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OIL SECURITY AND THE IRAQ WAR

Paul Rogers

In the first five months of 2006, Iraqi sources reported that the civilian death toll in the greater Baghdad area was running at over a thousand a month, double the figure for a year earlier. This alone was an indicator of the deteriorating security situation in much of central Iraq, matched by increased violence in the Basra province that had previously been relatively stable. Although the US military casualties remain very small compared with Iraqi civilian deaths, April and May were also bad months for the American forces, with 145 people killed and 850 wounded.

Prior to the killing of the Jordanian-born insurgent figure Abu Musab al-Zarqawi at the end of the month, the impact of the problems in Iraq was continuing to intensify within US domestic politics. Partly because of this there were indications that the United States still planned to try and make some troop withdrawals from Iraq prior to the mid-sessional elections to Congress in November, with this paralleled by a partial handover to NATO's International Security Assistance Force in Afghanistan.

The combined withdrawals would probably not amount to more than 30,000 troops, perhaps 5,000 from Afghanistan and the larger proportion from Iraq. Both decisions are fully dependent on an easing of the two insurgencies and, in any case, they do not imply in any sense at all that the United States is planning to withdraw completely from either country. Although the Department of Defense and the State Department have been cautious in their public statements, there are clear indications that the United States intends a long deployment in Afghanistan, centred on the two bases at Bagram near Kabul and Kandahar in the south. The counter-insurgency actions against a resurgent Taliban were not anticipated but it is likely that the intention was still to maintain substantial air bases with supporting troops for an indefinite period. One function would be to provide a final degree of security to the Afghan government, with this serving to maintain US influence in a key state, linking in with a long-term presence elsewhere in Central Asia.

For Iraq, too, the indications remain that the minimum expectation for the United States would be maintaining a small number of large and powerful military bases, combined with a particularly strong political presence. This will be centred on the new US Embassy in Baghdad, now under construction, which will be the largest embassy of any country anywhere in the world. It will have around a thousand staff in a series of office blocks, apartment complexes and leisure facilities all supported by its own electricity supply and water purification system, the whole complex protected by Marines housed in a large barracks.

If the insurgency is eventually contained, this political base in Iraq will be supported by a number of "super bases", with four currently being developed. One of these, Balad to the north of Baghdad, received over \$220 million in development costs in 2005 alone, with Talil in the south getting over \$100 million. Leaving aside the question of whether the United States forces will be able to contain the insurgency, what is clear is that a major long-term military and civil presence in Iraq is central to US security policy in the region, and it is appropriate to analyse the geopolitical context of this.

Origins of US Oil Security Concerns

While the close relationship with Israel is undoubtedly an important factor in US policy in the Gulf region, it has also been claimed that an underlying motive has been Iraq's oil wealth and its potential for exploitation by US-based transnational oil corporations (TNOCs). There may be an element of this in US policy, and there is certainly abundant evidence that US corporations have found Iraq to be a very profitable zone of operations. For the most part, though, the profitability has been focused mainly on reconstruction programmes rather than the exploitation of oil reserves, even if that might become more significant in the future. At the same time, the real importance of Iraq lies much less in immediate requirements for profitability and much more with wider issues of oil security, part of a trend that has been a feature of US defence policy for decades rather than years.

This, in turn, is part of an even longer-term process of economic evolution. In broad terms of international political economy, most of the countries that industrialised first, such as Britain, built their industries on the basis of raw materials available in their own states. Most European states exhausted many of their key mineral and energy reserves during the 1800s and early 1900s and increasingly imported their requirements, frequently from colonies. An exception to this trend, sometimes termed the "resource shift", was the United States, which remained almost entirely self-sufficient in its energy and mineral requirements right through until the second half of the twentieth century. It is the changing pattern of US resource requirements, especially for oil, in the last four decades that underlies much of current US security policy in the Persian Gulf.

In practice, worries over the security of oil supplies actually date back rather earlier, to the Second World War and the concerns of the Roosevelt administration that the massive war-time requirements for oil might exceed what were then plentiful domestic supplies. This did much to convince the US government in the early post-war years that it was essential to develop close relations with countries such as Saudi Arabia and Iran which, by that time, had been shown to have very considerable oil reserves.

Even in the early 1950s, when the United States was still almost entirely self-sufficient in oil supplies, there was concern that the plentiful Persian Gulf reserves would be a focus for Soviet attention in the event of an East-West confrontation. This was a powerful motive for the Anglo-American campaign to unseat the Mossadeqh government in Iran in 1953 after it had nationalised the oil industry, ensuring that Iran would subsequently be a client state under the vigorous rule of the Shah.

