

# Background Information on Oil and U. S. Iraq Policy

## Chronology of U.S. Involvement in the Persian Gulf

1930s	U.S. and British companies develop Iraqi, Saudi, Kuwaiti, and Iranian Oil		1990 - 2002	military action against Iraq. U.S. aircraft bomb Iraq, many basic imports embargoed, including medicine
1945	U.S. President Roosevelt makes oil-for-security deal with Saudi King Ibn Saud		1995	U.S. declares it will defend Gulf interest unilaterally if necessary (Assist. Sec. of Defense Joseph Nye)
1953	U.S. CIA overthrows Iranian govt. for nationalizing Iranian Oil		Late 1990s	French oil giant TotalFinaElf, Russian company Lukoil, and a Chinese oil company negotiate future deals for Iraqi oil
1971	British give up military domination of Persian Gulf, U.S. expands military in Gulf.		Dec. 1998	U.S. attacks Iraq with 200 cruise missiles
1970s	U.S. sells huge supply of weapons to Shah of Iran and other Gulf states		Spring 2002	U.S. Administration confirms plans for war against Iraq
1978	Shah of Iran overthrown		Jan. 2003	Council on Foreign Relations, Baker Institute decide on status of Iraq's post-war oil industry.
1980	U.S. President announces "Carter Doctrine:" U.S. will fight any power than restricts access to Persian Gulf oil.		March 2003	U.S., U.K., Australia invade Iraq
1980s	U.S. supports Saddam Hussein regime in war against Iran, gives economic aid, military intelligence, access to weapons technology, etc.		Sept. 2004	Estimated civilians killed in 14 months of U.S. invasion and occupation reaches 98,000
1987	Kuwaiti oil tankers shifted to U.S. flags		Oct. 2005	U.S. combat deaths in Iraq reach 2000
July, 1990	U.S. completes plans for war against Iraq			
Aug. 1990	Iraq invades Kuwait			
1990 - 91	U.S. & allies fight Iraq			
1992	Under Sec. of Defense for Policy Wolfowitz drafts "Defense Planning Guidance," advocates pre-emptive			

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Sources: M. Klare, *Resource Wars*, New York, 2001 & *Blood and Oil*, New York, 2004; D. Yergin, *The Prize: The Epic Quest for Oil, Money, and Power*, New York, 1992; PBS *Frontline*; news reports.

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## Two Viewpoints on Oil Interests and U.S. Foreign Policy

1. This view says that oil is necessary for the wasteful life style of U. S. consumers who drive SUVs. Despite the fact that conservation, higher gas prices, or alternative power sources might reduce need for Persian Gulf oil, which is 12% of US consumption, this view says--incorrectly--that the U. S. consumers benefit from the policy of U. S. military domination of the Persian Gulf by keeping gas prices low. The U.S. has recently been spending about \$180 billion per year in the attempt to subdue Iraq, which adds an additional \$4.30 / gal to the pump price of the oil imported from the Gulf--not much of a bargain. In fact, the majority (54%) of the oil products sold by the major U.S.-based oil companies (ExxonMobil, Chevron-Texaco, and ConocoPhillips) are actually sold outside the U. S. In 2000, the Federal Trade Commission found that BP Arco (now ConocoPhillips) was selling Alaskan oil in Japan cheaper than to the U. S. west coast, raising gas prices there about 3¢ / gal. The giant U.S. oil companies do not look out for U.S. consumers' interests, but U. S. consumers have to pay in blood and taxes to preserve the multinationals' huge profits.

2. This view notes that military domination of the Persian Gulf has been the U. S. policy followed by every administration since Nixon (see quotes). It explains that policy by maintaining that it is the interests of U.S. giant corporations, including oil companies, that drive U.S. policy in the Gulf. These companies have access and sweetheart deals in the Gulf, which are maintained by a U.S. alliance with Saudi Arabia and other reactionary Gulf states. French, Russian and Chinese business deals with Iraq threatened to upset U. S. dominance there. That dominance gives U.S. corporations power over other countries that need Gulf oil. European and especially Asian countries are much more highly dependent on Persian Gulf oil than the U. S. is. Japan already gets about 75 % of all its oil from the Gulf, and the Dept. of Energy predicts that 60% of China's oil imports will come from the Persian Gulf by 2025. Whoever controls the Gulf can shut off this oil to its rivals, as the U. S. did to Japan before Pearl Harbor. The Iraqi government's threats to switch from dollars to Euros for oil sales also threatened U. S. financial power over the world oil market.

