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#### A neighbouring state as an intervenor: Kenyan and Ugandan military intervention in Somalia

*The specific character of neighboring state interference in the internal conflict on the example of the Kenyan and Ugandan military intervention in Somali is analyzed. The political realism paradigm, which is dominant in international relations theory and has proved its heuristic value in the study of domestic conflicts, has been chosen as a theoretical and methodological framework of this study. The main determining motive of the military involvement of Kenya and Uganda in Somalia has been and still remains the problem of deterrence and prevention of the spread of the Somali conflict outside the country. Uganda differs from other key players – Ethiopia and Kenya – in the question of the future political structure of Somalia. It supports the strengthening of the Central government in Mogadishu at the expense of the regional Autonomous entities, while its partners have a preference of regionalization because of national security considerations. This promotes a trust between Uganda and the government in Mogadishu, which sees Uganda as a preferred partner.*

**Keywords:** Kenya, Uganda, Somalia, military intervention, security, AMISOM.

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#### Сусідня держава як інтервент: кенійська та угандійська збройна інтервенція в Сомалі

*Аналізується специфічний характер втручання сусідньої держави у внутрішній конфлікт на прикладі кенійської та угандійської збройної інтервенції у Сомалі. У якості теоретико-методологічної основи дослідження обрана домінуюча у теорії міжнародних відносин парадигма політичного реалізму, що довела свою евристичну цінність і у дослідженні внутрішніх конфліктів. Головний визначальний мотив військового втручання Кенії та Уганди в Сомалі була та залишається проблема стримування, запобігання виходу сомалійських конфліктів за кордон країни. Уганда помітно розходиться з іншими ключовими гравцями, Ефіопією та Кенією, в питанні про майбутній політичний устрій Сомалі. Вона виступає за посилення центрального уряду в Могадішо за рахунок регіональних автономних утворень, у той час як її партнери, з міркувань національної безпеки, явно віддають перевагу регіоналізації.*

**Ключові слова:** Кенія, Уганда, Сомалі, збройна інтервенція, безпека, AMISOM.

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#### OIL STRATEGY OF THE UNITED STATES

*This article examines oil strategy of the United States which has undergone significant change over the last century. Considering recent technological advancements and significant changes in oil production and demand, the paper attempts to present a brief outline of the current petroleum strategy of the USA and identifies its major elements. The writer also evaluates how the country which is long cognizant of the*

*nexus between oil and national security utilizes its oil strategy against modern multi-facet challenges.*

**Keywords:** oil strategy, global economy, oil production, hydrocarbon resources, global petroleum, economic impact, subsoil reserves, the importance of oil, core elements of the U.S. oil strategy.

(Стаття друкується мовою оригіналу)

Nowadays the importance of oil can hardly be overstated in the world. It is common knowledge that the black fluid plays a gravity role in the global economy, but through spinoff effects it does not leave the political, ecological or social spheres unaffected. While the quantity of the world's oil reserves is yet to be conclusively established, it seems safe to point out that the reserves are finite, for the chemical processes take eons to form the hydrocarbons we so much rely on today. As is usually the case with any constrained resource of vital economic relevance, the commonwealths consciously develop strategies to secure supply. This paper attempts to describe the strategic stance of one of the key consumer and producer of oil: the United States. Through the journey, after a brief historic overview the work visits the state of global oil affairs as well as the core drivers of oil strategy to arrive to detail the core elements of the U.S. oil strategy.

