

The Energy New World Order, Mideast Oil and US Energy Security

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Abstract: *For over five decades, the world's oil map has centered on the Middle East. However, with the advent of the 21st century, a new map is emerging, shifting from the Middle East to the Western Hemisphere. Some analysts assert that the world energy's new map will change the existing world political order because the world's new map will make the Mideast oil producers less powerful and less relevant. Furthermore, as the United States is getting less dependent on Mideast oil, it is most likely to readjust its Mideast policy accordingly. Yet, the argument in this article is that as the world has only one oil market, improved energy security of the United States alone will not necessarily lead to improved energy security on a global scale, nor will the United States automatically become immune to new disruptions of Mideast oil supply and to a new world oil price crisis. Rather, the fact that the Mideast geopolitical contradictions are structurally uncompromising and historically enduring will continue to affect the oil supply from the Middle East and therefore affect the*

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US economy. Given the important role that the Mideast oil plays in boosting the global economy and conditioning world geopolitics, as well as in shaping America's energy policy and economic policy, the author concludes that the power status of the Mideast oil will persist for quite some time to come.

Key Words: *World's New Oil Order; Mideast Oil; US Energy Policy; Energy Security*

I. The New World Oil Map

For over five decades, the world's oil order has centered on the Middle East despite tremendous efforts made by the rest of the world since the oil crises of the 1970s and 1980s to explore oil resources to diversify oil supplies. As of today, the Mideast's central role in shaping the world's oil order as well as the global energy power structure has seen no substantial decline. The Mideast, endowed with 52.4% of the world's total oil reserves and contributing to 31.1% of the world's oil production, continues to be the focal point in global energy geopolitics where big powers struggle for wealth and power to the degree that an incident or accident of any scale in the region would quickly send shudder through the international oil market and the global economy at large. That is the existing world oil order, centering on the Middle East, with the Persian Gulf and the Strait of Hormuz at the core and defined by the pursuit of oil interests and power struggle. It is against this background that America's energy policy has been shaped over the five decades since the end of World War II.

However, the advent of the 21st century has brought with it something new to the existing world oil order. The outline of a new

world oil map is emerging, and it seems to be centering not on the Middle East but on the Western Hemisphere. According to oil expert Daniel Yergin, the new energy axis runs from Alberta, Canada, down through North Dakota and South Texas, past a major new discovery off the coast of French Guyana to huge offshore oil deposits found near Brazil. In little more than a decade, Yergin continues, Canada's oil sands have gone from being a fringe resource to a major one (Yergin, D., 2011: October 18). Oil sands production in Canada today reaches 1.5 million barrels per day and could double to 3 million barrels per day by the beginning of the next decade. At the other end of that hemispheric oil axis is Brazil. Over the last decade, the identification and development of huge oil resources off Brazil's southern coast are establishing Brazil as a key player in redrawing the world oil map. By 2020, Brazil's oil production could reach 5 million barrels per day, about twice Venezuela's current output, which would make Brazil the powerhouse of Latin American oil as well as a major exporter to the United States.

Still another important player in bringing about the new world oil order is the United States. With its "natural gas revolution", a shale-gas technology known as "fracturing" is now in use that can extract "tight oil" from dense rock more economical and in large quantity. An example of this is that in North Dakota, where, just eight years ago, a rock formation known as the Bakken was producing a measly 10,000 barrels of oil per day. Today, it yields almost half a million barrels per day. The total output of tight oil in the United States was just 200,000 barrels per day in 2000. Around 2020, it could reach 3 million barrels per day – a third of the total US oil production.

Undeniably, the new world oil map is being drawn, defined by the extraction of unconventional oil resources driven by technological breakthroughs. Canada's oil sands, America's new technologies and Brazil's deep-water oil reserves are playing big in shaping this map, outlining the increasingly important role of the Western Hemisphere in the world energy pattern, which has led optimist analysts to call the Western Hemisphere "the new Middle East". The development of Canada's oil sands, in particular, "marks the first major increase of the world's oil reserves since the mid-1980s" and that increase was achieved "not in the Middle East, but in the Western Hemisphere"(Yergin, D., 2011: 254).

