Global Oil Industry Conflict: An Apocalyptic End?

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Abstract This study is aimed at analyzing the perennial global conflicts over oil resources. Oil has been branded a curse hence, most countries with the abundance oil natural resources has been faced with violent conflicts, either caused by oil or exacerbated by oil. Therefore, this study is determined to identify the attributes of oil that makes it conflict prone. Most importantly, the article would analyze from history to present day, how oil has contributed to conflict and genocide as well as providing practical examples of countries that have experienced oil warfare agony. After evaluating the impact of oil resources in terms of conflict, this study will provide recommendations on how this conflict can be resolved by the use of permanent measures, such as the provision of energy through other means apart from oil; in order to avoid oil causing a world apocalypse.

Keywords: oil industry, global oil related conflict, apocalypse


1. Introduction

Human beings depend on the resources they derive from the environment for their well-being and their very survival. Warfare is a prominent human activity used to gain access to these resources. Oil, gas, and minerals are vital natural resources that meet crucial human needs. Whether for transport, for heating, or for everyday goods and services, these resources constitute essential raw material inputs. Modern civilization would struggle to survive without readily available access to these resources at reasonable and affordable prices. It is for these reasons, these resources are considered to be strategic resources; critical for national and global well-being and prosperity.

Oil forms the largest percentage of energy consumption in the world, ranging from as low as 30% to as high as 60%, depending on the country’s energy consumption level. Forming the world’s largest industry in terms of dollar value, the industry which includes production, distribution, refining as well as retailing is the largest in the world (Venn, 2002).

Countries as well as companies and organizations are aware of this importance and put up measures that would gain them access to this important commodity. In most countries, governments have put up measures to ensure that oil is accessible to them. These include providing major tax breaks to oil companies on almost all oil explorations as well as extractions. These breaks extend to oil field leases as well as the equipment used in oil drilling. Governments also provide heavy public subsidiaries to these companies. In exchange for the favors that the governments offer to the companies, they get to access cheaper oil for their countries. However, while oil has managed to form a larger part of relief in industrialization, it has become the source of conflict in many parts of the world, more so in countries where the precious commodity is produced.

2. Oil and Conflict

The world’s nations interact with each other in their pursuit of external natural resources through governmental and non-governmental avenues in an astonishing variety of bilateral and multilateral ways. These international interactions change with time, ranging from cordial and synergistic to antagonistic and destructive (Cotet & Tsui, 2013, p. 51). For instance, one of the several explicitly enunciated national-security objectives of the USA is to protect U.S. economic interests worldwide by maintaining steady access to energy supplies, other critical resources, and foreign markets. The relations among subdivisions or portions of a nation similarly range in changing patterns from the harmonious to the discordant. At the negative extreme of these spectra of international and domestic interaction are found overt threats of aggression and the actual pursuit of war (Cotet & Tsui, 2013, p. 51).

The resort to war by a nation, a group of nations, or a portion of a nation has been a common approach to achieving a policy objective. The half-dozen or more significant wars currently in progress represent a routine human activity that appears not to have changed significantly in the recent decades or centuries in either frequency or in intensity. The global shortage, or perceived shortage, of one or more natural resources, especially oil, contributes greatly to the belligerent political behavior and the onset of war (Blomberg, Hess & Jackson, 2009, P. 410).

Of the minerals like coal, oil, natural gas, and uranium, the ones considered as possible causes of future wars and
a possible apocalyptic end are oil and uranium (Blomberg, Hess & Jackson, 2009, P. 409). The world has become dependent upon continuing supplies of huge quantities of oil, especially the industrialized nations. Many nations must depend upon imports to satisfy their demand for this commodity. Among the major powers, Russia, China, and the United Kingdom are self-sufficient, and are also exporters of oil. The USA is at present importing about one-third of its consumption. France, Germany and Japan must import all their oil. The major exporting nations at present are Saudi Arabia, Iran, Russia, Nigeria and Mexico. The major exporting region is the Middle East (Blomberg, Hess & Jackson, 2009, P. 409).

