation in the implementation of projects in the field of oil refining. The potential rapprochement between Moscow and Riyadh is contrary to Trump's plans and can create real risks for the realization of Saudi investments (\$ 40 billion) in the US infrastructure, which were announced in May 2017, on the eve of Trump's Middle East tour (Reuters, 2017).

Thus, one of the main mechanisms for implementing Trump's energy strategy is the impact on the world energy markets and especially on the price policy of OPEC. As the world's top consumer of primary resources, the US are interested in low oil prices. On the other hand, in the case of implementation of Trump's energy strategy to increase self-sufficiency and boost exports, the US will be interested in high oil prices in the future. At the same time, the US president understands the degree of influence of the American energy industry on world markets, which he uses very successfully. Let's study this issue in detail.

OPEC, as well as some of the non-cartel producers, was concerned about the situation on the energy market that had developed by 2016. Oil renewed the multi-year lows, retreating below \$30 per barrel. This did not suit many countries, as they suffered serious

losses, and their budgets began to fix the deficit. At the end of 2016, OPEC and some independent producers agreed to limit production to restore prices. Each country undertook to reduce production. The cumulative reduction was to be about 5%. As a result, the main burden of implementing the agreement was taken by large exporters: Saudi Arabia pledged to reduce production by 550,000 barrels per day, Russia - by 300,000 (FICCI, 2016).

Along with this, an interesting trend began to figure out in the oil market: The smallest achievements within the framework of the agreement on containment are accompanied by the release of information about increasing of the shale oil production in the US. Thus, the US acts as a regulator of world oil prices and does not hide this at all.

Taking into account the policy of increasing production in the US, we can also expect an increase in inventories in the near future, which will affect the prices. In 2018, the growth of production of shale oil in the US is projected at about 10 million barrels per day. In such a situation, OPEC will have to compensate for this growth on its own. At the same time, the US does not hide its interest in keeping low prices. President Trump admitted in his tweeter: "Russia was against Trump in the 2016 election - and why not, I want strong military and low oil prices" (D. Trump's Twitter 2017). The desire for low prices is understandable, taking into account the leading position of the US on energy consumption in the world. However, this thesis already today hardly fits into the US energy policy, aimed at unrestrained extraction and energy expansion. It is unlikely that when achieving its strategic goals of dominating in global energy markets, the US authorities will adhere to the same rhetoric.

The US continues to cultivate the extraction of shale oil, elevating it to the status of the basic direction of the country's economic development. And any critical attitude to the industry causes the US authorities almost painful reaction. On July 24, 2017, the members of the Republican Party in the US House of Representatives issued a statement that the environmental activists, opposing the hydraulic fracturing of the reservoir (the traditional method of shale mining), are funded directly from Moscow.

"Supersensitivity" is, perhaps, the main epithet reflecting the situation in today's oil market. Even in spite of the conservative OPEC+ strategy to curb production, intra-corporate strife within the organization, as well as the lack of consensus with the US, lead to maximum destabilization of the oil market. As a result, the situation at any time can get out of control, which will inevitably lead to a collapse in prices. The format of OPEC+, apparently, is limited only to the use of some restraining mechanisms that do not always demonstrate high efficiency. During June-September, 2017, oil prices fluctuated between \$40 and 45 per barrel. The main reason was the data published by the American Petroleum Institute that oil reserves in the US increased every week. The current situation was too risky for the oil companies, some of which expressed their fears about the further profitability of the business while maintaining the trend. For example, I. Sechin, the president of Russian "Rosneft," made a statement that if prices fall to \$40 per barrel, more than half of world oil production would

be unprofitable. Only low-cost producers will be able to continue operations. Among them, Sechin singled out Russia, Saudi Arabia, Iran and some projects for the extraction of oil shale in the US (Kremlin Press, 2017).

As regards Iran, it is planning to increase its production by 200 thousand barrels per day by 2018. At present, Iran is slowly moving to the pre-sanction level of extraction - 3.8 million barrels per day, and an increase of 200 thousand more will allow Iran to return to the level of the middle of 2000's. However, Iran is not going to stop on this stating about the growth of production up to 4.4 million barrels by 2021. Teheran creates necessary preconditions for this, which is reflected both in the capacity expansion and in the search for external partners. It is enough to note the active work at the South Pars deposit containing more than 14 billion barrels of oil, as well as the active construction of new berths at the oil terminal of Hark Island or the implementation of investment projects in the port of Shahid Reggia to increase its export opportunities. As for the search for external partners, Tehran demonstrates consistency, confidently diversifying export routes, covering China, India, Turkey and Europe. For example, French Total plans to invest more than \$ 2 billion in the construction of petrochemical plants in Iran (Reuters, 2017). Today, Tehran plans to increase the production of petrochemical products from the current 60 million tons to 160 million tons in 2025 (Munro, 2016).

In the pre-sanctions period, Iran's share in world crude oil production was 5.7%. It should be noted that in addition to international sanctions, Iran's energy complex was heavily restrained by the D'Amato Act, signed by Bill Clinton in 1996. According to the Act, cooperating with Iran in the oil and gas sectors was sanctioned by the US (Iran Sanctions Act, 1996). A similar model of "energy containment" is relevant in the US today.

