

**Lebanese American University**

The U.S. Shale Boom and the Middle East:  
How the Obama Administration Leveraged American Oil  
to Advance U.S Interests in the Region

By

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A thesis

Submitted in partial fulfillment of the requirements  
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*Dedication page*

*To my loving parents, Youssef and Colette, thank you for your constant support and for never ceasing to believe in me.*

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The U.S. Shale Boom and the Middle East:  
How the Obama Administration Leveraged American Oil to Advance U.S  
Interests in the Region

Rachel Makdessy

ABSTRACT

For decades, the United States' interests in the Middle East have been highly influenced by America's need to secure the free flow of oil from the Persian Gulf region. Yet, while reliance on Middle East oil has restricted U.S foreign policy options towards the region, the surge in domestic shale oil and gas since late 2008 has brought unequivocal advantages for American statecraft. As U.S petroleum imports from the Middle East began to drop and shale oil found new grounds on global energy markets, the Obama administration came upon a significant political toolkit. The 2015 nuclear agreement with Iran has been termed President Obama's 'legacy' in the Middle East. It has also brought to light the role of U.S shale oil in supporting American diplomacy and sanctioning endeavors against the Iranian regime. This thesis tackles this particular case as it showcases how capitalizing on this shale boom has provided President Obama with foreign policy options that were not attainable to his predecessor George W. Bush. The analysis offered complements theoretical paradigms in International Relations with empirical evidence on the role of energy politics. The thesis hence reveals how shale oil served as a geopolitical force supporting American actions against Iran as an oil-rich nation and a U.S adversary in the Middle East.

*Keywords:* U.S foreign policy, U.S Energy Policy, Energy Security, Middle East, Iran, Economic Sanctions.



# Table of Contents

Chapter	Page
<b>I- Introduction .....</b>	<b>1</b>
1.1 Purpose of the study .....	4
1.2 Topic significance and contribution .....	4
1.3 The pre-shale administration .....	7
1.5 Thesis contents .....	10
<b>II- Literature Review .....</b>	<b>12</b>
2.1 Middle East Oil and U.S Foreign Policy .....	14
2.2 The Oil ‘Myth’ .....	18
2.3 The U.S. Shale Boom and its effects at home .....	20
2.4 The Global Implications of the U.S shale boom.....	22
2.5 The Bush administration and the Pre-Shale Middle East Policy (2001-2009) .....	25
2.6 Energy and U.S foreign policy .....	26
2.7 The Obama administration and Post-Shale Middle East Policy (2009-2017) .....	27
2.8 Existing Gaps .....	33
<b>III- Methodology .....</b>	<b>35</b>
3.1 Resources consulted .....	35
3.2 Historical Analysis .....	36
3.3 Comparative Analysis .....	37
3.4 Arguments .....	38
3.5 Hypothesis .....	40
3.6 Concepts .....	41
3.7 Variables employed.....	44
<b>IV- The Bush Administration and Middle East Oil .....</b>	<b>49</b>
4.1 Introduction .....	49
4.2 Domestic Energy Policy of the Bush Administration.....	50
4.3 Dwindling U.S energy production.....	55
4.4 The Global Energy Crisis and its Implications for the United States .....	56
4.5 The National Energy Policy and America’s increasing dependence on Middle East oil.....	58
4.6 Oil, the Middle East and the Foreign Policy of the Bush Administration .....	61

4.6.1 Inevitability of reliance on Middle East oil .....	63
4.7 The Bush Administration and Saudi Arabia .....	65
4.8 Iraq and the Bush Administration.....	69
4.8.1 U.S intervention and stakes for U.S oil firms in Iraq.....	71
4.8.2 Iraq and the lobbying efforts of U.S oil firms.....	73
4.8.3 Iraq intervention and undermining Saudi leverage.....	75
4.9 The Bush administration and sanctions on Iran.....	77
4.10 Conclusion.....	79
<b>V- The Shale Boom and the Obama administration .....</b>	<b>81</b>
5.1 Introduction .....	81
5.2 U.S energy production and consumption during the Obama administration .....	84
5.3 The domestic energy policy of the Obama administration .....	87
5.4 The role of the shale boom in Obama’s domestic energy policy.....	89
5.5 Lobbying efforts against Obama’s green agenda .....	92
5.6 The foreign policy of the Obama administration.....	94
5.7 Obama’s foreign policy objectives in the Middle East.....	97
5.8 U.S grand strategy under the Obama administration.....	98
5.9 Sanctions, Diplomacy and the Nuclear Agreement.....	102
5.10 Conclusion.....	110
<b>VI- Conclusion .....</b>	<b>112</b>
6.1 Research findings .....	112
6.2 Bound by the Middle East .....	116
6.3 Lessons learned .....	119
6.4 Contribution .....	120
6.5 Recent challenges and limitations .....	122
6.6 From here onwards.....	122
<b>Bibliography .....</b>	<b>129</b>

# Chapter 1

## Introduction

In his State of the Union address in January 2006, President George W. Bush proclaimed a statement which summarized the United States' energy conundrum at the time: America is "addicted to oil."<sup>1</sup> The Bush administration had created the National Energy Policy Development Group (NEPDG), a task force headed by then-Vice President Dick Cheney and aimed at solving the issue of U.S reliance on Middle East oil. America in the early 2000's had been importing almost 30 percent of its oil from the Middle East in order to operate its petroleum-based economy. <sup>2</sup> President Bush had announced his administration's goal to replace more than 75% of U.S oil imports from the Middle East by 2025<sup>3</sup> while still seeking the support of major oil giants in the region for supply during tight market conditions. An ultimate question surrounding American foreign policy during the Bush and previous administrations was how to reduce U.S reliance on foreign oil and ensure better energy security for the United States.

Six years later, President Barack Obama announced in front of a crowd in Cushing, Oklahoma that the U.S "is now importing less than half the oil [it uses] for the first time

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<sup>1</sup> Borger, J., 2006. *Bush sets goal for US of 75% cut in Middle East oil imports*. [online] The Guardian. Available at: <<https://www.theguardian.com/world/2006/feb/01/usa.julianborger>> [Accessed 9 March 2021].

<sup>2</sup> Murphy, C., 2021. *America's Middle East Policy Is Outdated and Dangerous*. [online] Foreign Affairs. Available at: <<https://www.foreignaffairs.com/articles/united-states/2021-02-19/americas-middle-east-policy-outdated-and-dangerous>> [Accessed 9 March 2021].

<sup>3</sup> Borger, J., 2006. *Bush sets goal for US of 75% cut in Middle East oil imports*. [online] The Guardian.

in more than a decade.”<sup>4</sup> The President was optimistic and determined to bring back an America which controls its own destiny and builds a future that is not bound by what is happening at the ‘other side of the world’—namely the Middle East.<sup>5</sup> The administration had witnessed a reduced U.S need to import Middle East oil while gaining better resilience against potential market disruptions.<sup>6</sup>

What explains this major shift in U.S energy stance?