### 2.1. Wars Fought Over Oil Control in Past Centuries

A number of wars in the past centuries have been fought over oil. Oil has additionally caused many conflicts in the world in recent years, for example, the war between Sudan and South Sudan (Alexander and Keiger, 2002, p. 26). On 10 April, 2012, the newly sovereign state of South Sudan occupied the oil center of Heglig. This is a town that was granted to Sudan as a peace settlement that enabled Southern Sudan to secede in 2011. In response to this occupation, the northerners mobilized their own forces and drove the southerners out of Heglig (Check and Mdlongwa, 2012, p. 5).

This conflict was caused by factors such as economic differences between the two states, and a long-lasting enmity between the southerners and the northerners. The biggest cause of this conflict however is oil, and the revenues produced by oil. Another evidence of conflicts caused by oil is the naval clash in the South China Sea (Buszynski, 2012, p. 140).

Multiple factors drove this conflict, but just like the Sudan situation, energy was the most dominant motive. The area in question is said to have large deposits of oil and natural gas. All nations around the island, including Philippines and China want to exploit these coffers. Manila asserts a 200-nautical mile absolute economic

1 For example, in the Chaco War of 1932-35, Paraguay annexed a region of Bolivia in the mistaken belief that it contained oil deposits (Hughes, 2005). France was reluctant to lose Algeria in the latter’s of independence between 1954-62 partly because of Algeria’s oil deposits, but was unable to prevail (Alexander and Keiger, 2002). Similarly, Nigeria was reluctant to lose Biafra in the latter’s bid for self-government in 1967-70 in large part owing to the local oil deposits, and was able to thwart Biafra’s attempt at secession (Newman, 2004). The Paracel island clash of 1974, in which China routed Viet Nam in re-establishing its claim to this island group in the South China Sea, was apparently motivated chiefly by the presumed offshore oil deposits (Park, 1978).

2 When the country divided in 2011, the most productive oil fields ended up in the South, while the pipeline for transporting the southern oil to international markets remained in the north. The southerners refused to pay such fees, which made the northerners to confiscate money they had already collected from the southern oil exports. This made the southerners to stop producing oil. It made them launch military action against the north. The situation is very explosive to date, caused by the need for oil.

3 This happened when a Philippine warship arrived at Scarborough Shoal in the South China Sea and detained Chinese fishing boats. The Chinese fishermen were accused of illegal fishing activities in Filipino sovereign waters. In response to this, China sent two of their naval ships to the area, claiming that the Philippine warship was harassing Chinese ships in Chinese waters. The fishing ships were allowed to depart without further incident

4 This decision to terminate the gas agreement was made as a response to a dispute over the Israeli payments for Egyptian gas. All parties involved interpreted it as part of a drive by Egypt’s new government to demonstrate greater distance from the ousted Mubarak regime and his policy of cooperation with Israel. The Egyptian-Israeli gas link was the most important outcomes of the 1979 treaty between the two countries. Its annulment signals a period of great conflict. This may cause energy shortages in Israel.

5 The government announced that it would take 51% controlling stake in YPF, which was majority-owned by the Repsol YPF, Spain's largest energy firm. The seizure of its subsidiary was seen in Madrid as a great threat which had to be combated. The Spanish government retooled that the Argentinean government had broken the climate of cordiality and friendship that prevailed over the relations between Argentina and Spain. After a few days, the Spanish government announced that it would stop importing bio fuels from Argentina, its principal supplier.

### 2.2. Causes of Oil Conflicts in Past Decades

The western world was shocked by the 1967 embargo by the Arab oil-producing countries and by the following oil crisis of 1973-74 (Blomberg, Hess & Jackson, 2009, P. 410). These events demonstrated the possibility for oil-producing countries to exert an influence on the world oil supply and to use their oil resources for political goals. At the time, many western scholars and politicians expressed the fear over the threat of oil blackmail. Further developments showed that the Organization for Petroleum Exporting Countries (OPEC) had only limited possibilities to disrupt oil supplies and that such fear had been exaggerated (Blomberg, Hess & Jackson, 2009, P. 409). Nevertheless, the Middle East remains the best known center of conflict having a considerable raw-material component (Humphreys, 2005, p. 511).

