Energy Policy 114 (2018) 558–565

Contents lists available at ScienceDirect

Energy Policy

journal homepage: www.elsevier.com/locate/enpol

# Geopolitical dimensions of US oil security☆

Jim Krane*, Kenneth B. Medlock III

*Rice University's Baker Institute for Public Policy, Houston, TX, United States*

A R T I C L E I N F O

*Keywords:*
Geopolitics
Energy security
Crude oil
Climate change
Carter Doctrine
OPEC

A B S T R A C T

The United States appears less exposed to geopolitical risks affecting its oil supply than at any time since the relatively stable period preceding the widespread oil sector nationalizations of the 1970s. Energy prosperity in the US contrasts with a more fraught period for traditional energy exporting states where geopolitical challenges have been compounded by fiscal stress and rising domestic energy demand. America's relationship with energy-exporting countries will continue to evolve as the US grows more self-sufficient and as more non-OPEC resources become viable, particularly in the Western Hemisphere. Expanded geographic diversification of oil production portends a gradual diminution of the strategic importance of large crude oil exporters. One longer term potential effect of the US shale revolution may be, for example, an unwillingness in Washington to maintain the Carter Doctrine's promise of protection for its interests in the Persian Gulf, although this appears unlikely in the near term. Nevertheless, continued economic growth in developing Asia and the unlocking of new energy resources around the world means the geostrategic relationships that have protected energy supplies over the last 40 years are unlikely to endure over the long run.

## 1. Introduction

In 1980, US President Jimmy Carter responded to the Soviet invasion of Afghanistan by declaring that America would use any means necessary to protect its interests in the Persian Gulf. At the time, global oil security had been devastated by the 1979 Iranian revolution, and the subsequent Iran-Iraq war. Protecting oil exports from Saudi Arabia and the smaller Arab monarchies took on heightened strategic importance. Between 1974 and 1981, Saudi Arabia, Kuwait, the United Arab Emirates and Qatar supplied 22% of the world's oil. That is the same fraction they have furnished since 2003 (BP, 2016).

In the two decades following the 1973 OPEC oil embargo, geopolitical risk to US oil security was at its apogee. Dependence on the Middle East was high, as was the threat of disruption. The period was marked by traumatic events mentioned above, as well as Soviet encroachment in Afghanistan, and the rise of Islamist opposition to the Saudi royal family, exemplified by the 1979 takeover of the Mecca Grand Mosque by Saudi insurgents.

Although production outages from Iran and Iraq were short-lived, a forceful US response was appropriate. Following Carter's declaration, the Pentagon established the US Central Command in 1983, giving it oversight of operations in the Middle East and Central Asia. The US Navy's Fifth Fleet was re-established in 1995 and housed at the Jufair naval base in Bahrain, which the Navy had taken over in 1971 upon Britain's departure. The Fifth Fleet provides waterborne security in the Persian Gulf, the Red Sea, the Arabian Sea, and parts of the Indian Ocean. The US government spends between $50 to $100 billion per year maintaining the Carter Doctrine and the related security umbrella in the Gulf (O'Hanlon, 2010).

Since Carter's declaration, the geopolitical dimensions of US oil security have evolved. The 1991 break-up of the Soviet Union altered the geostrategic landscape. Securing the oil supply of the United States and its allies became less about competing with a bloc of socialist nation-states, and more about non-state threats based in the largest oil-producing region. Currently, US security policy remains focused on the Gulf because a stable supply of oil is recognized as critical for the daily functioning of the global economy (Collins and Krane, 2017).

Oil exports from Saudi Arabia and OPEC remain paramount for the global oil market balance, but global oil supply has become more diverse as numerous new players have entered the market. In the US, the shale revolution has led to a surge in supply relative to demand, facilitating American exports of light crude oil and refined products and disrupting the global market balance.

The easing of strategic pressure on global oil supply has been augmented by emerging challenges to the long-term position of oil as the world's dominant transportation fuel, particularly from electric vehicles. More generally, a push towards alternative fuels and greater fuel efficiency has been intensified by concerns about climate change, which

☆ *"This article is part of a Virtual Special Issue entitled 'Oil Supply Disruptions, U.S. Economic Activity and Oil Security'."*

* Corresponding author.
*E-mail address:* jkrane@rice.edu (J. Krane).

https://doi.org/10.1016/j.enpol.2017.12.050
Received 15 June 2017; Received in revised form 3 November 2017; Accepted 28 December 2017

has, ironically, enhanced oil security.

Altogether, developments on both the supply and demand sides of the market plus the entry of new technologies are forcing a recalibration of the energy security dialogue. Traditional consumer-oriented security of *supply* concerns are now comingled with producer-oriented concerns about security of *demand* and the emerging long-term threats to monetization of their oil resource wealth. The intensity of future oil demand growth now hinges on countries encompassing the 6 billion people living outside the OECD. Decisions on energy in China and India create the biggest opportunities for perturbing the status quo, overshadowing the waning significance of consumers in the developed world.

On balance, we believe these trends favor American oil security. The United States currently enjoys less exposure to geopolitical risks affecting its oil supply than at any time since the relatively stable period preceding the widespread oil sector nationalizations of the 1970s. In this context, several questions arise in regards to the long-held US role in global energy security.

- Given the increase in US oil production and in perceptions of oil security, what is the future of American relations with traditional oil-exporting countries? Are US security guarantees for Persian Gulf allies vulnerable?
- As demand in non-OECD countries grows, how might these developing states participate in ensuring the security of global oil supply?
- What geopolitical outcomes might result from continued diversification of oil supply from new resource opportunities, including shale?
- What geopolitical pressures might emerge if climate policies or disruptive technologies induce a reduction in oil's relative position in the global energy mix?