After years of dormant domestic energy production, in late 2008, the U.S witnessed a stark surge in oil and gas output. Years of U.S investment in exceptional drilling technologies resulted in unearthing “hundred years-worth of reserves under [America’s] feet”, as President Obama had proclaimed.<sup>7</sup> Through a combination of hydraulic fracturing and horizontal drilling, American energy producers were able to extract a plethora of natural shale oil and gas that resulted in what has prominently been termed as the ‘shale boom’ phenomenon. After years of excessive dependence on foreign supply, the U.S was suddenly importing less oil from countries like Canada and the region housing the biggest oil reserves in the world—the Middle East. Imports from countries of the Persian Gulf began decreasing since 2008 and reached their lowest level in 2015.<sup>8</sup> By 2018, the U.S had become the world’s top producer of oil and natural gas, surpassing both Saudi Arabia and Russia as a major energy producer.<sup>9</sup> This dramatic change in U.S energy stance

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<sup>4</sup> Obama, B., 2012. Remarks by the president on American-made energy. *The White House, Office of the Press Secretary*. [https://obamawhitehouse.archives.gov/thewhitehouse-office/2012/03/22/remarks-president-american-made-energy](https://obamawhitehouse.archives.gov/thewhitehouse-archives/gov/thewhitehouse-office/2012/03/22/remarks-president-american-made-energy).

<sup>5</sup> Ibid.

<sup>6</sup> Furman, J., & Sperling, G. (2013). Reducing America’s Dependence on Foreign Oil.

<sup>7</sup> Obama, B., 2011. Remarks by the President on America’s energy security. *Speech, Georgetown University, Washington, DC*.

<sup>8</sup> Oil imports and exports - U.S. Energy Information Administration (EIA).

<sup>9</sup> What countries are the top producers and consumers of oil? - FAQ - U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/tools/faqs/faq.php?id=709&t=6>

induced a substantial rise in the share of world crude oil during the past decade while reversing a historic trend of decline in American energy production.<sup>10</sup>

More importantly however, this shale boom has brought into question the status of U.S-Middle East relations and whether less dependence on the region's oil would entail greater American leverage in dealing with major oil producers in the Middle East. The fact that the shale boom occurred during President Obama's tenure merits considerable attention towards his administration's actions and reactions towards the Middle East as it is conducive for the President to capitalize on such a vital strategic toolkit. This thesis tackles this specific issue with a particular focus on the Obama administration's efforts to advance American foreign policy interests in the Middle East with the help of this new-found U.S energy leverage.

Certainly, U.S foreign policy objectives in the Middle East cannot be limited to the role of oil, as other interests are equally important on America's agenda towards the region. Countering terrorism and nuclear proliferation as well as supporting Israel's interests and promoting democratic reform are all critical elements of U.S foreign policy objectives in the Middle East. Even talks about the environmental implications of this phenomenon have not gone unnoticed, especially as the Obama administration had been extremely cautious in implementing oil drilling regulations in the U.S.

Yet, oil continues to shape American footprint and connections with the region's players since it is a tangible commodity that is traded worldwide and therefore has tremendous impact on America's ability to operate its fuel-dependent economy.

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<sup>10</sup> Frondel, M., Horvath, M., & Vance, C. (2018). The US Fracking Boom. p.3.

## **1.1 Purpose of the study**

Consequently, this thesis serves to study how the shale boom has enhanced U.S energy security and hence provided the Obama administration with greater leverage in Middle East politics. The work offers a thorough look into the way the addition of U.S shale oil on the global energy market gave the U.S strategic options in dealing with the Iranian regime's nuclear ambitions. The thesis also highlights the influence of U.S shale oil on America's allies in the Middle East. As OPEC's de facto leader, Saudi Arabia also witnessed the power of U.S shale energy on global markets, particularly during the 2014-2015 oil crisis. Although this is briefly analyzed in this thesis, especially as the addition of U.S shale oil on global energy markets greatly impacted OPEC's market share, the main Middle East actor discussed here is Iran.

Highlighting the difference between the pre-shale and post-shale era also boosts my argument on the critical role of domestic shale oil on U.S energy security. This explains the comparisons made between the Bush administration during the days when the U.S was bound by its excessive need for Middle East oil and the Obama administration's years when America had become less dependent on oil supply and more energy secure. While the shale boom was not exclusively the result of President Obama's efforts, his administration did succeed in capitalizing on domestic energy abundance to enhance U.S energy security and reduce America's reliance on Middle East oil.

## **1.2 Topic significance and contribution**

The topic brings to forefront a new stance for American foreign policy in the Middle East, provided—as argued in this research— as a result of the new U.S energy abundance and

its ensuing effect on American energy politics. We cannot truly understand the extent of shale oil's influence on U.S Middle East politics unless we thoroughly understand—from an empirical and theoretical perspective—the link between the role of this new-found leverage on global energy markets and the ensuing ability of U.S administrations to capitalize on such an energy breakthrough to advance political interests. This thesis highlights this particular connection while delineating how the Obama administration was able to enhance U.S foreign policy stance as a result.

The 2015 nuclear agreement or what is also known as the Joint Comprehensive Plan of Action (JCPOA) has brought significant attention to the Obama administration's foreign policy achievements and was one of the President's legacies in the Middle East.<sup>11</sup> The President had reiterated the necessity of diplomatic engagement with Iran through a disciplined framework that ensured that Iran's nuclear program would remain a peaceful initiative. The Obama administration employed intense diplomatic efforts to convene the nuclear agreement by convincing states that U.S shale will help safeguard global markets from major disruptions. U.S-led sanctions also constituted a vital element in pressuring Iran to comply with the nuclear agreement provisions. Although the goal here is not to assess the success or failure of the JCPOA, there is no denying that both of these strategies had a great impact on U.S engagement with Iran and hence was considered to be President Obama's biggest foreign policy achievements in the Middle East.<sup>12</sup>

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<sup>11</sup> Phillips, A., 2015. *Why the Iran deal is so huge for Obama's legacy*. [online] The Washington Post. Available at: <<https://www.washingtonpost.com/news/the-fix/wp/2015/07/31/why-the-iran-deal-is-huge-for-obamas-legacy/>> [Accessed 18 March 2021].

<sup>12</sup> Sterio, M., 2016. President Obama's Legacy: The Iran Nuclear Agreement. *Case W. Res. J. Int'l L.*, 48, p.69.

This also adds a significant element of contribution to the broader dimensions of energy security. With reduced U.S reliance on Middle East oil, existing scholarship focuses on the idea of energy security rather than complete independence.<sup>13</sup> U.S energy security is seen as an aggregate of reduction in oil imports from ‘unfriendly nations’, diversifying sources of energy supply and “ensuring that no nation can effectively manipulate markets against [U.S.] national interests.”<sup>14</sup> This thesis does not work to prove that the U.S has gained complete energy security. However, I do argue that the U.S shale boom has enhanced American energy security through inducing less reliance on Middle East oil and providing the Obama administration with better options to deal with critical foreign policy issues like Iran’s nuclear proliferation.