The situation in the Middle East is grave and complex for three reasons. Firstly, there is opposition between the
Arab countries plus Palestine and Israel. Secondly, there are the difficult relations among a number of the Arab countries themselves. Finally, there are hostilities within some of the countries based on religious and political differences. The war between Iran and Iraq served to remove these two countries from list of major oil exporters (Humphreys, 2005, p. 512).

The numerous and varied levels of conflict within the Middle East are viewed with favor by at least some of the oil-importing countries for they are thought to maintain the region in a dynamic balance (Newton-Small, 2013, p. 39). The foreign policy of the USA and a number of other states is designed to keep these conflicts alive. The USA also let it be known that it did not even exclude the possibility of an armed seizure of the Middle Eastern oil deposits if it looked as if the region would fall into the hands of the then USSR (Humphreys, 2005, p. 520).

The downfall in 1979 of the pro-US regime in Iran appeared to be an irrevocable loss to the US position there. Following this event, the USA took compensatory steps to prepare for an alternative presence in the Middle East region. In 1980, the USA began to develop rapid deployment forces capable of striking the Middle East. Additionally, a number of NATO countries quartered military units on the Sinai Peninsula. This enabled these forces to have control over the Suez Canal and the Red Sea region. Such action strengthened the Israeli position vis-à-vis its neighbors (Humphreys, 2005, p. 523).

The USA wanted to create the impression that it was acting on behalf of the whole Western world in striving to guarantee oil supplies for its NATO allies. But this was contradicted by the US proclamation that “An attempt by any outside force to gain control of the Persian Gulf Region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force”. Furthermore, the allies of USA experienced substantial economic losses as a result of the US and Israeli foreign policies in the Middle East. It was also no coincidence that a number of West European nations were made independent, albeit unsuccessful, initiatives to settle the Arab-Israel conflict (Humphreys, 2005, p. 526).

2.3. Propensity for war

Petro-states, states in which revenues from net oil exports constitute at least ten percent of gross domestic product (GDP), are among the most violent states in the world. Such states show a remarkable propensity for militarized interstate disputes (MIDs). They engage in MIDs at a rate more than fifty percent higher than non-petro-states. This was not always true. Until about 1970, petro-states were just about as likely to get into international conflicts as non-petro-states. Yet the modern age of oil, which began in earnest after the Arab oil embargo on 1973, created a world in which petro-states play an oversized role in global military affairs. The relatively small group of petro-states has accounted for almost a quarter of all of the world’s international conflicts since 1970 (Colgan, 2010, p. 678).

Petro-aggression is the idea that, under certain circumstances, oil exporting states are systematically more likely to act aggressively and instigate international conflicts. Rather than being simply a magnet for greed and international competition, oil has multiple effects. Oil creates some incentives to increase a petro-state’s aggressiveness and some incentives to decrease it. The net effect of oil for a petro-state’s foreign policy depends on how the oil income interacts with the state’s domestic politics. Oil income has its most negative consequences for international peace when it flows into a state that is led by a government with aggressive preferences. Such leadership often arises in the wake of a domestic political revolution (Colgan, 2010, p. 679).

However, not all petro-states are affected by petro-aggression. A common misconception about oil politics is that it has a uniform, monolithic effect on politics. This is not true because the net political effect of oil varies dramatically depending on the nature of the petrostate. Large-scale oil income generates multiple political incentives that affect a petro-state’s foreign policy. One of the more important but subtle incentives is that oil facilitates risk-taking by petro-state leaders. Consequently, a petro-state leader often faces very little political answerability, and subsequently a low threat of being ousted from office for risky and potentially unpopular actions. In non-petro-states, one of the reasons that leaders tend to avoid international conflicts is because they know that if they are defeated, they are incredibly prone to be overthrown from office, either peacefully or violently. Yet a leader with huge financial resources to redistribute and purchase political support can afford to take chances, counting those concerned with belligerent foreign policy adventurism (Colgan, 2010, p. 680).