Turbulence in the world oil markets is really risky for producers. If oil prices stood on the mentioned level, the companies would have to revise their investment programs. The oil companies (and also American ones) approved their budgets, based on the price of \$50. That is why a lot of American companies try to convince Trump to pursue a more restrained policy in the development of shale deposits in order to stabilize prices. This fits perfectly into the strategy of OPEC+. However, it does not fit in with the expectation of some players in the oil market who are confident

that, after the expiration of the OPEC + agreement in 2018, their rush hour will come.

In November 2017, the price of oil rose to highs not seen at least 2 years as investors weighed the ongoing political purge occurring in Saudi Arabia. Brent crude oil passed above \$64 (Figure 2).

The tendency of growth was saved up to the end of the year. As the world's second largest producer of oil, and the de facto head of the oil cartel OPEC, any possible disruption to production in the Kingdom would likely have a huge impact on the global balance of supply and demand for the commodity (Business Insider, 2017). This allowed the US to get some additional profits for American companies operating abroad. At the same time, this tendency does not correspond to the structure of American economy, traditionally depending on supplies from abroad. Thus, any fluctuation in oil markets (both positive and negative) may create some risks for the US.

7. CONCLUSIONS

Thus, the energy strategy of the President Trump is aimed at maximizing the use of "energy weapons" to advance US foreign policy interests. The "peace through force" model, proposed in the new US national security concept, demonstrates Trump's willingness to use all resources to advance his geopolitical plans. And although there are opinions that Trump's national security strategy does not have an imperialistic goal-setting, but only seeks to ensure the welfare and security of Americans, nevertheless, the current US energy policy demonstrates the opposite tendencies. They are reduced to the maximum use of protectionist tools in order to promote their energy interests in the world. At the same time, if in previous administrations US energy security was characterized by establishing control over some key fields outside the US to ensure stable supplies, today the US president is aimed at energy expansion with the aim of conquering already established markets. In this context, "energy wars" between the US and the main players of the world energy market are inevitable, especially with Russia and Saudi Arabia, and in the future - China and India, which are building up their energy potential.

The importance of Trump's energy strategy for world political and economic processes may be explained with the fact that the

Figure 2: Oil Brent Price Commodity (<http://markets.businessinsider.com>)



full implementation of “an America First Energy Plan,” will be another serious blow to globalism, and specifically to the liberal market. This is a return to the aggressive protectionist economy of the 1950s and 1960s, which will inevitably lead to the formation of new geopolitical alliances. Taking into account the shift in the focus of world politics from West to East, the US needs to look for ways to strengthen its position in the Asia-Pacific region, a potentially key geo-economic region in the 21st century. The intensification of the dialogue between Russia and Japan (including energy and transport), the start of the negotiation process between South Korea and North Korea, China’s economic corridor “One Belt – One Road” and some other processes show that key actors in the region are already aware of new integration challenges and seek to free themselves from geopolitical bipolar anachronisms of the 20th century. A dynamically developing region in the next decades will inevitably need supplies of hydrocarbon resources. In this sense, US energy resources can find new markets.

As for the Middle East, the failure of the Iraq campaign, as well as the outcome of the war in Syria, demonstrated the choice of local elites and the population in favor of national sovereignty. This, perhaps, is the main conclusion of the bloody processes taking place in the Middle East in the last 30 years. Moreover, new players (Iraqi Kurdistan) appeared in the region - the players that are largely uncompromising and pursuing their state interests. All this shows that the traditional model of energy resources control through military invasion is gradually becoming obsolete. On the other hand, the tension in US-Saudi relations as well as some convergence between Russia and Saudi Arabia should also be considered as an obstacle to the realization of Trump’s energy strategy.

As regards the energy competition between Russia and the US in the European gas market, it can be assumed that the EU authorities will continue to adhere to the principle of maximum diversification of energy supplies. As noted by the famous energy researcher D. Yergin, diversification is one of the basic principles of ensuring energy security. Along with this, the economic feasibility will continue to be the other basic principle of the EU energy policy. This is evidenced by the position of some EU members, as well as European energy companies regarding the Nord Stream-2 project. Consequently, the US, seeking to gain a share in the European gas market, today must concentrate on commercial and infrastructural problems of extracting and exporting energy resources to foreign markets.

Turning to the applied problems of the implementation of Trump’s energy strategy, let’s point out the main obstacles to the achievement of the “golden age” of American energy:

1. The deterioration of the US energy infrastructure. The complex restoration of it is estimated at more than \$1 trillion. The validity of such an assessment is especially obvious when comparing the parameters of infrastructure in the US and major competitor countries: China, India and Japan.
2. The uncompetitive price of US LNG in comparison with Russian natural gas in the European market. This is largely due to the high level of deterioration of American mining and processing infrastructures, as well as the transport component.

Russia’s activation in the arctic on LNG production should also be considered as an obstacle.

3. Fluctuations in oil markets. Planning to take a dominant position in world energy markets, the US still continues to be the country that is the world’s largest consumer of primary resources. Consequently, today, the US is interested in low oil prices. In this sense, the OPEC+ agreement is a direct threat to US energy security. On the other hand, as an exporter, US is interested in high prices. Thus, we can conclude, that maximum predictability of changes in oil markets, as well as the ability to influence pricing is the main condition for the implementation of the Trump’s energy strategy.

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