The thesis also contributes to the broader context of U.S grand strategy by analyzing how the shale boom has helped President Obama to sustain U.S commitment to the objectives of American grand strategy. U.S grand strategy under the Obama administration aimed to sustain American leadership in a world order that emphasized multilateral engagement and diplomatic means of cooperation. Diplomacy for instance is represented as a crucial tool that the administration has employed to secure multilateral cooperation on the Iran nuclear deal and hence circumvent any direct confrontation or military intervention to tackle security issues. This form of soft power is one visible mean through which the administration maintained its commitment to the principles of U.S grand strategy.

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<sup>13</sup>Terzic, B. (2012). Energy independence and security: A reality check. and Baron, K. (2013). Does energy independence equal energy security?. Foreign Policy. Retrieved 30 April 2020, from <https://foreignpolicy.com/2013/05/03/does-energy-independence-equal-energy-security/>

<sup>14</sup> Ibid.



Sanctions also contributed to that respect, whereby they helped the U.S to pressure adversarial states like Iran into compliance without the need for direct confrontation.

The empirical leverage analyzed here is in parallel with the theoretical paradigms of realism and liberalism in the field of International Relations which have been employed in this thesis. Sanctions are perceived in the literature to reflect the realism model of IR theory, marking what some scholars have described as realist means to advance foreign policy objectives. Sanctions are employed here as a leverage tool used by states with energy influence in order to pressure adversaries into changing their behavior. While they can also be considered a liberal alternative to direct warfare, sanctions here are nevertheless revealed as a leverage tool deployed by energy-producing nations to advance geopolitical goals among which is targeting energy-exporting nations. In this case, Iran is a major oil-exporting country and hence a state depending on oil revenues to fund its regional and global activities. Slashing Iranian oil off the market thus limits Iran's market share and hence constrains its oil-funded activities. Diplomacy is used as the second realist strategy employed by the Obama administration to bring states to the nuclear agreement table by asserting the availability of U.S and Saudi oil on global energy markets in the absence of Iranian oil. It showcases the influence of soft power and engagement with adversaries as alternative means to the use of force in achieving foreign policy objectives.

### **1.3 The pre-shale administration**

In contrast to the days of the Bush administration and America's excessive reliance on Middle East oil, the shale boom provided the Obama administration with critical leverage to deal with powerful oil-exporting states like Iran which is simultaneously a U.S

adversary. The Iranian regime was as much an adversary during the Bush administration as it was during Obama's terms in the White House. In addition to the contrast in both Presidents' approaches, a critical difference lies in the nature of influence the U.S had in dealing with Iran. The Bush administration's options were limited in sanctioning the Iranian regime, not to mention the controversial oil-for-security relations the President had with U.S ally Saudi Arabia. The means and approaches employed by each President in advancing U.S foreign policy objectives is also taken into account here; yet, by analyzing both administrations' domestic and foreign energy policies, the shale boom is seen to offer the Obama administration in particular a critical strategic tool to capitalize on in U.S statecraft.

#### **1.4 Importance of this enquiry**

The share of world crude oil has increased substantially in the past decade in great part due to the advantages brought about by U.S fracking technologies.<sup>15</sup> This provides America with enormous advantages as reliance on reasonably-priced oil from the Middle East has historically constrained U.S foreign policy objectives while placing the country in a less advantageous posture with the region's oil giants.<sup>16</sup> American-led wars in the Middle East and U.S relationship with countries that are powerful oil players on the energy market has been seen as an underpinning surrounding America's need for oil supply from the region.<sup>17</sup> Saudi Arabia—a major U.S ally in the Middle East—has a history that is fraught with human rights abuses and which has recently come to the spotlight.<sup>18</sup> Not to

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<sup>15</sup> Frondel, M., Horvath, M., & Vance, C. (2018). The US Fracking Boom. p.3.

<sup>16</sup> Blackwill, R. D., & O'Sullivan, M. L. (2014). America's energy edge.

<sup>17</sup> Nathman, J. (2009). Powering America's Defense. p.3,4.

<sup>18</sup> Gardner, F., 2021. *Saudi human rights under new spotlight in Biden era*. [online] BBC News. Available at: <<https://www.bbc.com/news/world-middle-east-55794286>> [Accessed 17 March 2021].

mention the Kingdom's support to individuals and organizations supporting terrorism.<sup>19</sup> Now America's support to Saudi Arabia has come under heavy scrutiny with the arrival of the Biden administration in the White House.<sup>20</sup> Even the substantial military investment that the U.S has made in the Middle East for the security of oil flow— particularly in the Persian Gulf region—has come under serious questioning during the previous Trump administration.<sup>21</sup>

The necessity of intervention in the defense of allies and access to oil flows from the Middle East which was once an underpinning for U.S involvement in the region does not appear to receive the same prioritization from U.S administrations. The advantages brought about by the advancements in fracking technologies are termed as a 'game changer' on global oil markets and for the U.S's diplomatic role.<sup>22</sup> America has become less vulnerable to social and political instability in the Middle East in great part due to the surge in domestic oil production.<sup>23</sup> This has boosted the country's foreign policy influence in securing its strategic objectives in the region.<sup>24</sup> In addition, the reduction in U.S oil imports from the Middle East reveals an actual diminished energy reliance on the region

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<sup>19</sup> United States Government Accountability Office. (2005). Information on U.S. Agencies' Efforts to Address Islamic Extremism. Washington: U.S Government. Retrieved from <https://www.gao.gov/new.items/d05852.pdf>

<sup>20</sup> E. Barnes, J. and E. Sanger, D., 2021. *Saudi Crown Prince Is Held Responsible for Khashoggi Killing in U.S. Report*. [online] The New York Times. Available at: <https://www.nytimes.com/2021/02/26/us/politics/jamal-khashoggi-killing-cia-report.html> [Accessed 20 March 2021].

<sup>21</sup> Ulrichsen, K., 2020. Rebalancing Regional Security in the Persian Gulf. *Center for the Middle East, Rice University's Baker Institute for Public Policy, (February 2020)*, p.11.

<sup>22</sup> Salameh, M.G., 2013. Impact of US Shale Oil Revolution on the Global Oil Market, the Price of Oil & Peak Oil. *International Association for Energy Economics, 1*, pp.27-31. and DEO, P., 2015. *Secretary Kerry: Shale Development a "Game Changer" for U.S. Diplomacy*. [online] Energy in Depth. Available at: <https://www.energyindepth.org/secretary-kerry-shale-development-a-game-changer-for-u-s-diplomacy/> [Accessed 19 March 2021].

<sup>23</sup> O'Sullivan, M.L., 2017. *Windfall: How the new energy abundance upends global politics and strengthens America's power*. Simon and Schuster.

<sup>24</sup> Ibid.

instead of mere rhetorical policy objectives set by U.S administrations. Such pivotal dynamics present several opportunities for U. foreign policy in the Middle East.