OPEC and the Rapid Deployment Force

By the early 1970s, world requirements for oil had grown enormously, with most of the new reserves being discovered in the Middle East and North Africa, especially in the countries around the Persian Gulf. Although the development of the North Sea oil fields was of value to countries such as Norway and Britain, even at their peak the North Sea reserves amounted to less than 4% of world total reserves, and most of Western Europe remained dependent on imports, as did Japan and the other tiger economies of East Asia such as South Korea. More significant still was the increase in US oil import dependency. Despite intensive exploration of the offshore regions of the Gulf of Mexico, and even with the development of the new fields in Alaska, the United States was moving steadily in the direction of a significant import dependency.

Meanwhile, the Organisation of Petroleum Exporting Countries (OPEC), founded in 1960, was beginning to coordinate pricing policies among member states, especially in the Middle East, with this even extending to gaining direct control over oil companies, as demonstrated by the new Gaddafi regime in Libya in the early 1970s. Although OPEC's ambitions were relatively modest – limited to slow but steady price rises and partial control of national oil industries, there was a major change as a result of the Yom Kippur/Ramadan War of 1973.

In order to influence key western governments to obtain an early ceasefire between Israel and the opposing forces of Egypt and Syria, the Arab members of OPEC used oil as a political weapon, combining production cutbacks, embargoes and price increases in a wholly unexpected manner. The immediate effect, in mid-October 1973, was a price increase of over 70%, with this setting in motion an all-time “bull” market that saw oil prices rise by over 400% by the middle of 1974. The global economic impact of this was massive, but it also resulted in a reappraisal of the US security posture in the Gulf, numerous studies having shown that the United States military did not have the highly mobile rapid reaction forces that would have been needed had direct military intervention been required to maintain the security of oil supplies.

This sense of vulnerability prompted moves to create joint military forces, even if this was made difficult by inter-service rivalries. In the event, the combination of the Iranian Revolution, the hostage crisis in Tehran and the Soviet occupation of Afghanistan at the end of the 1970s combined to give an added urgency to the establishment of the Joint Rapid Deployment Task Force, known more commonly as the Rapid Deployment Force. By the early 1980s, and with the last phase of the Cold War at a particularly volatile stage, the Rapid Deployment Force was elevated into a unified military command, Central Command (CENTCOM), initially responsible for US security interests across an arc of countries stretching from Pakistan to Kenya, but later widened to include the post-Soviet countries of Central Asia.

Although the potential Soviet impact had evaporated by 1990, the Iraqi invasion of Kuwait and its subsequent defeat demonstrated the value, from a US perception, of maintaining military dominance in the Gulf. Not only did Iraq remain under the Saddam Hussein regime, but Iran was still bitterly opposed to the United States and Saudi Arabia’s rulers were increasingly uneasy at having US troops stationed in the Kingdom of the Two Holy Places.

At the root of US concerns are three factors: the dominance of the Persian Gulf in the control of oil reserves; the increasing dependence of the United States on imported oil; and the rise of China as a major oil importer and potential rival, especially in seeking influence in the Persian Gulf region. As to the reserves, the figures are remarkable, even allowing for a tendency of some oil-rich states to over-estimate their reserves. Saudi Arabia, Iraq and Iran alone have about 43% of the world’s oil reserves, with Kuwaiti and Emirates oil taking the region’s reserves to at least 60%. If Russian and Caspian Basin oil is added, together with that of Venezuela, then some 75% of the world’s total oil reserves are accounted for.

As to import dependency, back in 1970 the United States imported about 10% of its oil, much of it from Venezuela because of the availability of cheap supplies. By 1981 this had risen to 37%, by 2001 it was up to 57% and it is expected to go well above 60% by 2021 even if the newer Alaskan reserves are fully exploited. While much of the imported oil still comes from Latin America, both sub-Saharan Africa and some of the Persian Gulf states are increasingly significant. Moreover, the huge Gulf reserves will ensure a progressively greater dependency on this region.

The Chinese Connection

Added to this is the changing position of China, self-sufficient in oil supplies until as recently as 1993. Since then the combination of depleting domestic reserves and rapidly rising demand has made China dependent on oil imports at an even faster rate than the United States. Within seven years, by 2000, China was having to import 29% of its oil and this is expected to rise to 50% by 2010. Finally, the wider issue is that every other major industrialised region of the world, in Western Europe and East and South East Asia, is increasingly dependent on Gulf oil, the one notable exception being Russia.