The net impact of oil’s multiple effects on a state’s foreign policy depends critically on its domestic politics, especially the preferences of its leaders. Governments that have come to power by way of a domestic revolution are especially significant. Revolutionary governments are more likely to have aggressive preferences for two reasons. Firstly, revolutionary politics tend to select leaders that are systematically more risk-tolerant and ambitious to revise the status quo of non-revolutionary leaders. Secondly, revolutions tend to eliminate domestic political constraints that might otherwise restrain an aggressive leader from taking a state into conflict or war. Thus, revolutionary states have a higher propensity for aggression than comparable non-revolutionary states, regardless of whether they have oil (Colgan, 2010, p.681).

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6 These were between Egypt and Libya; between Syria and Iraq; between the People’s Democratic Republic of Yemen and Saudi Arabia; and between Iran and Iraq.

7 The USA at first actively provided Israel and Iran with military and other assistance in as much as these two countries were considered to be stabilizing forces within the region. The USA concomitantly provided similar assistance to Saudi Arabia and other conservative Arab regimes as well as to the nearby states of Somalia and Sudan. One of the justifications put forth by the USA for its military aid to the Middle East and nearby countries was the prevention of Soviet expansion into the region.

8 At the time of the so-called Camp David accords in 1978 among Egypt, Israel, and the USA provision had been made for the USA to be able to construct two military air bases for Israel in the Negev desert. The presence of the USA on the Sinai Peninsula also permitted a continuation of the installation, improvement, and operation of an early warning system.

9 Arab countries. For example, were provoked into placing embargos against the Netherlands and the United Kingdom.

10 Oil income is easily controlled by the central government, thereby giving the leader an independent source of financial resources that can be redistributed to buy political support.
For states in which a revolutionary government has taken power, oil amplifies the state’s propensity to instigate international conflicts. The combination of a risk-tolerant revolutionary leader, financial resources for armed actions, and a lofty scale of political self-sufficiency generated by oil earnings, produces a noxious mix that aids state aggression, which in turn leads to conflict. In non-revolutionary petro-states, the net effect is quite different. Oil still provides incentives for aggression, but these are balanced by the incentives to avoid international conflict, such as the opportunity cost of any potentially disrupted oil exports (Colgan, 2010, p.683).

2.4. Impact of oil discovery and production

Referred to as the world’s “black gold”, oil has in the last century or so become a source of hardships and misery in societies where it has been found. Corrupt and authoritarian governments, as well as lop-sided economies, and violent conflict form the order of the day in countries where petroleum producing countries are concerned. Apart from the internal conflict that most of these countries face, there is the fact that huge multinational companies, through military interventions or clandestine operations are able to maneuver for the control of oil fields by using foreign powers (Stoff, 1982, p. 1945).

Due to the lucrative nature of the oil industry, even within these countries, rebel groups crop up and want to challenge the government hoping that they too would get part of the profits that come from then oil. These rebels are often dissatisfied citizens who have seen the greed that the government is experiencing as well as the greed and corruption that comes with the industry and feel that the government is not giving them their share. The degree of the rebel conflicts depends on the strength of the rebel group as well as the ability of the government to quash the rebellion. Some rebellions have even led to the formation of new countries such as was South Sudan’s case (Keable, 2002, p.178).

Oil discovered in between boundaries of two nations has also been cause for conflicts between the countries. These usually lead to border conflicts in the regions as well as international conflicts between the two nations because of the oil reservoirs (Karl, 1997, p. 120). Other than the border conflicts, the damage that oil production causes to the environment has been a course of major demonstrations and strikes that result to lose of lives. Major environmental damages that have resulted either in the production of the oil in its transportation such as oil spills have been cause for major uproars all over the world.

Finally, there is the fact that oil has become a very expensive commodity. In recent years, the demand for oil has been at an all-time high. With high demand comes the need to produce more oil thus more and more oil discoveries are being made all over the world. However, with greater demands comes the rise in the commodities prices. Rise in demand coupled up with rise in prices makes oil a very scarce resource (Heinberg, 2005, p.133).

This has created conflict as people all over the world are now fighting to access this scarce commodity. What is even sadder is the fact that this is likely to be the trend in the next years to come this would mean that is no solution is sought in the nearby future; the likely hood of an escalation in the conflicts both local and international is likely as far as oil as a resource is concerned.