Finally, all of the above changes introduce a new perspective for policymakers, academics and those interested in understanding the U.S's current role in the geopolitics of the Middle East. U.S foreign policy in the Middle East does not follow a static precept and, as this thesis will prove, is not necessarily bound by a sort of 'fate' that ties the country to the region as much as historic and even contemporary literature has claimed. Multilateral cooperation and engagement have proved to be much more effective for tackling global security issues threatening U.S interests, especially in a highly unpredictable region like the Middle East. But most importantly, and in spite of differences in American approaches, U.S energy interests have a huge impact on how U.S administrations perceive America's objectives in the Middle East. As it touches on historic accounts while also underscoring recent domestic and foreign dynamics in the geopolitics of energy, this thesis sets new boundaries for those who simultaneously require a comprehensive renowned and contemporary outlook on American foreign relations, particularly in the Middle East.

## **1.5 Thesis contents**

Beyond the introductory chapter, this thesis will proceed to the second chapter which will survey historic and recent analysis on several related topics including U.S shale, American statecraft and foreign policy in the Middle East. Scholarly as well as policy sources present wide-ranging arguments on the influence of U.S shale oil on the geopolitics of the Middle East and America's ensuing potential to lead a better future in the region. Chapter 3 on Methodology will then explain the methods utilized in the research findings as well as the

arguments and variables employed. Chapter 4 focuses on the Bush administration and the challenges facing the President at a time when U.S oil production had been diminishing and America was increasingly dependent on oil supply from the Middle East. I have chosen the case of the U.S-led war on Iraq to explain further how oil was among the major factors in President Bush's decision to undermine Saddam Hussein's power to manipulate Iraq's resources. Chapter 5 follows to focus on the Obama administration's foreign policy actions in the Middle East. The U.S-orchestrated 2015 nuclear deal is the case under study. It reveals the role of American sanctions and diplomacy in constraining Iran's market influence and fostering multilateral engagement at the agreement table. Finally, Chapter 6 recapitulates the findings of the thesis and underscore the lessons learned the realm of International Relations and U.S foreign policy in the Middle East. The chapter will provide a holistic outlook on recent events while highlighting regional and global changes potentially influencing American interests in the region.

## **Chapter 2**

### **Literature Review**

Studying American statecraft vis-à-vis the geopolitics of the Middle East reveals the diverse work of numerous academics and policy makers on how oil dependence impacts U.S foreign policy strategies towards the region's players. U.S and Middle East oil comes at the forefront of existing literature highlighting America's need to secure access to the region's energy.

In this chapter, I present the work of energy experts pointing to the significance of Middle East oil to the global economy and hence the U.S's energy security. The 1973 oil embargo has been a critical hallmark in global and U.S energy history. It is discussed in this thesis as a prominent indication of the implications that potential oil disruption has on American energy security. The chapter goes forward to include scholarship sources discussing the shale boom phenomenon and its impact on U.S domestic and foreign policy as well as the advantages this has provided to the country's energy security. Policy and academic sources consulted in this thesis point to the potential that the shale boom offers the U.S on a global political level. Succeeding sections then dive deeper into U.S ties with Middle East oil producers and exporters and how that has unfolded with the increasing supply of shale oil on the global market. In the process, the chapter traces the geopolitical leverage provided to the U.S and the ensuing role of energy in advancing American foreign policy objectives. The case under study here is the 2015 Joint Comprehensive Plan of Action (JCPOA) or what is also known as the nuclear agreement with the Iranian regime. Iran

possesses one of the largest oil and gas reserves in the world, and its controversial role in the Middle East, especially as a U.S adversary, entails studying its relations with the United States vis-à-vis the increased American shale leverage.

The purpose of this thesis is to complement literature work through empirically delineating how the Obama administration managed to reach an agreement with Iran with the help of additional shale oil on the global markets. This will address the aspects in the literature arguing of an increased U.S global leverage but without sufficient empirical evidence. The IR approaches consulted through the literature will, along with the empirical evidence I am presenting, show (and not just tell) how U.S shale has actually been harnessed by the Obama administration. I am also presenting literature work on the Bush administration, which highlights the challenges faced by the President during times when the shale boom had not yet taken place and the U.S was becoming increasingly reliant on Middle East oil supply. The case of the U.S-led war in Iraq and the role of oil in influencing the Bush administration's decisions to intervene has been numerously analyzed in relevant literature and is thus also underscored in this thesis.

Accordingly, the questions to be raised here bound as follows: What role has the U.S shale boom played in reducing U.S reliance on Middle East oil? How important is this shale boom for America's relations with oil-producing states? And how exactly was the Obama administration able to leverage the new-found American energy to advance U.S foreign policy objectives in the Middle East?

## 2.1 Middle East Oil and U.S Foreign Policy

For decades, American dependence on oil has had a pivotal impact on U.S foreign policy, as the need for oil served to meet U.S national security interests.<sup>25</sup> The Middle East supplies around 40% of the world's oil exports,<sup>26</sup> making the region a critical strategic asset for the United States and an important component in formulating American foreign policy.<sup>27</sup> Ensuring the uninterrupted access to oil in the region has been one of the U.S's major objectives since World War II.<sup>28</sup> Yet, America's vulnerability to oil disruption has been most evident since the 1973 OPEC oil embargo, when Arab states suspended their oil supply to the United States in retaliation to its support of Israel in the Arab-Israeli War of 1973.<sup>29</sup> The incident brought the concept of energy independence to the forefront of the U.S. foreign policy agenda.<sup>30</sup> Domestic oil production and consumption were on a rise during that time, but so was U.S oil imports, particularly from the Middle East.<sup>31</sup> The result of oil dependence from the region ultimately translated into U.S-led wars when access to the commodity was under threat. The Carter Doctrine was one example which committed the United States to ensuring the security of oil against "attempt[s] by any

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<sup>25</sup> Timeline: Oil Dependence and U.S. Foreign Policy. Council on Foreign Relations. Retrieved 16 June 2020, from <https://www.cfr.org/timeline/oil-dependence-and-us-foreign-policy>

<sup>26</sup> Ratner, M., & Nerurkar, N. (2011). Middle East and North Africa Unrest: Implications for Oil and Natural Gas Markets. Congressional Research Service. Retrieved from <https://fas.org/sgp/crs/mideast/R41683.pdf>

<sup>27</sup> Congressional Research Service. (2020). The World Oil Market and U.S. Policy.

<sup>28</sup> A. Cook, S. (2019). This Is the Moment That Decides the Future of the Middle East. Foreign Policy. Retrieved 28 April 2020, from <https://foreignpolicy.com/2019/09/17/this-is-the-moment-that-decides-the-future-of-the-middle-east/> and Scanlon, G. M. (1992). Hard Choices.

<sup>29</sup> Blackwill, R. D., & O'Sullivan, M. L. (2014). America's energy edge: The geopolitical consequences of the shale revolution. Foreign Affairs., 93, 102.