The center stage of the world oil order is seemingly shifting to the Western Hemisphere thanks to the advances in energy technologies made real by the United States. The extraction of tight oil in North Dakota and Texas and offshore oil in the Gulf of Mexico has increased America's oil output by 20% strong, from 5.1 million barrels a day in 2007 up to 5.5 million barrels a day in 2010. Crude oil production is projected to reach 6.7 million barrels a day by 2020. Therefore, in large part due to improved energy efficiency and increased domestic oil production, America's dependence on imported oil is likely to see steady drop, down from 49% in 2010 to 38% in 2020 and further to 36% in 2035. Also, by the early years of the next decade, America's natural gas production will surpass its consumption, turning it into a net natural gas exporter by 2021 (a net exporter of LNG by 2016 and a net exporter of pipeline-carried natural gas by 2025). The proportion of net energy imports in America's energy consumption will accordingly go down from 29% in 2007 to 22% in 2012 and 13% by 2035 (*AEO 2012 Reference Case*, 2012: August 25).

How much impact the new world energy map that is being shaped will eventually exert on the global oil security and Mideast oil still awaits a scientific assessment, depending on the momentum of developing unconventional oil resources and the market demand for them. However, there is one thing almost for sure that the dependence of the Western Hemisphere on Mideast oil will be gradually reduced to such an extent that the current direction in which the world's oil flows could be significantly changed. The visualized scenario might be that the Western Hemisphere, though still in demand for oil imported from outside the region, could see its dependence on imported oil sharply dropping by as much as half its current level by 2020, having to import far less oil from the Middle East and Africa than projected a few years back. In contrast, Asia would be in greater demand for oil, moving the bulk of global oil trade from the West to the East, China in particular. That carries great significance for international geopolitics and international relations. As America is less dependent on Mideast oil, its Mideast policy will most likely be modified. If that happened, China could get a bigger share of the Middle East oil. To make this happen, China also needs to reshape its Middle East policy. In other words, the emerging new world oil map could make the world's oil supply system more dynamic and more elastic.

II. The US and Mideast Oil

The following characteristics are noteworthy when it comes to the role Mideast oil plays in America's energy security: first, Mideast oil does not make up a considerable portion in America's total oil imports, being kept below 25% since 1973, with the biggest at 24.5% in 1990 and

the smallest at 6.1% in 1985, an average below 20% between 1973 and 2010; second, Saudi Arabia comes as the Middle East's number-one oil exporter to the US market, peaking in 1995 to reach a record-high of 85%, compared with the average portion of a little over 70% between 1973 and 2010; third, for over 30 years since the *Thawrah al-Islam fi Iran* (Islamic Revolution in Iran), the US has not imported a single barrel of oil from Iran because of the strained bilateral relationship and America's 1986 Iran-Libya Sanctions Act.

It follows therefore that statistically speaking, America actually depends much more on hemispheric oil (around 50%) than on Mideast oil, meaning that Mideast oil plays a relatively minor role in America's foreign oil demand. In addition, as the world's new oil map is taking shape, the steadily-increasing oil supply from within the Western Hemisphere is contributing to America's energy and economic security to such a degree that the time seems to have come for the US to steer away from its old daunting Mideast policy. Yet, despite all this, America does not appear ready to play down the strategic importance of Mideast oil to its energy and economic security, but rather, it continues to regard a stable Mideast oil supply as part of its supreme national interest (Bush, G., 2006). How could this be accounted for?

That the world has only one oil market could be a convincing explanation to this. Increased west hemispheric oil supply does work to improve America's energy security, but it does not necessarily make America immune to the viral impact exerted upon it by global oil supply disruptions and oil price crises triggered by geopolitical maneuvers in the Mideast and by the so-called Mideast oil paradox. Therefore, Mideast oil, with its huge reserves and a geopolitics-colored nature, will continue to condition the global

economy, America's included, in the foreseeable future.. Given this, it seems that America is still a little away from being optimistic about the emerging new world oil map that is hailed as enabling it to be independent from Mideast oil.