2.5. Reasons both Internationally and Locally as to why Oil is a Source of Conflict

In the last century or so oil has managed to become a source of conflict in one way or the other. This is more so because of the fact that in recent years oil reservoirs all over the world have dwindled because of too much usage. Studies have found that the connection between oil and conflict generally boils down to two expansive reasons. Its importance in a particular country’s economic as well as military power as well as its irregular geographic distribution in the globe (Saharan).

2.5.1. Its Economic Significance

Oil is the primary energy source in the world. It accounts for almost 40% of the world’s energy consumption. It plays an important role in the ground, air and water transportation. In the transport sector, oil provides up to 95% of the energy used in the industry all over the world. It is also used in other industries mentioned earlier on in the paper. Due to the critical role played by oil in the running of an economy, any shortage of this commodity has been known to create global economic recessions (Bräotland, 2004, p. 527). There is also the fact that most countries that are able to export oil and receive good income from this export. Thus, in countries where the leaders may try to tamper with these exports, they are usually met with strong resistance.

2.5.2. Its Significance to Military Power

Oil provides the energy used to power military equipments including the planes as well as the tanks, missiles, armored vehicles, and any other instrument that may be used in a war situation. Modern combat is very expensive to fuel due to the advancement in technology it is therefore very important that every country secure their military power by ensuring that particularly its military squared has access to all supplies. Due to the important role that fuel plays in the functioning of a military combat, governments have ranked fuel possession as a matter of ‘national security’ (Klare, 2004, p. 132).

2.5.3. Its Importance to Oil Geography

While oil is important at a global scale, its reservoirs are not simply located in just any part of the world. In fact, natural petroleum is concentrated in large reservoirs in specific parts of the globe. Studies indicate that the largest reservoir, which contributes to a third of the world’s petroleum, is situated in the Persian Gulf area. The countries situated in this area are providing about 90% of the world’s oil. However, in recent years, there is said to have occurred a gravitation oil shift, thus the oil reservoirs in countries that originally produced oil are depleting and

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11 Case examples of conflicts that have been sparked by rebels over oil resources include Nigeria and Sudan to mention but a few.
12 Recently, South Sudan and Sudan have been having a lot of border conflict that can be attributed to the existence of oil reservoirs that each state believes belong to them.
13 In countries like the US, ter ming oil as a matter of national security means that they may resort to military force in order to protect it
been brewing all over the world, in recent years these groups will resort to any means in order to gain control of that power. These groups want to continue keeping this power and in the revenues it brings in controls the nation and its people. This is because whoever controls the oil and the revenues it brings in controls the nation and its people. Such people want to keep the power and in fact do anything to be able to retain such power. This includes resorting to brute force as well as suppression of the people (Ross, 2012, p. 110). Those not included in the fact do anything to be able to retain such power. This means that the oil is being discovered in countries that originally did not have any (Goodstein, 2005, p. 143).

3. Types of Oil Conflicts

Oil conflicts often occur in either of two stages. The firstly is it may occur before the oil itself is discovered (Basedau & Wegenast, 2009, p. 39). This is where discovery has been made and it has been found that there is a likely hood of oil discovery. The second one may occur where the oil is already being produced. The reasons for this conflict may be divided into three main reasons.

3.1. Territorial Disputes

These disputes arise where boarders are involved and where offshore areas that are thought to be insignificant are concerned. Most of these places are usually considered insignificant until an oil discovery is made (Defffeyes, 2008, p. 79). Some of the areas considered insignificant until the discovery of oil include the Caspian Sea where the oil discovery sparked a territorial conflict between Azerbaijan and Iran and the West African Bakassi Peninsula that caused friction between Niger Delta and Cameroon (Ako & Okonmah, 2009, p. 56).

3.2. Separatist Struggles

In most countries, oil is produced in areas inhabited by ethnic groups. However, the proceeds of the production go to government officials as well national coffers. In this case, the members of the ethnic communities will feel that the fact that the oil is on their land, and they are not getting anything from the government, then it would be best if they break away from the parent nation to form their own (Ako & Okonmah, 2009, p. 57). This has been the case in Nigeria, Indonesia, and the southern part of Sudan. South Sudan is a recently independent state because of such a conflict (Aalo, 2007, p. 124).