<sup>30</sup> Duke University. (2020). Energy Security and the New Geopolitics of Energy with Sara Vakhshouri [Video]. Youtube. Retrieved from [https://www.youtube.com/watch?v=6vxo576\\_rXM&fbclid=IwAR0-GMvUmXYDrap3vNTpSX7dfycIsjbR1fLZsulFrebGqE5WKZkrBWEML5E](https://www.youtube.com/watch?v=6vxo576_rXM&fbclid=IwAR0-GMvUmXYDrap3vNTpSX7dfycIsjbR1fLZsulFrebGqE5WKZkrBWEML5E)

<sup>31</sup> Oil: crude and petroleum products explained. (2020). U.S. Energy Information Administration (EIA).



outside force to gain control of the Persian Gulf region”, and hence instigated American intervention during the 1990 Gulf War between Kuwait and Iraq.<sup>32</sup>

Existing literature points to the impact of oil dependency on America’s national security, from weakening its international leverage and restricting its foreign policy objectives to ensnaring the country with hostile states. Daniel Yergin explains how America’s oil scarcity has been a dilemma facing the country since the 1973 OPEC oil embargo.<sup>33</sup> Countries of the Gulf region in specific are critical players on the global oil market, as the region contributes to more than 30% of the global oil trade.<sup>34</sup> Shifts in global oil prices have adverse effects on the economic, political and security situation in the United States, making dependence on oil a shortcoming of American foreign policy when dealing with major exporting countries.<sup>35</sup>

The Middle East also holds important trade routes that transport oil to the international market. The most notable of these is the strait of Hormuz, which supplies around 20% of both global oil and Liquified Natural Gas (LNG) from surrounding countries to international markets.<sup>36</sup> The U.S has thus been involved in ensuring maritime security around such chokepoints surrounding the Persian Gulf, consuming no less than 15 percent of the U.S. defense budget for that purpose.<sup>37</sup> Fluctuations in global prices induces

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<sup>32</sup> Collins, G., & Krane, J. (2017). Carter Doctrine 3.0: Evolving US Military Guarantees for Gulf Oil Security. Policy Brief, (04.27. 17). Baker Institute for Public Policy. Rice University.

<sup>33</sup> Yergin, D. (2013). Congratulations, America. You're (Almost) Energy Independent. Politico. Retrieved 26 February 2020, from <https://www.politico.com/magazine/story/2013/11/congratulations-america-youre-almost-energy-independent-now-what-098985>

<sup>34</sup> Petroleum, B. (2014). Statistical Review of World Energy 2014. BP Statistical Review of World Energy, BP plc, London, UK. p.22.

<sup>35</sup> Scanlon, G. M. (1992). Hard Choices. p. 122.

<sup>36</sup> Westphal, K., Overhaus, M., & Steinberg, G. (2014). The US shale revolution and the Arab Gulf States: the economic and political impact of changing energy markets. German Institute for International and Security Affairs. p.18.

<sup>37</sup> Howard, R. (2013). How Shale Energy Reshapes American Security. The National Interest. Retrieved 26 February 2020, from <https://nationalinterest.org/commentary/how-shale-energy-reshapes-american-security-8423>

changes in America's employment levels, transportation, governmental revenue projects as well as its overall domestic investment in the energy and infrastructure sectors.<sup>38</sup> Yergin argues that it is not the direct oil imports from the Middle East that contribute in defining U.S strategic interests there, but rather the significance of oil in impacting the global economy and international politics.<sup>39</sup>

Non-energy related issues such Israel's security, countering terrorism, and nuclear proliferation as well as promoting political and economic development remain critical elements of U.S foreign policy in the Middle East.<sup>40</sup> A core U.S goal in the region is to also ensure the security and domestic stability of America's allies in the Eurasian continent.<sup>41</sup> Repercussions on Western security, whether it's terrorism at home, the massive refugee influx or oil disruptions, directly impact the cooperation between the U.S and its allies.

Half of the oil-exporting countries (except for the UAE) depend on the commodity itself for 60% of their total exports, according to a study by the International Monetary Fund (IMF).<sup>42</sup> The Organization of the Petroleum Exporting Countries (OPEC), which is spearheaded by Saudi Arabia—the organization's largest producer—is primarily responsible for regulating production levels and thereby greatly influencing the global price of oil. OPEC's leverage is seen through the negative relationship between the

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<sup>38</sup> Nathman, J. (2009). *Powering America's Defense*. p.12.

<sup>39</sup> Yergin, D. (2014). *The global impact of US shale*. Project Syndicate, 8.

<sup>40</sup> Donilon, T. (2013). *National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy*. The White House. Retrieved from: <http://www.whitehouse.gov/the-press-office/2013/04/24/remarks-tomdonilon-national-security-advisor-president-launch-columbia>.

<sup>41</sup> F. Jeffrey, J. (2017). *U.S. Policy and Strategy in the Middle East*. The Washington Institute for Near East Policy. Retrieved 26 February 2020, from <https://www.washingtoninstitute.org/policy-analysis/view/u.s.-policy-and-strategy-in-the-middle-east>

<sup>42</sup> Manama, B. (2016, April). *Economic diversification in oil-exporting Arab countries*. In *Annual Meeting of Arab Ministers of Finance*. International Monetary Fund. p.7.

organization's production levels and crude oil prices.<sup>43</sup> Along with its large spare capacity, OPEC's members produce around 40% of global crude oil and its oil exports constitute approximately 60% of internationally traded oil.<sup>44</sup>

Libya, Kuwait, Iraq, Oman and Saudi Arabia are the largest oil exporters in the world<sup>45</sup> and rely on oil for 40% of their GDP to fund their governmental and private activities.<sup>46</sup>

Oil-exporting countries in the Middle East, especially major oil giants with regional influence rely heavily on their oil wealth as a catalyst of their domestic and foreign policies.<sup>47</sup> Oil abundance supports Saudi Arabia's foreign policy of containing the influence of its rival Iran<sup>48</sup> while also enabling the Kingdom to maintain domestic stability against external influence and uprisings.<sup>49</sup> In a testimony before the U.S Senate, Dr. Gal Luft, Executive Director Institute for the Analysis of Global Security (IAGS), states that the oil wealth gained by countries such as Saudi Arabia enables them to fund terrorist activities that undermine efforts to promote democratic and economic reform in the Middle East.<sup>50</sup> Despite of its declining oil exports as a result of the sanctions effect,<sup>51</sup> Iran

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<sup>43</sup> What drives crude oil prices?. (2020). U.S. Energy Information Administration (EIA). Retrieved 29 April 2020, from <https://www.eia.gov/finance/markets/crudeoil/supply-opec.php>

<sup>44</sup> Ibid.