Historic Perspective. According to Maugeri (2006), since the beginning of human culture oil has been used as a substance of medicine, warfare and construction, but its role remained marginal for millennia. The breakthrough took place in the 19th century, when chemistry discovered some of its unique characteristics and it began to infiltrate the industrializing economies as the energy source of illumination to replace the very limited and growingly expensive whale fat. The sufficient oil production technology (drilling) was invented in the United States in the 1850s, which ignited a “black gold rush” and subsequently a proliferation of oil producers. The production side of the oil business was soon consolidated by J.D. Rockefeller, whose company (Standard Oil) built a monopolistic corporate empire. The monopoly was forced by the administration to disassemble soon, and the world's crude production shifted to be dominated by an oligopoly of corporations, frequently dubbed by the “Seven Sisters”. The initial total control of the Sisters over production was increasingly challenged by the countries holding the reserves, and eventually they regained control and ownership over their subsoil reserves. Since 1960, the plans and actions of the oil exporting countries have been coordinated by their international organization, OPEC (OPEC, n.d.). With the receding western influence over the global petroleum resource, the sentiment towards oil (along with the price of a barrel of crude) have fluctuated between optimism of abundance and fear of scarcity – irrelevant of the fact that production have had no problem so far to more than match the steadily incremental global consumption. (Maugeri, 2006).

State of Affairs in Global Petroleum. In accordance with the database compiled by the U.S. Energy Information and Administration (2015), the total petroleum output of the world has substantially and steadily increased from 60 million to over 93 million barrels per day between 1980 and 2014. Breaking down the total production by worldwide regions reveals a geographically disperse pattern with the Middle East heading the race with adamantly solid production (27.8 MBPD in 2014), North America catching up recently (21.2 MBPD in 2014), Eurasia returning volumes after the collapse of the command economy (13.9 MBPD in 2014) and Europe falling back (3.9 MBPD in 2014). (Figure 1)

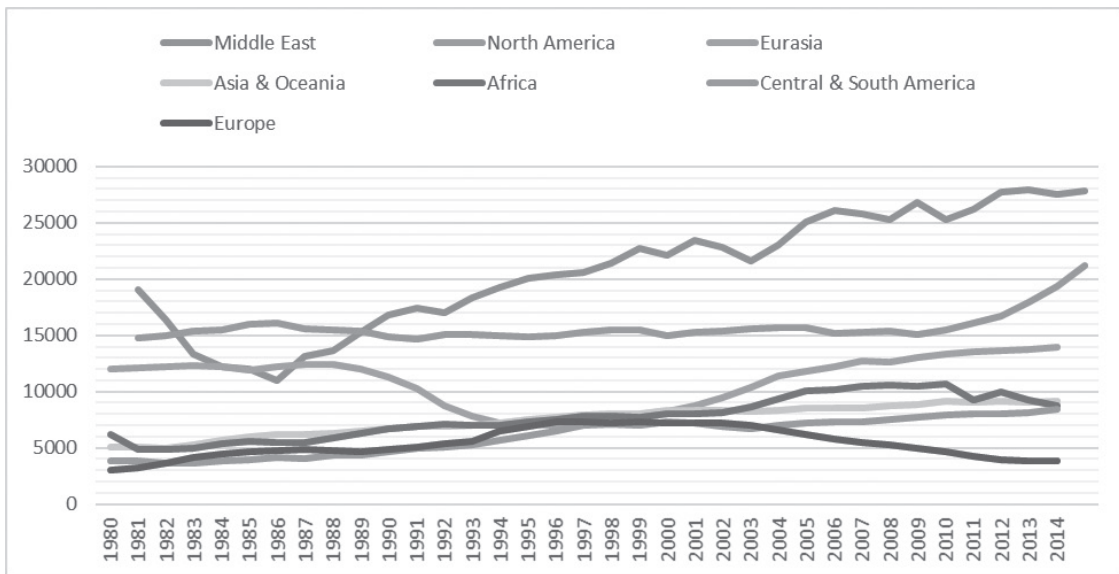


Figure 1 – Oil production by global region

Source: U.S. Energy Information Administration (2015a)

Homing in on the focal point of this paper, the United States has increased its crude output since the world economic crisis to 13.9 MBPD in 2014 that approximated the historic peak of 300 million barrels per month of the 1970s (Figure 2).