First, for nearly three decades, America's international oil security policy has been one that aims at maintaining the free flow of Mideast oil, Gulf oil in particular, to the international market. This policy "does not simply aim to keep America's gasoline cheap or make sure that US oil companies get attractive oil exploration contracts, because neither deserves US long-term political and military intervention" (Jaffe, A., 2005: 1). On the contrary, America's goal has been to ensure an unhindered flow of Gulf oil to fuel international trade and economic development, a responsibility to be taken on by America as global superpower (Jaffe, A., 2005: 2). There is little doubt that America's oil needs could be satisfied by imports from elsewhere, like the North Sea and Africa. But even if America does not import a barrel of oil from the Mideast, any disruption of Mideast oil supply would lead to oil price hikes on the international oil market, which would then cast shadows over the global economy, plunging America, Japan and Europe into recession (Luff, G., 2005: October 20). Oil crises of 1967, 1973 and 1979 were all caused by disruptions of the Mideast oil supply, costing America and its Western allies tremendous economic losses, a lesson "still fresh in Washington's memory" (Jaffe, A., 2005: 4).

Second, as is known, central to America's Mideast oil strategy is Saudi Arabia, the world's biggest oil producer and exporter. Besides, Saudi Arabia possesses the lion's share of the world's spare capacity. So, a sudden stoppage of the Saudi oil supply would be devastating to the global economy. That is why America's Mideast oil strategy

defines it as one of its key objectives to “prevent any hostile country or any internal clique from gaining control of the Gulf to blackmail the international community with the strength built up as a result of such control” (Jaffe, A., 2005: 2). America’s pursuit of this concrete interest is firm and consistent as has been evidenced by the Carter Doctrine during the Cold War period, the Gulf War in 1991, the anti-terror strategy after the 9/11 terrorist attack and the policy measures taken to cope with the recent turmoil in the region, known as “the Arab Spring”. Obviously, America would not give up this long-cherished Mideast strategy to the emerging new oil map, would it? Over the decades, energy and security concerns have brought America and Saudi Arabia close together, laying the groundwork upon which the Western world’s overarching energy strategy is built up, backed up by the Saudi capabilities of influencing oil supply and the oil price on the global oil market with its huge oil reserves, enormous output and unmatched spare capacity. The past events demonstrated the unique role of Saudi Arabia in balancing the world’s oil supplies and stabilizing oil prices. Saudi Arabia’s spare capacity is seen as “equal to the energy of nuclear weapons, a powerful deterrence to the countries whose goal is to challenge Saudi Arabia’s leadership. The Saudi spare capacity comes as the most important component of US-Saudi relations and is regarded as the cornerstone of America’s oil security policy” (Morse, E. & Richard, J., 2002: 20). If Western countries’ strategic petroleum reserves (SPR) are the “insurance policy” for the international oil security, then, the Saudi spare capacity is the “double insurance policy”, capable of coping with any “unforeseen oil supply disruptions on the global market” caused by wars, strikes or natural disasters as the Saudi spare capacity is comparable to the West’s SPR.

Besides, Saudi Arabia's dovish oil policy is much in line with America's energy security and diplomatic strategy. "The Saudi oil policy is aimed at keeping the oil price within a reasonable range, neither so high as to undermine the world's economic operations, nor so low as to dampen the socioeconomic development of the oil-producing countries" (Yergin, D., 2011: 287; 19). Saudi oil policy not only has an exemplary influence on the oil policy of such moderate oil producers as Kuwait and the United Arab Emirates, but also works as an inhibitive counterweight against those hawkish oil producers like Iran and Venezuela that cry for high production and high price. Although America's import of Saudi oil is dropping significantly, Saudi Arabia's role in America's Mideast oil strategy has not diminished. To put it another way, America's strategic reliance on the Saudi oil would get tighter rather than lighter.

Third, America's energy security could not be fully guaranteed without the geopolitical stability in the Middle East. However, very unfortunately, as the new leaders of Tunisia, Egypt, Yemen and Libya have so far failed to bring their respective country back to order, the future of the Middle East is still daunted with uncertainties. The negative impact of "the Arab Spring" showcases how social instability affects energy security. As in the case of Libya, though, as a matter of fact, it was not a major supplier to the international oil market, the panic caused by the war quickly translated into speculation and price premium on the international market. At the time when the Mideast unrest reached its peak, the oil price soared to \$130 a barrel. As the changing social foundation and the geopolitical rebalancing in this region can determine the trend of the oil price level, once the current unrest spills over to more Mideast countries and mounts to another

“Libya war”, the oil price on the international market would rise further, posing a serious threat to America’s energy security and economic recovery.