<sup>45</sup> Gardner, T. (2019). Trump says U.S. does not need Middle East oil, but cargoes keep coming. Reuters. Retrieved 29 April 2020, from <https://www.reuters.com/article/us-saudi-aramco-attacks-trump/trump-says-u-s-does-not-need-middle-east-oil-but-cargoes-keep-coming-idUSKBN1W12RO>

<sup>46</sup> Tagliapietra, S. (2017). The political economy of Middle East and North Africa oil exporters in times of global decarbonisation (No. 2017/05). Bruegel Working Paper. p.2.

<sup>47</sup> Cohen, J., Ahmed, I., & Trivedi, M. (2017). The Political Economy of Oil in the Middle East. Wharton Public Policy Initiative. University of Pennsylvania. Retrieved 26 February 2020, from [https://publicpolicy.wharton.upenn.edu/live/news/1778-the-political-economy-of-oil-in-the-middle-east-for-students/blog/news.php#\\_edn17](https://publicpolicy.wharton.upenn.edu/live/news/1778-the-political-economy-of-oil-in-the-middle-east-for-students/blog/news.php#_edn17)

<sup>48</sup> Ibid.

<sup>49</sup> Fattouh, B., & Sen, A. (2015). Saudi Arabia oil policy: more than meets the eye?. p.9.

<sup>50</sup> Luft, G. (2005). America's oil dependence and its implications for US Middle East policy. Briefing presentation before Senate Foreign Relations Subcommittee on Near Eastern and South Asian Affairs, Washington, DC. p.2.

<sup>51</sup> Congressional Research Service. (2020). The World Oil Market and U.S. Policy. p.18.

remains able to use its capacity to attack energy facilities in the Persian Gulf and disrupt the flow of oil to blackmail the United States.<sup>52</sup>

## **2.2 The Oil ‘Myth’**

Some scholars have argued against such uncompromising image of Middle East energy and U.S interests which overemphasizes the role of oil in shaping American foreign policy in the region. The ‘power’ that is presumably held within the hands of Middle East states is not really driven by a massive oil wealth that is crucial to the United States, nor is it what constitutes a ‘threat’ to U.S interests in the region.<sup>53</sup> This is what Robert Vitalis argues in his 2020 book *Oilcraft: The Myths of Scarcity and Security That Haunt U.S. Energy Policy*. The author notes that “oil has been available regardless of the extent of U.S. force projection at any moment”.<sup>54</sup> In fact, Vitalis mentions U.S ‘prestige’ relating to American hegemony and the need to exert political influence in the region.<sup>55</sup> He argues of an exaggeration among scholars and experts in the field of energy and U.S foreign policy about the ‘myth’ of oil scarcity and the American need to secure the free flow of oil from the Persian Gulf. Vitalis defied the historic rhetoric arguing of an insufficient oil capacity driving American need for cheap Middle East oil. According to the author, the oil for security bargain between the U.S and Saudi Arabia whereby the former agreed to sell weapons for the Kingdom in exchange for access to oil is not compelling enough to drive U.S militarization in the Persian Gulf. Vitalis highlights the role of the new-found U.S

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<sup>52</sup> M. Jaffe, A. (2019). How Iran Can Hold the World Oil Market Hostage. Council on Foreign Relations. Retrieved 29 April 2020, from <https://www.cfr.org/article/how-iran-can-hold-world-oil-market-hostage>

<sup>53</sup> Vitalis, R., 2020. *Oilcraft: The Myths of Scarcity and Security That Haunt US Energy Policy*. Stanford University Press.

<sup>54</sup> *Ibid.*, p.23.

<sup>55</sup> *Ibid.*, p;17.

shale boom as an example of the mere ‘knowledge’ which, along with market prices at a particular time, is truly needed to extract reserves and allow for safe access to oil.<sup>56</sup>

In addition, recent literature studying the consequences of the 1973 Arab oil embargo contends that the moratorium was merely one factor among others which contributed to America’s vulnerability to the global oil shock at the time. The authors of *Oil Shock: The 1973 Crisis and Its Economic Legacy* argue that the nationalization of the petroleum industry by oil-producing states in the Middle East was one pivotal factor which provided these energy giants with the ability to impact output and global prices.<sup>57</sup> Elisabetta Bini, Giuliano Garavini and Federico Romero further point to the significance of the oil shock in encouraging oil and gas exploration in non-OPEC regions like Alaska, the Gulf of Mexico and the North Sea.<sup>58</sup> Innovation in new drilling techniques took precedence as a result of the surge in oil prices during the 1970’s as well as the increasing rivalry in the energy industry.<sup>59</sup> Such technological modernization is what eventually paved the way for revolutionary fracking technologies and hence the emergence of U.S shale oil and gas.<sup>60</sup> This calls for considering the deeper elements binding the U.S with Middle East oil producers which, according to Robert Vitalis, include their investments in U.S real estate, capital goods and even the defense industry. The role of U.S oil firms have also played a part in exploring and producing oil in Saudi Arabia while driving revenues for the Arabian American Oil Company known as Aramco.<sup>61</sup>

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<sup>56</sup> Ibid., p.15.

<sup>57</sup> Bini, E., Garavini, G. and Romero, F. eds., 2016. *Oil shock: The 1973 crisis and its economic legacy*. Bloomsbury Publishing. p.118,119.

<sup>58</sup> Ibid., p. 8,9.

<sup>59</sup> Ibid., p.133,134.

<sup>60</sup> Ibid., p.134.

<sup>61</sup> Oilcraft p.83.

### 2.3 The U.S. Shale Boom and its effects at home

The United States has recently been able, through advanced drilling technologies, to tap into natural or ‘shale’ oil and gas resources. Employed techniques of horizontal drilling and hydraulic fracturing<sup>62</sup> has induced an increase in U.S crude oil and natural gas production to levels not seen since the 1950s.<sup>63</sup> Crude oil is a component of the petroleum category and both terms are referred to as the same.<sup>64</sup> U.S petroleum production is mostly made up of light crude oil and the country is in need of the ‘heavy’ and sour kind of oil from countries of the Persian Gulf for refining purposes.<sup>65</sup> The literature on the topic has termed this stark increase in U.S energy production as the “shale boom” or “shale revolution”.<sup>66</sup>

Although U.S oil production has been on a sharp decline since the early 1970s, in late 2008 domestic oil production shifted to a steady surge.<sup>67</sup> By 2015, the country had become the largest producer of crude oil.<sup>68</sup>

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<sup>62</sup> Hydraulically fractured horizontal wells account for most new oil and natural gas wells. (2018). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=34732>

<sup>63</sup> U.S. Field Production of Crude Oil (Thousand Barrels per Day). (2020). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRFPUS2&f=A>

<sup>64</sup> What is the difference between crude oil, petroleum products, and petroleum? - FAQ – (2019). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/tools/faqs/faq.php?id=40&t=6>

<sup>65</sup> The United States tends to produce lighter crude oil and import heavier crude oil. (2019). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=41033>

<sup>66</sup> Broom, D. (2019). 3 charts to help you understand the American shale boom. World Economic Forum. Retrieved 28 April 2020, from <https://www.weforum.org/agenda/2019/04/american-shale-boom-energy-trends-charts/> and Blackwill, R. D., & O'Sullivan, M. L. (2014). America's energy edge.

