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Why fight for oil when the sun shines free?

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Synopsis

As wars and economic shocks trace back to fossil fuels, a global shift to renewable energy could reshape geopolitics, easing conflicts and enabling lasting peace.

As the world anxiously awaits whether the US will attack Iran — whose oil China buys in vast quantities as its largest customer — analysts warn of global repercussions that could spill over into broader geopolitical tensions. Although the arguments given by the US are to stop Iran's nuclear program and to address the so-called atrocities committed by the leadership against protesters complaining about the Iranian economy, the actual reason may lie elsewhere. It is the oil.

Historically, many major conflicts have centred on the control of oil and other **fossil** fuels. Because large fossil-fuel reserves are concentrated in limited geographic regions, competition to control them has repeatedly fuelled war.

Consider this: among the factors that destabilised inter-war Europe was the occupation of the industrial and mineral-rich Ruhr region by French and Belgian troops after Germany halted coal deliveries required under World War I reparations agreements. This occupation severely damaged the German economy and contributed to the political and economic instability that later enabled the rise of extremism.

Several decades later, fossil fuels once again became a focal point of global conflict. In 1990, Iraq's invasion of Kuwait brought oil geopolitics sharply to the forefront. Control of Kuwaiti oil reserves would have dramatically shifted the balance of power in **West Asia**, giving Iraq disproportionate influence over regional energy supplies. Such a shift was deemed unacceptable to the United States and its allies, prompting military intervention.

More recently, Russia's conflict with Ukraine has highlighted similar dynamics. Regions such as Donbas contain significant coal reserves, while parts of the **Black Sea** region are rich in oil and natural gas. Russia's annexation of Crimea in 2014 was reinforced by strategic considerations, including control over energy routes and offshore resources, echoing earlier conflicts shaped in part by fossil-fuel interests. Russia's invasion of Ukraine effectively weaponised Europe's dependence on natural gas. Germany alone sourced about 55% of its natural gas from Moscow, despite its push to expand wind energy. In fact, the EU is among the largest buyers of Indian refined petroleum products, many of which, until recently, were produced using Russian crude oil.

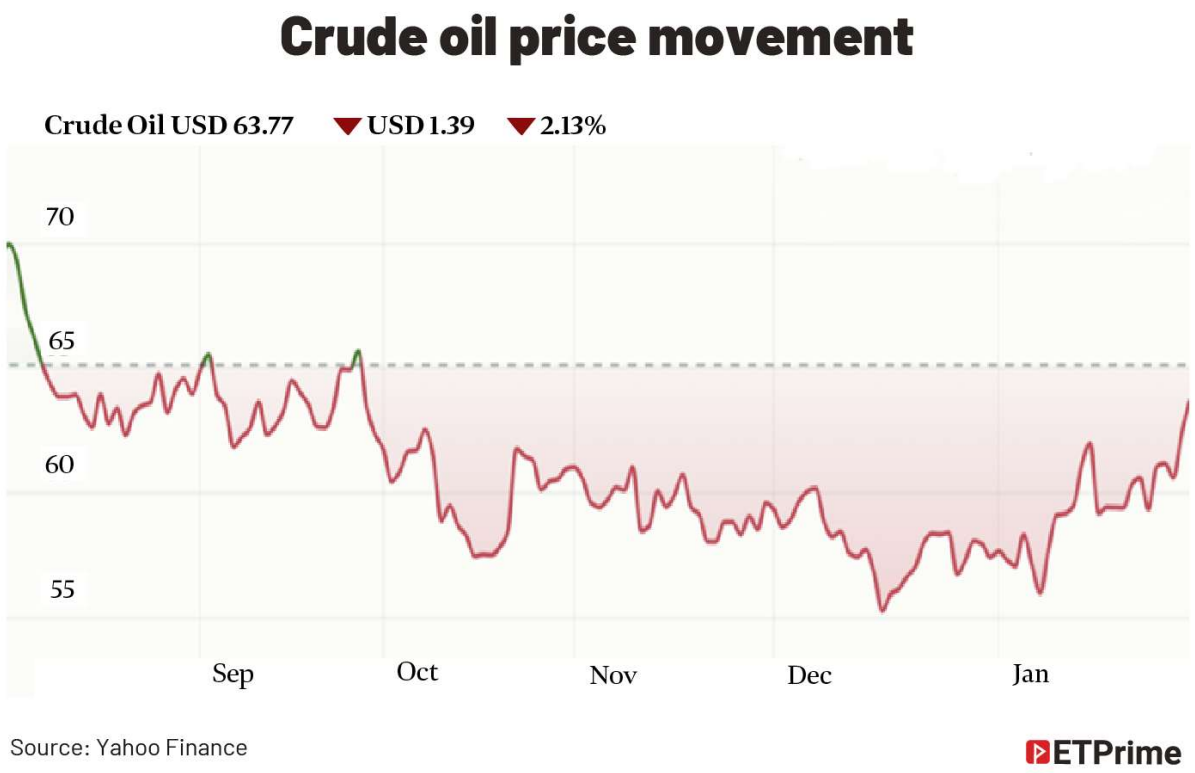
A similar pattern appears to be emerging again, with the US asserting influence over Venezuela's oil sector while intensifying pressure on Iran. Wars, sanctions on Iran, and proxy conflicts in Yemen are all shaped, to varying degrees, by competition over energy and strategic resource control. Fossil-fuel wealth often concentrates power in unstable regimes, heightening the risk of aggression.