III. The Paradox of Mideast Oil

For over five decades, especially since the 1970s, securing the Mideast oil supply has been a central issue influencing the global energy security, as the Middle East has the largest share of the world’s oil reserves and produces the largest portion of the world’s oil output. Traditional Western energy security theory defined it as of strategic importance to “lessen the vulnerability to disruptions of the Mideast oil supply” and to “reduce the dependence on the Mideast oil”. However, efforts jointly made by Western countries toward this goal have turned out to be ineffective and costly. Global energy security, built largely upon heavy dependence on the Mideast oil, continues to be threatened by new Mideast oil supply disruptions that inevitably lead to faltering supply and sky-rocketing prices on the global oil market, as was the case in the oil crises of 1967, 1973, 1979 and in the Gulf War that caused a huge loss of oil resources (420 million barrels accumulatively). There is little doubt that Mideast oil has been a big contributor to the world’s economic development, but, as it fuels the world economy, it also brings detriment and harm to the international socioeconomic progress. That is what the Mideast Oil Paradox is about. That is to say, the power status of Mideast oil radiates its influences not only materially, but also paradoxically. In theory, Mideast oil could have contributed more to the international energy security, but as the Middle East continues to be entangled with enduring

geopolitical contentions and structurally-contradictory complexes, its influences would not work completely as desired, which would also mean a lot to America's energy security.

Mideast geopolitical development is enduring and cyclic, and that is the case with the supply situation and oil price fluctuation on the international oil market, with the former profoundly dictating the latter. Historically, a major geopolitical event occurred roughly every 10 years, and a major shock on the international oil market was registered every 10 years accordingly. That is no coincidence. The negative impact of geopolitical instability in the Middle East on the international energy security and world economy is still haunting: people still live in the shadow of possible disruptions of Mideast oil supply and oil price fluctuations resulting from wars, civil strife, terrorist attacks on the oil facilities and pipelines in this region; people are still worried that the surge of Islamic fundamentalism in the Middle East would lead the oil producers to reuse the oil weapon against the West in the form of oil embargoes as a countermeasure, disrupting the secure and free flow of the Mideast oil to the world market. In the past 50 years, the Middle East recorded a number of regional wars and civil conflicts which largely reduced the oil-rich countries' capabilities of producing and exporting oil and left their oil industries underserved. For instance, back in 2003, with the end of the Iraqi War, optimistic analysts predicted that Iraq's oil output would regain its prewar level of 3.5million barrels per day or even beyond to 8 million barrels per day, saying that "Iraq could overtake Saudi Arabia to dominate the oil industry in the region." However, in the years that followed, due to the widespread domestic turmoil, the expected recovery did not occur and Iraq's oil production remained

stagnant, failing to hit the record high, thus contributing very little to the international energy security.

The geopolitical situation in the Middle East is seen as structurally uncompromising and historically enduring, which destabilizes the secure and smooth supply of Mideast oil to the international market and thus makes the international oil price “prone to fluctuations”. For a long period, baffled politicians and academics tried hard to find the answer to the question of why the international oil price could not stay within a certain range. They found that the world’s sustained overdependence on Mideast oil, the long-running political and social instability and world powers’ maneuvers in the region are attributable to the geopolitical complexity that inevitably leads to oil price fluctuations. The complexity, to be specific, includes regional wars, civil conflicts, territorial disputes, religious and ethnic conflicts, the surge of Islamic fundamentalism, nationalism against Westernization, neocolonialism and secularization, the Israeli-Palestinian conflict, terrorism, nuclear proliferation, insecure transportation, social and economic disparities and differing attitudes to democratization. Since the 1970s, oil revenues have brought fundamental changes to many aspects of Middle Eastern societies, but political change has been insufficient to create an environment in which “the increasing number of the young and well-educated generation could fulfill their ambitions”. That is to say, Middle Eastern societies as a whole are still politically and economically imbalanced, with conflicting interests pursued by different social groups. In a nutshell, the foundation on which to build a stable Middle Eastern society is not solid, which in a large part accounts for the recent unrest in the region.