<sup>67</sup> Domestic oil production reversed decades-long decline in 2009 and 2010. (2011). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=1130>

<sup>68</sup> Where our oil comes from - U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <https://www.eia.gov/energyexplained/oil-and-petroleum-products/where-our-oil-comes-from.php>

Domestic natural gas output also soared. Natural gas production began increasing in 2005 and by 2017, America had become a net exporter of natural gas for the first time in 60 years.<sup>69</sup>

U.S oil imports from the Middle East sharply declined. While the country's petroleum imports from the Persian Gulf region had peaked in 2001 at 2.8 million Barrels Per Day (BPD), that share had registered its lowest by 2018 at 1.4 Million Barrels.<sup>70</sup> U.S imports from Saudi Arabia and Iraq—the countries supplying the largest share of U.S crude oil—dropped to longtime lows in early 2019.<sup>71</sup>

With the emergence of the shale boom, policy and academic sources are introducing new accounts on the recent American energy security and the United States' post-shale stance in the region.<sup>72</sup> Domestically, the shale boom has infused federal and state revenues in the U.S while enhancing American competitiveness in international markets.<sup>73</sup> U.S Representatives for Texas's congressional district Bill Flores and Henry Cuellar present the shale revolution as an indispensable factor in restoring America's economic might and boosting domestic employment.<sup>74</sup>

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<sup>69</sup> S Malik, N. (2018). U.S. Becomes a Net Gas Exporter for the First Time in 60 Years. Bloomberg. Retrieved 29 April 2020, from <https://www.bloomberg.com/news/articles/2018-01-10/u-s-became-a-net-gas-exporter-for-the-first-time-in-60-years>

<sup>70</sup> Oil imports and exports - U.S. Energy Information Administration (EIA). U.S. Energy Information Administration (EIA).

<sup>71</sup> Monthly U.S. crude oil imports from OPEC fall to a 30-year low. (2019). U.S. Energy Information Administration (EIA). Retrieved 29 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=39852>

<sup>72</sup> Gause III, F. G. (2019). Should We Stay or Should We Go? The United States and the Middle East. *Survival*, 61(5), 7-24.

<sup>73</sup> Yergin, D. (2013). Subcommittee on Energy and Power of the House Energy and Commerce Committee Testimony submitted for Hearings on 'America's Energy Security and Innovation. Washington DC—02.2013. p.1. URL: <https://docs.house.gov/meetings/IF/IF03/20130205/100220/HHRG-113-IF03-Wstate-YerginD-20130205.pdf>

<sup>74</sup> Flores, B., & Cuellar, H. (2013). The Hill: America needs its shale energy and hydraulic fracturing provides it. The Hill. Retrieved 26 February 2020, from <https://cuellar.house.gov/news/documentsingle.aspx?DocumentID=362119>

## 2.4 The Global Implications of the U.S shale boom

Scholarly and policy accounts point to the benefit that the U.S now has in relying less on oil imports from the Middle East, thereby becoming less sensitive to the effects of potential oil disruption. Economic security at home expands America's foreign policy options. Tom Donilon, formerly President Obama's national security advisor, says that domestic economic developments allow the U.S to engage in world politics from "a position of greater strength" and facilitates the achievement of security objectives, especially now that the country is less sensible to fluctuations in global prices and supply disruptions.<sup>75</sup> Former U.S House Representative Lee Terry highlights the benefit of reducing dependence on OPEC and thus avoiding the oil price repercussions of a turbulent Middle East.<sup>76</sup>

While OPEC's member countries have managed to maintain the price of oil between \$90 and \$110 per barrel since 2008, the increase in U.S shale oil output has contributed to a reduction in oil prices.<sup>77</sup> This has presented OPEC with the challenge of regulating prices and thereby preserving its role as a strategic player on the oil market.<sup>78</sup> After oil prices crashed to less than \$50 per barrel in 2014, Saudi Arabia led OPEC's efforts to switch to a strategy of sustaining market share instead of its former ability to curb production and stabilize prices.<sup>79</sup> This revealed the influence of the U.S shale boom on world oil prices

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<sup>75</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy. and Donilon, T. (2013). Energy and American power. *Foreign Affairs*, 15, 6.

<sup>76</sup> TERRY, L. (2013). Mideast instability necessitates Keystone pipeline. *The Hill*. Retrieved 26 February 2020, from <https://thehill.com/blogs/congress-blog/energy-a-environment/319995-mideast-instability-necessitates-keystone-pipeline->

<sup>77</sup> Frondel, M., & Horvath, M. (2019). The US fracking boom: Impact on oil prices. *The Energy Journal*, 40(4). p.4.

<sup>78</sup> Blackwill, R. D., & O'Sullivan, M. L. (2014). America's energy edge.

<sup>79</sup> Frondel, M., & Horvath, M. (2019). The US fracking boom. p.8.



and OPEC's strategic impact as well as the reduction in oil imports from the Middle East—particularly from oil giants like Saudi Arabia.

By 2015, the rise of domestic oil production reached its highest peak as U.S imports from OPEC and the Persian Gulf were the lowest they had been in years.<sup>80</sup> One significant factor in this reduction is a geopolitical one, whereby exporting to countries like China and India meant hindering Iran's market ability to find enough outlets to sell its oil.<sup>81</sup> The aim was to restrain Iran's nuclear intentions and limit its ability to expand its regional influence.<sup>82</sup> Oil from the United States balanced against disruptions from conflict-torn Libya<sup>83</sup> and a sanctioned Iran<sup>84</sup> while keeping prices from falling further, according to Samantha Gross and Adel Abdel Ghafar of the Brookings institution.<sup>85</sup> The oil revenues under which the GCC countries previously launched large investment projects were halted by the collapse of oil prices. The events ever since have highlighted the changing features of the U.S-Saudi relations especially as the Kingdom had begun diverting more crude oil exports to China rather than the United States.<sup>86</sup>

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<sup>80</sup> U.S. Imports of Crude Oil and Petroleum Products (Thousand Barrels). U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mttimus1&f=m>

<sup>81</sup> Elass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*. p.21.

<sup>82</sup> Ibid.

<sup>83</sup> Country Analysis Brief: Libya. (2015). U.S. Energy Information Administration (EIA). Retrieved 29 April 2020, from [https://www.eia.gov/international/content/analysis/countries\\_long/Libya/libya.pdf](https://www.eia.gov/international/content/analysis/countries_long/Libya/libya.pdf)

<sup>84</sup> Under sanctions, Iran's crude oil exports have nearly halved in three years. (2015). U.S. Energy Information Administration (EIA). Retrieved 29 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=21792>

<sup>85</sup> Gross, S., & Ghafar, A. A. (2019). *The Shifting Energy Landscape and the Gulf Economies' Diversification Challenge*. Middle East. The Brookings Institution. p.2.