The Petroleum Administration for Defense lists (cited by U.S. Energy Information Administration, 2015c) thirty-six oil fields scattered throughout the on- and off-shore territory of the United States, organized to districts (abbreviated as PADDs). The PADD classification is demonstrated in Figure 3, their production output is depicted in Figure 4. It is worth noting that the PADD 1 and PADD 3 (Atlantic coastal and inland south) have posted the largest growth.

The reason of regional differences is manifold. The most obvious factor is the availability of hydrocarbon, which is the crucial element that renders Europe a heavy net importer of oil. The United States has a proved resource pool of 30.5 billion barrels of crude, which is the eleventh largest in the world.

– The second factor that determines the level of oil production is the cost efficiency of extraction. As Table 1 demonstrates on Knoema.com (2014) data, the marginal cost of producing one barrel of oil varies widely between the

extremes of 3 USD in Saudi Arabia and 120 USD in Arctic Russia. The U.S. production sites take mid-scale in terms of marginal cost, ranging between 57 and 73 USD depending on location and technology. Marginal cost plays an even larger role in the oil industry today even beyond the simple economics. After the landside price collapse of the benchmark Brent Crude (along with other composites such as the West Texas Intermediate) in mid-2014 due to overproduction and slumping global demand after the crisis (Udland, 2014), as well as Saudi Arabia adamantly refusing to curb production, it became obvious that certain Middle-East producers aim to capitalize on their cost-efficiency differential. According to DiChristopher (2015), while the marginal cost of production at U.S. producers allows them to follow the downward spiraling of oil prices for some more, the pressure is accumulating on third party service providers (such as transportation and maintenance firms) to increase their efficiency and pass cost advantages to the U.S. producers.

– The third variable that defines the state of affairs in the oil sector is technological advancement. According to sources (e.g. Lee, cited by DiChristopher, 2015), the newly enhanced efficacy of certain producers (pioneered



Figure 2 – U.S. Field production of crude oil

Source: U.S. Energy Information Administration (2015b)



Figure 3 – Petroleum Administration for Defense (PAD) Districts

Source: U.S. Energy Information Administration (2015c)

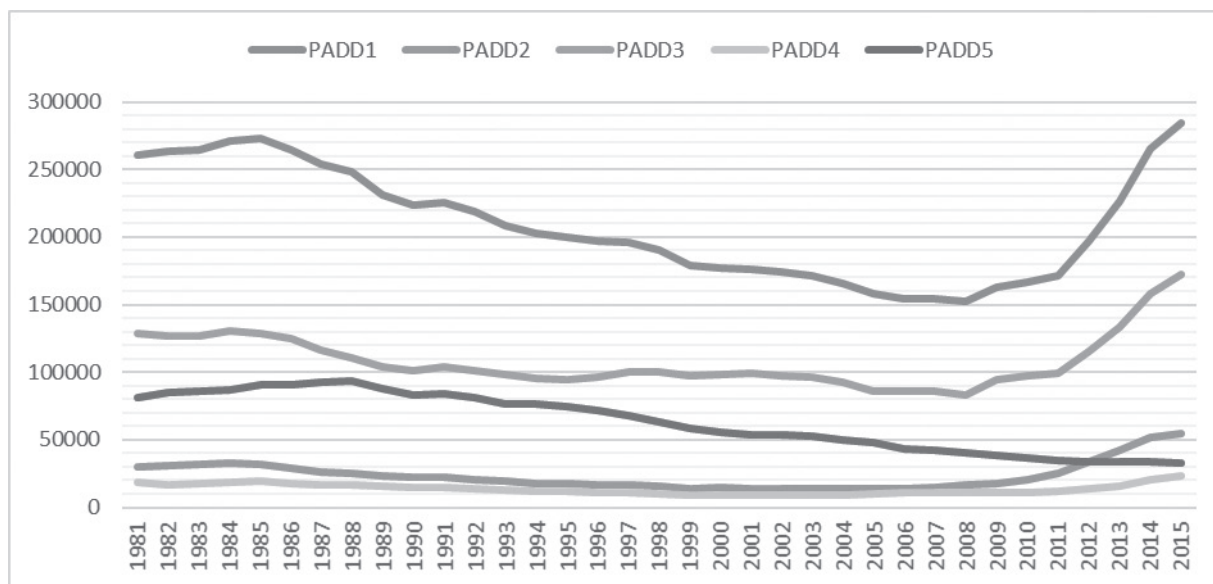


Figure 4 – Annualized average of monthly thousand barrel petroleum production volume by U.S. districts.

