

ECONOMIC ASPECTS OF THE GLOBAL TREND¹

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It is clear that there is an energy crisis. However, there is not a consensus on what the real roots of this energy crisis are. Simply the main reason for the recent severe increases in price fluctuations and supply side shocks is not the scarcity of world energy reserves.

The world economy has witnessed some very significant problems since 2007 such as 2007 global food crisis, 2008 global economic crisis, 2018 trade wars, 2020 covid-19 pandemics and recent 2022 Russia-Ukraine war. Interestingly all these difficulties have impacts on economies in a very similar direction in terms of increasing the self-sufficiency concerns and the protectionist sentiments. Even there arise questions such as whether a deglobalization process occurs.

After 2008 global economic crisis, many countries become much aware of the concept of the bullwhip effect. To be a participant of a value chain may result in becoming much vulnerable to economic shocks even in a much-amplified way. Due to this changing mentality world witness the slowing down of the speed of the expansion of the global value chains.

Trade wars are the signs of the changing algorithm of global economy since 1990s. Second great unbundling or global value chains revolution is the main algorithm of the global economy since 1990s. USA is the main responsible actor for this process and the increasing power of China is among the most significant results of this revolution. The conflict between USA and China since 2008 trade wars seems continue and even on the rise. Increasing tariffs after trade wars, supply and demand shocks and the increasing freight costs after covid-19, Taiwan conflict and AUKUS pact are all indicate a big problem between USA and China.

European Union (EU) had the foremost role in efforts towards reducing emissions and taking actions against climate change. EU not only offered and increased considerable financial supports for greener energy projects but also reduced and even removed financial sources for fossil fuels. One more intensification of the EU actions towards fossil fuels was the stop financing renewable energy projects of the fossil fuel producers.

One of the main questions arising here is whether the other big players of energy game have the same inclination towards climate change and emissions issues as EU? Possibly others don't ignore the issues but not concerned as intense as EU. However, the big efforts of EU in stopping using or financing fossil fuels have possible counter arguments both from fossil fuel producers and developing nations. Whether supporter of conventional energy resources and supporter of the greener or renewable energy are in a competition is another topic of interest. Interestingly Russia and Ukraine war drive EU towards reconsider the role of the conventional energy resources.

One of the biggest threats for the near future of the global world is food crisis. Russia and Ukraine war not only decreases the grain exports considerably but also many countries still suffer from the lack of fertilizers. If the disputes in fertilizers trade continue, probably many countries, especially

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developing ones, will face with serious decreases in agricultural crops. Simply this means that the food security and sustainability is in a great threat nowadays.

Winter is coming in EU. Alternative energy resources for EU probably are not enough to fully compensate the lack of Russian gas. Although EU governments try to take precautions by recommending alternative actions to their societies, EU people probably will not much satisfy with the outcomes of this process in the wintertime.

Russia and Ukraine war increase the number of refugees. Especially EU hosts the majority of the Ukrainian refugees. Türkiye, as hosting the largest number of refugees, doesn't ignore the Ukrainian refugees and gives support. However, it is necessary to indicate here that EU has a double standard towards Syrian refugees and doesn't give a really satisfactory support to Türkiye in this process.

One of the sources of conflict especially in our region was related with the EastMed pipeline. This pipeline was first configured as a very long offshore pipeline by ignoring Türkiye. Finally, it was understood that no project can be finished or successful despite Türkiye. Moreover, the cost of the project and the hesitations about the sustainable consumption patterns make USA withdraw its support from the previous configuration of the pipeline. Regarding the recent new developments about the Türkiye and Israel relations, East Mediterranean energy can be transferred to EU through Türkiye.

The increasing capacity of Türkiye in terms of offshore drilling both in Black Sea and Mediterranean Sea by new ships may be a big game changer. New gas discovery of Türkiye in Black Sea raises the hope for other possible discoveries. Meanwhile Türkiye's attempts towards running the underground natural gas storage facilities at full capacity enable Türkiye sustain energy security and sustainability in the midst of the energy crisis.

In brief, the world is in turbulence. And it is not much possible to access a stable global order soon. Thus, interesting new developments may occur and Türkiye's role will have much more significant than ever not only for our region but also for much far regions

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