3.3. Factional and Dynastic Struggles

Oil brings out the evil as well as the dictatorship in individuals. This is because whoever controls the oil and the revenues it brings in controls the nation and its people. Such people want to continue keeping this power and in fact do anything to be able to retain such power. This includes resorting to brute force as well as suppression of the people (Ross, 2012, p. 110). Those not included in the power on the other hand will resort to any means in order to gain control of that power. These groups will resort to rebellion, terrorism, or coups to wrangle power from the powerful. Dynastic struggles have been a major contributing factor in oil wars at Niger Delta (Frynas, 2001, p. 29).

3.4. Some of the World’s Fuel Conflicts as of the Last Quarter a Century

While conflict about oil and who gets to control it has been brewing all over the world, in recent years these conflicts have escalated (Ebel, 2002, p. 162). In fact as of the past years, more than two oil conflicts had erupted between nations over oil. Some of the more recent oil conflicts include:

3.4.1. The Sudan and South Sudan Conflict

This conflict is still ongoing to date. In the early part of 2012, troops from the newly formed South Sudan nation occupied an oil center in Heglig, a town that had been granted to Sudan in a treaty between the two nations. The Sudan government organized its troops which were to drive the Southern Sudan troops from the oil center. Since then, there has been conflict between the two nations (Manaz, 2009, p. 74).

3.4.2. The southern China Sea Naval Clash

This particular area is thought to contain large deposits of oil reservoirs. This has elicited a naval clash between the Chinese government and the Filipino government both of who are claiming rights over that particular stretch (Manaz, 2009, p. 72). The Filipino government claims to have discovered the oil and that it would start drilling. On the other hand, china claims that the place is their territory.

3.4.3. Egypt Oil Conflict with Israel

As at the year 2012, Egypt had announced that it would cut off its oil supply to Israel. This announcement was followed by months of protests and attacks on the main pipeline that took oil to Israel (Manaz, 2009, p. 72).

3.4.4. Syrian Oil Conflict

Syria is a country with massive oil reservoirs and more recently rebels have come up and want a piece of the cake. This has resulted in conflict between the Syrian military and the rebel groups, which has recently escalated to the use of chemical weapons (Lyall & Wilson, 2009, p. 70). What is worse is the fact that nobody is aware of the extent to which this particular war is going to before it can end. Even worse still is the uncertainty that has been brought about by the presence of the US army in this particular conflict (Lyell & Wilson, 2009, p. 83).

4. Recommendations

The only way to reduce conflicts over energy resources such as oil is by coming up with new energy sources. These include sources such as solar power. The solar photo-voltaic (PV) is a technology used to convert energy from the sun into electricity. Other alternatives include biogas technology that changes organic waste into power, and micro and pico-hydro technologies, which harness energy from falling water, for example, steep mountain rivers. These new sources of energy can be improved and used globally to reduce dependence on oil, thus reducing oil induced conflicts (Todd, 1982, p. 72).

5. Conclusion

Oil related conflict is a phenomena that has taken a toll in the last quarter a century so. It is sad that the rate at which these conflicts are emerging seems to be increasing; with more than five major incidents reported in the last
year alone what is sad is with more than five conflicts reported in the last year alone. This indicates that the world is headed to more and more conflicts in the future. Evidently, there are issues that are ‘fueling’ this rapid movement towards an apocalyptic oil conflict end. Other than greed for power as well as money, the shortage in the commodity is causing a panic in the world. Therefore, those with oil want to hoard it and sell it at expensive rates while those without it are fighting to get it.

Oil is the most important global resource. It is also responsible for most national and international conflicts in the world for many decades and even today. Most oil importing countries such as the USA instigate foreign policies that cause conflicts in the oil exporting countries, thus enabling the USA to swoop in and control their oil reserves. The Oil exporting countries themselves have a great propensity for instigating national and international conflicts as seen in the above points. With this continuing trend, oil could cause an apocalyptic end of the world if other new sources of energy are not found.

References