Source: U.S. Energy Information Administration (2015d).

in the United States) to extract oil from non-conventional sources (shale oil) is a major factor in the in the world of oil. On the one hand, the new technology increases the available hydrocarbon resources to the pool. On the one other hand, such addition to the global supply is a secondary motivation for the conventional low-cost producers (such

as Saudi Arabia) to slash oil prices through non-restricted production – as Lee (cited by DiChristopher, 2015) puts it ‘oil markets are in the first rebalancing of the shale era, and the single biggest factor is the supply of American crude’ **Source:** Central Intelligence Agency (2014) and Knoema.com (2014), own summation (2015)/

Petroleum Strategy of the United States. Since the 1950s, the United States has considered petroleum an asset of strategic importance. Although this paper aims to observe the contemporary elements of the policy, it is due to establish that the oil has been hardwired even in the currency policy of the United States. According to Mills (n.d.), parallel to the collapse of the Bretton Woods system of currencies and the seizure of convertibility of the USD to gold, the U.S. administration agreed with the world's largest oil producers in the Middle East to denominate hydrocarbon exclusively in USD. This realignment of currency strategy transferred the stability of the gold standard to the persistent real demand for the U.S. currency for oil, thus establishing the U.S. dollar as the main reserve currency of the world.

Besides the broad political connotations of oil, Frankel (2007) identifies four core demand-driven elements of any oil strategy puzzle:

- 1) 'Energy or fuel security, safety and access'
- 2) 'Energy or fuel cost and economic impact'
- 3) 'Climate change and other environmental impacts'
- 4) 'Availability, access, and costs of alternative energy sources'

In his assessment of the strategic options with regard to fossil energy, Cordesman (2015) recognizes virtually all of the above factors, which special focus on securing access to hydrocarbon resources. In the future looking time-frame of 2013 – 2040, the source suggests based on official estimates and observation of specific cases that the ongoing expansion of U.S. domestic crude production volumes should enhance the hydrocarbon supply; in quantitative terms, the current oil import dependence of 33 percent should be contracted to 17 percent by 2040, and the United States may shift to be a net exporter by as early as 2021. This long term outlook seems to be actively pursued to be implemented in the regulatory environment: according to Mikulka (2015), the industry aims to lift export bans on U.S. oil. The proponents of this course refer to an enhanced potential of the sector to contribute to economic growth both through direct and induced effects. At the same time, the undeniably strong reasoning of the opponents centers on the environmentally harmful effects of increased consumption derived from potentially lower hydrocarbon prices.

At the same time, according to Cordesman (2015) the total available pool of hydrocarbon energy does not cover the full spectrum of the topic. The increasingly instable political stance in the Middle East region (with particular emphasis on religious extremism) makes the similarly hard-to-forecast Chinese and Russian oil sources more important. Furthermore, while the United States may improve the level of supply of oil, its economy is deeply embedded in the international trade, so an energy-driven global economic slump may negatively affect its overall economic potential. Therefore, the source suggests the country to take a global perspective on hydrocarbon strategy and create a proactive policy that relies on reinforced partnership with the key oil producers of the world as well as participate in energy-related global organizations.