When it comes to world powers' maneuvers, the Mideast policy of the US-led Western world exerts a profound influence on the geopolitical development in the region. Acquiring Mideast oil constitutes a major part of the US Mideast policy. Under this policy, the US provides the major oil-rich countries in the Middle East with huge amounts of military, economic and political aid. Ironically, it is this kind of aid that has been much to blame for the Mideast instability. In other words, America's Mideast policy is made to ensure its energy security, but, more often than not, it undermines its energy security. Of course, America's Mideast policy is a changing one: during the Cold War, it was aimed at preventing the Soviet Union from getting control of the region; with regard to the Israeli-Arab conflict, it takes sides with Israel; in a crisis of whatever causes, it makes sure that at least the Gulf oil is in free flow to the West. After the 9/11 terrorist attack, America's Mideast policy had to strike a balance between anti-terror and democratization and energy security. Indisputably, America's long-term support of Israel is one of the root causes of frequent conflicts and wars in the Middle East, as is show-cased by the first oil crisis in 1973 during which the Arabs had to resort to the "oil weapon". Similarly, the second oil crisis triggered by Iranian Revolution had much to do with America's policy toward the Middle East and Reza Khan Pahlavi, in particular. Some American scholars admit that "America is often held hostage by its own contradictory policy" in the first place, like the case of "the America Dilemma" created by Washington itself over the Israeli-Arab conflict in which America was caught between its domestic call for stronger support of Israel and its strategic security interest of keeping friendly ties with the Arab world. In the end, Washington chose the former as its key

strategic interest objective, giving energy security a secondary position. "If we had given the priority to oil security, settlement of the Israeli-Arab conflict would have had to be our first and foremost concern." In a sense, "the American Dilemma" was the result of Washington's unwillingness to bring a complete, fair and reasonable settlement to the Mideast conflict. While the United States did contribute something to peace in the Mideast, like the signing of the David Camp Accords (1979) and the Oslo Accords (1993), its long-term favor with Israel stands in the way to a substantial advancement of the Mideast peace process.

Despite huge oil reserves, the geopolitical uncertainties in the Middle East cast shadow over its oil industry's investment and expansion of spare capacity. According to projections by the International Energy Agency (IEA) and the US Energy Information Administration (EIA), the largest portion of the world's oil demand increases will have to be satisfied with Mideast oil, calling for the oil producers in this region to double the annual investment in their oil industries or further open the upstream sectors to investors from outside the region. However, the IEA often refers to the governments of the oil-rich Mideast countries as "unwilling to make substantial investment to expand their spare capacity either in the past or at the present", indicating that major oil producers, such as Saudi Arabia and Kuwait, are still practicing resource nationalism, barring foreign capital from investing in the upstream sectors (Noreng, Q., 2002: 1-13). Besides, the sluggish world oil market in the 1980s and 1990s and the NOCs oil-producing countries in lack of capital and investment planning discouraged and deferred needed investment. As a result, the spare capacity, or "the security margin", that stands guarding

against supply disruptions and shortage to the world oil market sees constant shrinking (record low in 2004). Even Saudi Arabia is left with a spare capacity of only 1.5 million barrels to 2 million barrels and it is the only one country in the world that has such capacity, from which the fragility of world oil market is easily perceived.

The interaction of geopolitics, energy security and the Mideast oil paradox ensures that America's economic and energy security will stay affected by Mideast oil in the foreseeable future. In the first place, energy security is defined as acquiring sufficient and stable oil supplies at a reasonable price from diverse sources. This definition is applicable to America's strategic energy security goal because disruption of energy supply and sharp rise or fall in oil price would pose the biggest threat to America's energy security. Historically speaking, the international oil market has been one of trouble with the price of oil unable to stabilize at a certain level or relatively stabilize in a certain range. For this, the structurally-uncompromising feature of the Middle East geopolitics is held accountable, apart from the demand-supply interface of the market. It is safe to say in this context that the geopolitical force plays as big a role as the economic force. Secondly, the geopolitical development in the Middle East could be powerful enough to affect any point of the international oil supply chain, conditioning the rise and fall of oil price on the world oil market, a lesson already taught to America with regard to its energy security. The ongoing turmoil in the Middle East is the continued demonstration of the Mideast geopolitical structural contradictions, implying that safe and sufficient oil supplies from the Mideast and North Africa is still at issue, oil price will continue to fluctuate in a wide range and therefore America's energy security will continue to