## World Proven Petroleum Reserves

(% of world)	
North America	6%
South&Cent.America	9%
Europe	2%
Former Soviet Union	6%
Iran	9%
<b>Iraq</b>	11%
Kuwait	9%
Saudi Arabia	25%
U. A. E.	9%
Total Mid East	65%
Africa	7%
Asia Pacific	4%

Source: U.S. EIA

## % of World Oil from Persian Gulf

2000	27%
2025	36%
2030	43%

Source: U. S. DoE

## U. S. Political and Military Commitments in the Persian Gulf

1. **Frontline:** "And it's so essential to us geographically to have them [U. S. troops] there [in the Persian Gulf]?"

**Richard Armitage:** "I'd say geo-politically. It's very essential that we protect the survival of those states, that we protect our access to the oil which flows out of the Persian Gulf, and it's been seen by successive administrations and successive Congresses as being in our interest to have troops stationed there." -- PBS *Frontline* interview with Richard Armitage, U.S. Deputy Secretary of State, September, 2001, was. He was also Assistant Secretary of Defense for International Security Affairs in the Reagan and George Bush administrations. Emphasis added.

2. "By 2020, Gulf oil producers are projected to supply between 54 and 67 percent of the world 's oil. Thus, the global economy will almost certainly continue to depend on the supply of oil from Organization of Petroleum Exporting Countries (OPEC) members, particularly in the Gulf. This region will remain vital to U.S. interests. Saudi Arabia, the world 's largest oil exporter, has been a linchpin of supply reliability to world oil markets....

By any estimation, Middle East oil producers will remain central to world oil security. The Gulf will be a primary focus of U. S. international energy policy, but our engagement will be global, spotlighting existing and emerging regions that will have a major impact on the global energy balance. -- *Report of the National Energy Policy Development Group*, White House, May, 2001. pp. 8-4 and 8-5, emphasis added.

3. "U.S. DEFENSE OBJECTIVES: The United States seeks a Middle East and South Asia at peace, where access to strategic natural resources at stable prices is unhindered, where no hostile power is able to exercise de facto hegemony, and where free markets are expanding. The region cannot be stable until there is a just, lasting, and comprehensive peace between Arabs and Israelis and a peaceful resolution to Indian-Pakistani disputes.

Stability also cannot be achieved until Iraq, Iran, and Libya abide by international norms and no longer threaten regional security....

U.S. REGIONAL DEFENSE POSTURE AND ACTIVITIES: The United States military presence in the Middle East includes a limited long-term presence and a larger number of rotational and temporarily deployed forces. An average of approximately 20,000 U.S. military personnel, as well as prepositioned critical materiel, are in the region to deter aggression and promote stability. These forces enforce United Nations resolutions, deter aggression by hostile states, ensure the free flow of commerce, and work with regional partners to improve interoperability and regional nations' individual and collective self-defense capabilities.... The United States' vital interests in the security and stability of the Middle East and its unique military and political position give the United States an indispensable role in promoting regional stability and advancing the cause of peace." -- William Cohen, *Report of the Secretary of Defense*, Chapter 1, *U.S. Defense Strategy*, Department of Defense, Washington, D. C., 2000, pp. 15, 16, emphasis added.

4. "The Persian Gulf is one of the few regions whose importance to the United States is obvious. The flow of Gulf oil will continue to be crucial to the economic well-being of the industrialized world for the foreseeable future; developments in the Gulf will have a critical impact on issues ranging from Arab-Israeli relations and religious extremism to terrorism and nuclear nonproliferation. *Every president since Richard Nixon has recognized that ensuring Persian Gulf security and stability is a vital U. S. interest.*" -- Zbigniew Brzezinski (National Security Advisor to President Carter), Brent Scowcroft (National Security Advisor to George Bush, Sr.) and Richard Murphy (Council on Foreign Relations Senior Fellow), "Differentiated Containment," *Foreign Affairs*, May/June, 1997, pp. 20, emphasis added.

## An Oil Industry View of Persian Gulf Oil

"For as far into the future as anyone can see, the Middle East, led by Saudi Arabia, will account for a commanding share of oil sold internationally. They possess the reserves, production capacity, and incentive to hold that position. Dependency on Saudi Arabia and the Middle

east is a fact of economic life for the US and for other major importers, no matter how much Saudi or Middle East oil any one of them directly receives."

--Editorial, *Oil and Gas Journal*, 1/6/03