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Is our energy secure? [1]

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The Conservatives' defence spokesman, Dr Liam Fox, is a worried man. Not just because the UK has more attack aircraft in the RAF museum at Hendon that it has flying in the RAF. As he told the Economic Research Council the other day, he sees trouble brewing over energy security.

He argued that 90 percent of the world's oil comes from undemocratic countries, which is asking for trouble. And a fair proportion of that has to come through some pretty narrow straits and canals that are obvious targets for terrorists.

Fox believes that NATO - which unlike the EU does not exclude Norway (a large producer) and Turkey (a major transit country) - is maybe better placed to deal with the issues of energy security. But liberalizing its own energy markets is maybe a good first step. We can't afford the present inefficiencies.

Meanwhile Russia is using its energy strength as an instrument of foreign policy. Gerhard Schroeder, whose government underwrote a €1bn loan to Gazprom just before he left office, for a pipeline project (which he now sits on the board of.) The Ukrainians and others have felt the heat - or rather the cold - when Moscow turned off energy supplies. Even Norway is beefing up its navy because it feels it can't trust the Russians. Maybe planting a flag on the seabed was not just a stunt.

But the lack of investment in upstream gas production in Russia, thinks Fox, might well lead to future shortages, even if Russian malevolence does not. That puts the UK, with its declining North Sea production, and at the end of all the pipelines, in a dangerous place.

Maybe its' time we started being nicer to the Canadians, with all their oil sands, uranium and hydro-electric power.

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