be influenced by the complicated geopolitics in the Mideast and North Africa. Thirdly, what happened in the past manifests that, despite its status as a world-class superpower, America is not a good player on the stage of world energy politics, being incapable of properly handling energy -related crises whatsoever, nor does its Mideast policy allow it to be a good player in the face of the many issues concerning international energy geopolitical maneuvers in the Middle East, not to mention the fact that its grip on the Middle East is getting looser. The current up-hills in the Middle East is a caution to America that its energy security might once again fall victim to its Mideast policy, being held hostage by energy geopolitics in the Middle East. Should it be the case, how paradoxical and ironical it would be.

Admittedly, the new world oil map that is being drawn would largely improve America's energy security, providing it with more options and choices in its global and regional strategies. However, objectively, as America's current reliance on imported oil is huge in quantity, chances are extremely slim for this biggest consumer to get completely energy-independent in the age of globalization. Subjectively on the US part, it is less likely to give up its quest for, and control of oil, a global bulky commodity, a strategic resource and a crucial component in the global power structure. Therefore, it is ridiculous to argue that America would stay clear of the Mideast and its oil, both of which at the core of global power politics. Rather, what is left for the international society and Washington to ponder over is the alienation of the material energy of oil from what it is meant for.

IV. China's Middle East Policy Readjustment

As the resurgence of world new energy map and oil and gas production in the United States, the role of the US and China and their relationship between them in the Middle East will be reshaped in the future as China faces huge oil risks in the Middle East. Oil is one of China's vital interests in the Middle East, and oil security concern might compel Beijing to play a large role in defusing the primary threat to the free flow of oil from the Persian Gulf. As China will be importing three-quarters of its oil from the Middle East by 2020, one step forward would be China's cooperation in finding solutions to the region's problems, and China's own vital interest in the security of Middle East energy supplies "should compel it to cooperate" (Solana, J., 2013: 3). The Iranian nuclear crisis is only the first test of China's wisdom in ensuring its energy security. The volatile Gulf region is now undergoing economic, political and social transformation and constant civil clashes and frequent conflicts stand ready to disrupt energy supplies. In the short and medium terms, China will remain dependent on the Middle-East oil to fill up its consumption margin and therefore, its economic security will be determined partly by the political stability in this region. That is the biggest risk China faces concerning its energy and economic security. From the Chinese perspective, this region is first of all defined as internal instability and therefore the increasing importance of the Gulf region to China's energy security will be accompanied by increasing concern of the Chinese leadership over the political and security development in this volatile region. As China's dependence on the Middle East oil becomes greater, China's Middle East policy will be more of one that

takes the political stability in the Middle East as its foremost concern. Therefore, to a considerable extent, China and the US face similar risks in the Middle East in scope and depth.

However, in general, China lacks the capability of dealing with international and Middle East energy politics and risks. China's foreign policy of "non-interference in others' internal affairs" does not allow China to accomplish much on the international energy geopolitical issues. Just like the Middle East and North Africa policy posed by the Western countries make them "self-trapped victims", China's own shortcomings and related current policy may put itself at risk of being the "hostage" of international energy geopolitics, which may further affect the country's "going out" strategy and external energy cooperation as well as energy security interests as a whole. Ultimately, it would form a paradox between strategic theory and practical sense on this issue, leaving behind the difficulty that traditional principles are unmatched with practical interests.

Then, what's behind the changes in China's Middle East policy? As in the cases of Iran, the readjustment of China's stance on Iran was clearly driven by the realization that China's traditional principles ran counter to its present-day interest, or at least partially so (Wuthnow, J., 2013: June 6). The context in which China exercised its diplomacy has changed. This new context is defined externally by the loosening and pooling of national sovereignty, the emergence of trans-border or global problems like energy, environmental protection and anti-terror, the deepening of mutual dependence and the strengthening of collective security awareness and, internally, by the rise of a nation's status, the increasing of a nation's capabilities, the re-positioning of a nation's profile, the adjustment of national interest pursuits and the

reformulation of the nation's diplomatic conceptualization and foreign policy. As a result, in this new context, there is little wonder that China's traditional principle of "non-interference in other countries' internal affairs" is somewhat losing its ground, attesting to the necessity and urgency for China to fine-tune some of its outdated principles and policies.