Fossil fragility

An excessive reliance on fossil fuels has also contributed to global economic instability. Energy shocks, such as the oil crises of the 1970s, triggered global inflation and forced central banks into aggressive monetary tightening. While such measures eventually

controlled inflation, they came at the cost of recessions, unemployment, and long-term economic damage, particularly in developing economies.

Even today, many countries face inflationary pressures driven by volatile energy prices, currency fluctuations, and geopolitical uncertainty. These challenges disproportionately affect emerging economies, increasing debt burdens, and limiting investments in social welfare and sustainable development.



Although the oil market remained oversupplied by three to four million barrels per day, and members of OPEC held substantial spare capacity, which also explained why oil prices hovered around USD65 per barrel over the last six months, this could change because of war and blockage of the **Strait of Hormuz**. Bloomberg NEF estimates Brent crude to average USD55 per barrel in 2026, assuming the situation in Iran does not disrupt global oil markets. However, if Iran's oil exports were completely removed from the market starting in February, an extreme scenario we currently view as unlikely, Brent could rise to an average of USD71 per barrel in second quarter of 2026. If the disruption persisted through the rest of 2026, Brent could average USD91 per barrel in fourth quarter of 2026. This is going to impact not only the emerging economy but also the US, which is fighting with its own

inflation, something which President **Donald Trump** cannot afford.

In an era in which fossil fuels continue to ignite conflicts from Ukraine to West Asia, it is time to recognise a broader truth: green energy is not just about climate; it also has implications for global peace. Unlike oil and gas, renewable energy sources such as sunlight, wind, and water are widely distributed and far less geographically concentrated. This reduces the incentive for territorial conflict and diminishes the strategic importance of controlling specific regions.

Towards a green stability

A decisive global shift toward renewable energy could fundamentally alter the structure of international relations. By reducing dependence on concentrated fossil fuel reserves, nations could lower the risk of conflict, stabilise economies, and redirect resources toward social development and environmental protection. The problem with climate change is that it does not impact a single country. Consider crop failures from drought. That event doesn't impact the country with drought but all other economies that depend upon that nation's agriculture output for food. Few months back, a ban on rice export by India has seen the price of rice going up in the US and Canada; so much so that the grocery stores are rationing the number of rice bags one can buy. In this way, green energy offers not only a solution to climate change but also a realistic pathway toward lasting global peace.

With China pledging to reach net zero by 2060 and India by 2070, the global shift toward renewable energy is accelerating. The US shale revolution offered only temporary relief. Argentina's Vaca Muerta shale is promising, but pivoting to renewables offers truer energy independence. Brazil's ethanol success halved oil imports; Africa's solar boom allows the continent to leapfrog carbon-intensive fuels. Israel's offshore gas fields buy time, but accelerating green energy ensures lasting security.

Imagine a world where nations compete in clean-tech innovation, not in territorial conquest. India, scaling solar faster than most major economies, leads by example. By fostering energy independence, green transitions can blunt aggressive diplomacy. Leaders must prioritise this shift. The dividends — peace, stability, prosperity — await those bold enough to seize them. Hopefully, good sense will prevail, with the US reaffirming its climate commitments.

(The author is Professor, Mahindra University. Views expressed are personal.)