While the United States had sought to maintain military dominance in the Persian Gulf through CENTCOM and the presence of the Fifth Fleet, China has sought a different route, making long-term

economic agreements not just with Saudi Arabia but with Iran. The Saudis are involved in two refinery projects in China and are also engaged in plans to build a strategic reserve facility in which Saudi oil would be stored in a coastal complex in south east China, making it available to cope with times of sudden shortage. In the case of Iran, the connection is even more firmly cemented in place, to the dismay of the White House. One project, in particular, is indicative of the relationship – a 30-year Sino-Iranian contract valued at \$70 billion. Under this scheme, Iran will deliver oil and gas to China, while China will be involved in the development and exploitation of the Yadavaran oil field.

China is not being particularly assiduous in developing its military capabilities beyond its own region. A single aircraft carrier is under development and there is increased expenditure on forces available for use close to China, but there is no serious capability available either now or in the foreseeable future that would allow China even remotely to challenge US military power in the Middle East. Even so, Chinese ambitions in the region raise major American concerns – the Saudi deals may be annoying, given the long-term US relationship with the House of Saud, but it is the Iranian connection that really concerns Washington.

Although Kuwait and the United Arab Emirates are both major oil producers, it is the trio of Iraq, Iran and Saudi Arabia that are seen from Washington as the key oil states of the region, yet all three are problematic. Saudi Arabia may be regarded as stable, yet there is an unease in Washington which stems from the Kingdom's refusal to allow US military bases, coupled with a concern over the stability of the Kingdom and its commitment to fighting the global war on terror. Many of the 9/11 hijackers were Saudi nationals, the al-Qaida movement has drawn much financial support from Saudi sources and there is a sense in which, from Washington's standpoint, the Saudi authorities have simply not been sufficiently diligent in their anti-al-Qaida operations.

Meanwhile, across the Gulf, Iran remains rigorously determined to go its own way, including frankly maverick statements from President Ahmadinejad, and may be wanting to develop its own nuclear forces which would make any future US intervention against the regime or its successors deeply problematic. If we add to this an unstable Iraq that could potentially fall under Iranian influence or even become a failing state to the extent that al-Qaida could use it as a base, and we have a combination that is simply not acceptable to Washington.

Given the uncertainties in Saudi Arabia and the perceived antagonism from Iran, the one remaining major state in the region that can still be under firm US influence is Iraq. As long as the precarious and antagonistic relationships exist with the Saudis and the Iranians respectively, Iraq remains central to the US policy of safeguarding the Persian Gulf, the timescale being thirty years or more.

It can be readily argued that the instability and insecurity in the Persian Gulf region, coupled with the potentially disastrous impact of carbon emissions on the global climate, both make it highly desirable to move rapidly away from a fossil fuel-based. This would be part of a move away from "control" security towards "sustainable" security, as argued in the recent Oxford Research Group report, *Global Responses to Global Threats*, but there is little indication that such thinking has permeated into any significant part of the Bush administration. Unless there is such a change, then we should expect the United States to be planning to maintain a large military presence in Iraq for some decades. Indeed, to do otherwise would, from the Washington perspective, be a foreign policy disaster at least as significant as the withdrawal from Vietnam.

Whatever may be said about progress in controlling the Iraq insurgency and the possibility of some troop withdrawals, it is far more sensible to assume that the US is in it for the long-term. That may well mean that Iraq continues to evolve into a combat training zone for new generations of young jihadists, an advantage to the al-Qaida movement with its plans also stretching over decades. It may well be that the initial failure of al-Qaida to bring US forces into a substantial occupying role in Afghanistan in 2001/02

will be more than counterbalanced by the United States decision to terminate the Saddam Hussein regime and subsequently occupy Iraq. Whatever does happen, it is certainly not easily understood unless the oil factor is given a core place in the analysis. Until that changes the Persian Gulf region is likely to remain a zone of crisis and potential conflict.

Paul Rogers is Professor of Peace Studies at the University of Bradford and Global Security Consultant to Oxford Research Group (ORG). His international security monthly briefings are available from the ORG website at <http://www.oxfordresearchgroup.org.uk/paulrogers.htm> and visitors can sign-up to receive them via email each month. These briefings are circulated free of charge for non-profit use, but please consider making a donation to ORG if you are able to do so.

You may also be interested in **Global Responses to Global Threats: Sustainable Security for the 21st Century** written by Chris Abbott, Paul Rogers and John Sloboda, and published by ORG in June 2006. Copies of the paper can be purchased from our online shop at <http://www.orgshop.org.uk> or downloaded from <http://www.oxfordresearchgroup.org.uk/publications/briefings/globalthreats.htm>.