In line with suggestion of Cordesman (2015) towards active policy, the United States is a member of the International Energy Agency, the thematic umbrella organization of 28 industrialized nations. In the framework of IEA (2012), the members maintain an oil-market information system, synchronize their energy policy, adjust their demand structure and develop technologies with energy safety and

environmental concerns in mind. The source recognizes a set of potential factors that may inject abrupt limitations to oil supply:

- The international oil delivery system may be exposed to disruptions due to natural disasters, economic breakdowns or political turmoil.
- While the oil sector's production capacity is expanding, it still does not have comfortable edge over demand, so small-scale fluctuations in supply may lead to drastic shortages. The insufficient margin calls for further investments.
- As already mentioned above, the uncertain political climate in certain key areas and the so called 'resource nationalism' may contain investments.

Besides participating in international collaborative organizations, the United States also maintains a forward looking regulation with regard to energy. The gravity topic of this paper, oil, is considered in the prevailing regulation in the framework of the totality of the energy mix, which has the benefit of observing the strategic position of oil in the wider range of energy carriers. In essence, the Energy Policy Act (inaugurated in 2005) seeks efficient alternatives to the conventional energy sources, such as hydrocarbon and nuclear, as well as injecting environmental considerations in the energy policy. The deliverables include raising the weight of renewable sources (biofuel, solar, wind, geothermal, water, etc.) through tax exempts, tax credits and loan guarantees. Similar incentives are applied for the sake of promoting R&D and implementation of new technology in energy conservation and increasing production efficiency in all energy related sectors. The oil sector seems to be affected by a set of controversial, consensus-based rulings; on the one hand, certain environmentally sensitive areas are designated as off-targets for oil extractors (such as the Great Lakes region), but the Act also opened other areas (e.g. the Gulf of Mexico, Colorado, Utah and Wyoming) for oil prospective production – at the same time it largely disregarded the Arctic region, which has long been a questionable oil region.

#### Conclusion

The hydrocarbon sector has grown to be an industry of strategic relevance since the industrial revolution. While the economic powers tried to maintain their influence on the segment, the oil-rich nations have managed to increase their independence and they gradually gained strategic position to reckon with. The United States, as the dominant economic commonwealth of the world and one of the major consumer of oil, has long been active in the hydrocarbon sector not just as consumer, but also as producer and active policy maker. Most recently, the strategic stance of the U.S. towards oil needs to cope with a set of challenges: rebalancing of prices caused by overproduction and crisis-driven decrease in demand, technological advancement, environmental concerns and lurking instability of worldwide supply. The response of the U.S. oil strategists is multifaceted:

- Reduce external hydrocarbon dependency through 1) incremental domestic production; 2) extending the power mix with alternative energy sources; 3) deploy technology to enhance efficiency of consumption.
- Engage in active foreign policy to exert positive impact on international the international oil supply network/
- Inject environmental protection initiatives so as to preserve national assets although this goal is less than fullheartedly pursued.



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#### Нафтова стратегія США

Дана стаття про нафтову стратегію США. Враховуючи останній технологічний успіхи, значні зміни у виробництві нафти і потреби в нафті, газета постаралася довести короткий зміст поточної нафтової стратегії США і з’ясує його головні елементи. Автор, також висловлює свою думку про використання країни, давно обізнаною про стосунки нафти та національної безпеки, своєї нафтової стратегії проти сучасної і багатогранних проблем

**Ключові слова:** Нафтова стратегія, глобальна економіка, виробництво нафти, вуглеводневі ресурси, економічні впливи, підземні запаси, важливість нафти, основні елементи нафтової політики США

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#### Нефтяная стратегия США

Данная статья о нефтяной стратегии США. Учитывая последний технологические успехи, значительные изменения в производстве нефти и потребности в нефти, газета постаралась довести короткое содержание текущей нефтяной стратегии США и выясняет его главные элементы. Автор, также выражает свое мнение об использовании страны, давно осведомленной об отношениях нефти и национальной безопасности, своей нефтяной стратегии против современной и многогранных проблем

**Ключевые слова:** Нефтяная стратегия, глобальная экономика, производство нефти, углеводородные ресурсы, экономические влияния, подземные запасы, важность нефти, основные элементы нефтяной политики США

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