



## RESOURCE SECURITY WATCH

The American Foreign Policy Council's Review of  
Changes to the Global Strategic Environment

# Resource Security Watch No. 27

June 1, 2020 **Annie Swingen**

**Related Categories:** Energy Security; International Economics and Trade; Resource Security; China; Europe; Russia

### THE PANDEMIC AND THE FUTURE OF OIL

With the price of crude from the North Sea falling by as much as 70 percent this year due to the global lockdown in the fight against the coronavirus, the viability of developing energy fields in Europe's north is now on shaky ground. Recovery is expected to be slow, given what is anticipated to be a gradual return to travel by citizens in many countries. Additionally, analysts expect that at least some governments will use the current political moment "to promote measures to tackle climate change by cutting carbon-dioxide emissions" - something that would inevitably impact demand for oil.

Amid this uncertainty, the energy business is shifting significantly. The *New York Times* reports that "[t]he crash in prices is likely to have wide-reaching implications for tax revenue, employment and the prosperity of oil-dependent cities like Aberdeen," with some workers "relocating to offshore oil projects in places like Brazil or Angola" and others "turning to cleaner energy, like offshore wind and hydrogen." Work conditions on oil rigs pose an additional problems; oil drilling platforms are traditionally crowded, housing as many as 11,500 workers at any one time. Energy companies have reduced that number drastically to improve health safety protocols, but rig workers say that it is still difficult to maintain social distancing, and many are loathe to return to work. (*New York Times*, April 22, 2020)

### WELLINGTON TRIES TO SEIZE THE MOMENT

New Zealand's climate minister, James Shaw, is arguing that the COVID-19 crisis represents an opportunity to reset global economies while simultaneously deploying new resources to tackle the climate crisis. In an April op-ed in London's *Guardian* newspaper, Shaw made the case against going back to "business as usual" after the pandemic. "We quite simply cannot afford to do that one more time. Global CO2 emissions need to at least halve in the next 10 years, according to a 1992 treaty, the United Nations framework convention on climate change," writes Shaw. "It is a time for governments, regions, and cities around the world to mobilise and deploy resources to tackle the climate crisis at the same time as rebuilding their economies, all whilst creating high value green jobs." (London *Guardian*, April 22, 2020)

### WHITE HOUSE EYES LIMITS ON URANIUM IMPORTS

In an effort to address growing anxiety that the U.S. is ceding "its global leadership in nuclear technology," the Trump administration's Nuclear Fuel Working Group issued a report in April recommending that U.S. energy regulators be allowed to block nuclear fuel imports from Russia and China. The report aims to provide a "road-map to re-establish American leadership in this entire industry," said Energy Secretary Dan Brouillette. Not only does the working group advocate for the limiting of imports for "national security purposes," it also supports the creation of a government stockpile of uranium supplied by domestic miners to boost an industry that many investors view as static. President Trump's February 2020 budget proposed allocating \$1.5 billion over the next decade to create a uranium reserve. However, Congress not yet acted on the fiscal priority. (Reuters, April 23, 2020)

### LAGGING BEHIND IN THE ARCTIC

At a March hearing of the Senate Armed Services Committee, lawmakers heard about the strategic importance of the Arctic - and the implications of climate change there for U.S. national security. "The Arctic is the new frontline of our homeland defense as it provides our adversaries with a direct avenue of approach to the homeland and is representative of the changing strategic environment in our area of responsibility," Gen. Terrence O'Shaughnessy, Commander of U.S. Northern Command and North American Aerospace Defense Command, told members of Congress. "More consistently navigable waters, mounting demand for natural resources, and Russia's military buildup in the region make the Arctic an immediate challenge for USNORTHCOM, NORAD, our northern allies, and our neighboring geographic combatant commands, U.S. European Command and U.S. Indo-Pacific Command."

America's adversaries, meanwhile, are working to exploit the increasingly hospitable region. According to Gen. O'Shaughnessy and the Pentagon's acting Deputy Under Secretary for Policy, Russia has increased its land and maritime presence in the Arctic in a force buildup that signals the significance of the region to the Kremlin, and may potentially pose a challenge to the U.S. in the future. The United States, they said, is scrambling to respond, but is still far behind the curve. The U.S. currently has only one operational icebreaker, and as such doesn't have the ability to ensure that Arctic sea lanes are safe and free of ice for commercial traffic. Such equipment is becoming more and more necessary because the effects of climate change have made the region increasingly accessible to commerce, so the U.S. needs to be properly equipped to exploit the opportunity. (Center for Climate and Security, April 29, 2020)