Readjusting the principle of "non-interference in other countries' internal affairs" will hopefully bring three-fold benefits to China. First, it helps China to redefine its diplomatic conceptions for the good of its peaceful development. Policies that keep pace with changing situations will guide China in redefining its status as a world power and in rearranging the order of interest pursuits. They will allow China to act as a more active and responsible stakeholder on the international scene, making contributions to the emergence of a harmonious world while building up its international influence and reaping the gains it deserves. In countries where China has fundamental interests, appropriate involvement in their affairs are necessary and fair and this does not have to be covered up, either. Secondly, readjustment of related principles and policies will make China's diplomacy more flexible and more operational, giving it more space in which to maneuver. With China's international status and influence rising substantially and rapidly, on the one hand, its national interest is getting more internationalized and its international interest more multiplied, but, on the other hand, as the West is suspicious about China's rise, taking every opportunity possible to damage China's international image and thwart China's diplomatic efforts, China has to be more careful of any policy change. Ostensibly, under this circumstance, for China to stick to the "non-interference"

principle and always choose to be on the defense does not work well to deflect possible crises and to maximize its national interest. Lastly, by offering to adjust outdated principles and policies in a timely manner, China will be able to seize the commanding heights to offset international pressures and leave the West few excuses to take advantage of against China when crises occur in the future.

It must be borne in mind that while readjustment is necessary, it may produce some adverse effects too. First, China's total abandonment of the rigid principle of "non-interference" will distort its international image as a "moral model", a model that was nurtured with the five principles of peaceful co-existence China has advocated hitherto. Second, some countries, neighboring countries in particular, will have a reason to worry about China's possible interference in their internal affairs, which is not helpful to the implementation of China's diplomatic guideline of "being good to the neighbors and making friends with the neighbors in the process of peaceful rise." Third, the adjustment may in the future be used to justify the West's interference in China's own internal affairs.

The adjustment of existing principles and policies is necessary as well as costly. Thus, China is well-advised not to make fundamental changes to the critical mass of the "non-interference" principle, but only to some of its aspects to make them applicable and adaptable to the changing situations at the moment. Adjusting in a measured and partial manner and at a slow and steady pace is fine-tuning as opposed to total abandonment and partial abandonment, the two types of adjustment different in magnitude. Obviously, total abandonment is the complete denial and betrayal of old traditions and, given the current internal and external restrictive factors, it is not the

right way of making an adjustment. Therefore, fine-tuning is what is left for the adjustment of the “non-interference” principle. To be specific, while still adhering to the basic meaning of the “non-interference” principle, China may impose some preconditions on it, citing that “non-interference” applies and works only when the involved internal affairs are not in violation of the UN charter and international law or that the internal affairs are not posing a threat to regional and global peace and stability, for instance. In doing so, China will still have to take the feelings of the developing countries into consideration and provide them with the necessary explanations about this change in China’s diplomatic conceptions. Of course, before the actual implementation of the adjusted principle, publicity is needed to seek the understanding and accommodation of the target countries. This can be done through multilateral mechanisms, UN diplomacy, behind-the-scene diplomacy, and public diplomacy.

The changes in China’s energy-related policies may well serve as a preference to the issues discussed afore. Energy security is in nature a global issue. Given this, China should be well positioned to seek solutions to the problems arising from regional and global energy cooperation. Also, it should work together with the international community to properly address Middle East issues, with an aim to maintaining regional and global peace and stability and creating a good environment for energy market to develop in. Regarding China’s energy security and the prospects for China-Middle East energy cooperation, necessary adjustment of China’s energy policy toward the region should gradually be made. In fact, in July 2006, when former President Hu was in Moscow attending the G-8 summit, he proposed a “new energy security conception”, stressing the

importance of “a good political environment” and “stability in oil producing regions” to the insurance of energy security. This shows that China’s thinking on energy security is more accommodating and that China’s readjustment of its energy security policy is the right thing to do.

However, it needs time, a long step forward, for both China’s adjustment of policy and its growing capacity of dealing with Middle East energy politics and risks.

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