We address each of these questions in the sections below, before synthesizing the various themes in our concluding remarks.

## 2. The Carter Doctrine: vulnerable?

Given oil's position as the dominant fuel for mobility and transport, *energy* security and *oil* security have often been synonymous. In that context, one can define energy security policies as those that aim to avoid the macroeconomic dislocations associated with unexpected

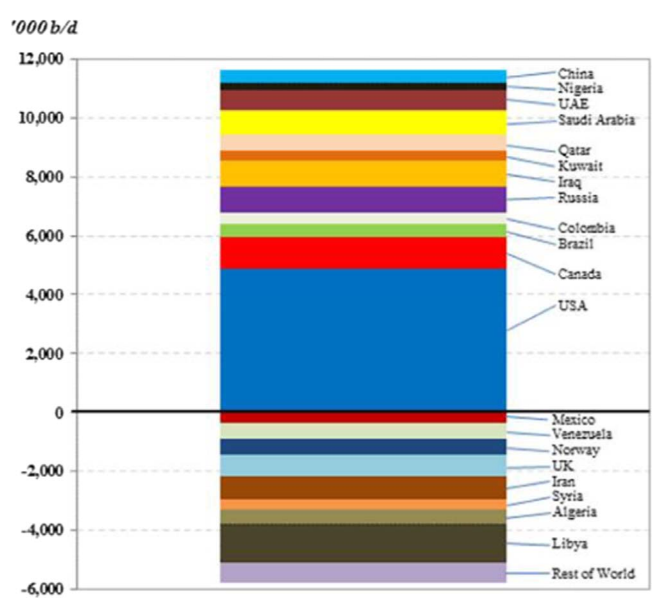


**Fig. 1.** Change in global oil production by country/region, 2008–2015.
*Source*: BP Statistical Review of World Energy 2016

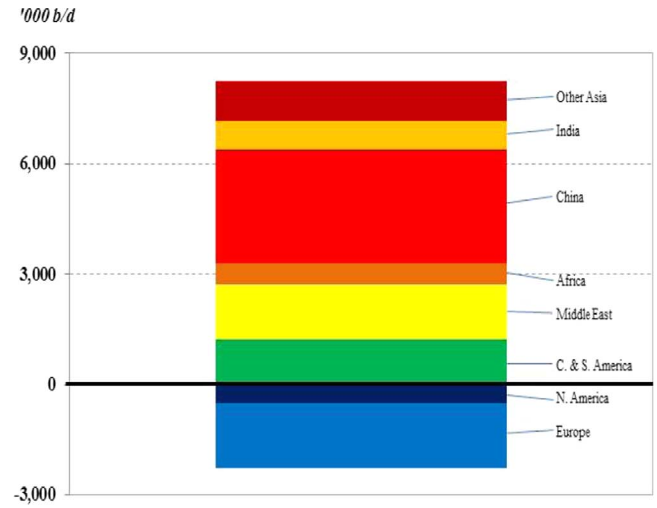


**Fig. 2.** Change in global oil demand by country/region, 2008–2015.
*Source*: BP Statistical Review of World Energy 2016.

disruptions in supply and/or rapid increases in the price of oil. So, it has generally been the case that energy security policies aim to maintain a stable supply of oil at a reasonable price.

Much has been written about the "oil-for-security" relationship between the United States and Saudi Arabia. Of course, direct US imports of oil from Saudi Arabia and its neighbors have never constituted the entire rationale for the US-Saudi alliance or America's interest in maintaining a significant military presence in the Gulf. Until 1991, Saudi Arabia and the Gulf monarchies were important Cold War allies in countering Soviet inroads in the Middle East, Africa, and particularly Afghanistan. Upon the dissolution of the Soviet Union, the strategic grounds of the US-Saudi friendship lost a key motivating factor.

However, the Carter Doctrine remained intact, and the US has retained its military presence in the Gulf for other reasons. First, oil exports from the six Gulf monarchies remain crucial to ensuring that global economic growth is enabled by a sufficient and reasonably priced supply of oil. Second, Saudi Arabia has demonstrated its willingness to accommodate US interest in oil market stability by increasing oil production in the event of a short-term market disruption. For example, the Saudis raised output in a coordinated effort to stabilize price in response to Iraq's invasion of Kuwait in 1990, the US-led invasion of Iraq in 2003, the 2011 campaign in Libya, and anti-nuclear sanctions that blocked exports from Iran.

Despite this, a number of coalescing factors could indicate a weakening of the conditions behind the Carter Doctrine. These include:

- Lower US oil import dependence;
- A realization that oil, while retaining strategic value, is widely available from a diverse set of suppliers, including a rising number in the Western Hemisphere;
- A revival of isolationist political philosophy in the United States, in particular with respect to US involvement in the Middle East, alongside Arab opposition to US intervention and military presence in the region;
- Saudi opposition to US policies on Iran, Iraq and the Arab Spring uprisings[1];
- The notion that US rapprochement with Iran would reduce the requirements for a regional US military presence, and, even if the US reduced or eliminated its Gulf presence, suppliers would continue to export oil without disruption (Lippman, 2016);

[1] For a detailed discussion of recent US-Saudi disagreements, see: Krane, Jim "The US-Saudi Relationship: Ripe for Improvement." Issue Brief, Rice University's Baker Institute, January 2017. http://www.bakerinstitute.org/files/11157/