<sup>86</sup> Saudi Arabia has been exporting more crude oil to China, less to the United States. (2019). U.S. Energy Information Administration (EIA). Retrieved 29 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=40172>

Existing studies contend that the new energy leverage provided to the U.S in the geopolitical field was a result of this stark increase in energy production<sup>87</sup> and question whether the U.S still has to rely on the Middle East for the supply of oil.<sup>88</sup> Reduced susceptibility to energy and political crisis is seen to provide the U.S with enhanced strategic viability, including better ability to sanction energy giants considered hostile to American interests. David Hastings Dunn and Mark J. L. McClelland argue that increasing shale energy output provides the U.S with the ability to weaken the geopolitical leverage of OPEC and non-OPEC conventional oil and gas exporters.<sup>89</sup> They claim that—as a result of losing their market shares to U.S shale—conventional oil and gas producers like Russia, Iran and OPEC states will be less able to use their energy wealth to achieve their foreign policy objectives. Samantha Gross, a senior fellow on energy and climate affairs at the Brookings institution, states that the increase in U.S shale production has been one of the reasons the Obama administration had been successful in imposing the sanctions against Iran.<sup>90</sup> Tom Donilon says the increase in domestic oil production gave America, as well as its allies, the ability to remove more than 1 million barrels of Iranian oil per day while decreasing the weight placed on the rest of the world as a result.<sup>91</sup> Reduced dependence on oil has also been seen to provide the U.S military with greater liberty to

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<sup>87</sup> Gross, S. (2018). Geopolitical implications of U.S. oil and gas in the global market. The Brookings Institution. Retrieved 26 February 2020, from <https://www.brookings.edu/testimonies/geopolitical-implications-of-u-s-oil-and-gas-in-the-global-market/>

<sup>88</sup> Gjelten, T. (2012). U.S. Rethinks Security As Mideast Oil Imports Drop. National Public Radio (NPR). Retrieved 29 April 2020, from <https://www.npr.org/2012/11/14/165052133/u-s-rethinks-security-as-mideast-oil-imports-drop>

<sup>89</sup> Dunn, D. H., & McClelland, M. J. (2013). Shale gas and the revival of American power: debunking decline?. *International Affairs*, 89(6), 1411-1428. p.17.

<sup>90</sup> Feltman, J. et al. (2019). *The new geopolitics of the middle east: America's role in a changing region*. The Brookings Institution. p.8.

<sup>91</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy.

gradually shift from the strategic burdens of ensuring the safe flow of oil through critical chokepoints like the Strait of Hormuz.<sup>92</sup>

## **2.5 The Bush administration and the Pre-Shale Middle East Policy (2001-2009)**

In studying the Bush administration, which began before the shale boom occurred, one can notice stark differences between that administration's policies and those of the Obama administration towards the Middle East. During the Bush administration the U.S was increasingly reliant on Middle East oil.<sup>93</sup> Access to oil was considered a national security priority, and policy sources during that period pointed to the necessity of setting a clear U.S strategy to sustain stable energy markets and the un-interrupted flow of oil to foster domestic economic growth.<sup>94</sup> Creating the National Energy Policy Development Group (NEPDG) also brought to forefront the priority of energy security as an indispensable factor in U.S foreign policy and trade during the Bush administration.<sup>95</sup> The Arab Gulf was considered a locus point in the U.S-international energy policy.<sup>96</sup> Securing energy pathways from Iraq- the country with the second largest oil reserves in the world at the time-was deemed necessary for America's national interests and was even seen as an incentive for Bush's heavy and unilateral intervention.<sup>97</sup> Some have argued that the Bush

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<sup>92</sup> Michaud, K., Buccino, J., & Chenelle, S. (2014). The impact of domestic shale oil production on US military strategy and its implications for US-China maritime partnership. *Small Wars Journal*.

<sup>93</sup> Morse, E. L., & Jaffe, A. M. (2001). *Strategic energy policy: challenges for the 21st century*. Council on Foreign Relations. p.8.

<sup>94</sup> *Ibid.* p.11.

<sup>95</sup> The White House. "Report of the National Energy Policy Development Group." *National Energy Policy*, chaired by Vice-President Dick Cheney, chs 8, no. 11 (2001). p.xv.

<sup>96</sup> *Ibid.* p.5.

<sup>97</sup> Juhasz, A. (2013). Why the war in Iraq was fought for Big Oil - CNN. Retrieved 12 July 2020, from <https://edition.cnn.com/2013/03/19/opinion/iraq-war-oil-juhasz/index.html>

military support to the House of Saud in exchange for access to oil has provided the incentive for American military presence in the Gulf.<sup>98</sup>

## **2.6 Energy and U.S foreign policy**

Many scholars have highlighted the connection between energy and American foreign policy in U.S grand strategy.<sup>99</sup> A grand strategy encompasses a country's means to achieve national power, influence the global environment and strengthen its national security objectives.<sup>100</sup> Meghan O'Sullivan, a Professor of the Practice of International Affairs and Director of the Geopolitics of Energy Project at Harvard Kennedy School, explains how energy is considered one of the major driving forces behind grand strategy and that includes using a country's rich resources to advance its foreign policy objectives.<sup>101</sup>

To promote America's foreign policy agenda through energy, two main approaches are noticeable in the literature: energy stability and energy leverage.<sup>102</sup> The energy stability approach brings to forefront the neoliberal internationalist model in international relations and implies that the benefit of U.S shale should be used to improve global energy security as stable energy markets promote geopolitical stability and improve global economies. The strategies of an energy stability approach involve promoting the free trade of energy, employing international institutions and regimes to ensure secure and affordable access to energy resources as well as encouraging unconventional production of energy on a global

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<sup>98</sup> Unger, C. (2004). House of Bush, House of Saud: The Secret Relationship Between the World's Two Most Powerful Dynasties. Simon and Schuster.

<sup>99</sup> Jones, B. D., & Steven, D. (2014). The Risk Pivot: great powers, international security, and the energy revolution. Brookings Institution Press. and O'Sullivan, M. L. (2013). The entanglement of energy, grand strategy, and international security. The Handbook of Global Energy Policy, 30, 47.

<sup>100</sup> O'Sullivan, M. L. (2013). The entanglement of energy, grand strategy, and international security. p.32.

<sup>101</sup> Ibid. p.31.

<sup>102</sup> Ladislav, S. O., Leed, M., & Walton, M. A. (2014). New Energy, New Geopolitics: Background Report 3: Scenarios, Strategies, and Pathways. Rowman & Littlefield. Center for Strategic and International Studies (CSIS). p.27.

scale. Another significant strategy under the energy stability approach is the multilateral agreements between states as well as the role of institutional actors in promoting greater international stability.

The energy leverage approach is centered around the realist paradigm in international relations theory and views energy as a resource employed by the energy-producing state like the U.S to advance its geopolitical goals and its global leadership role. The options related to this approach include limiting or directing oil and gas exports to take advantage of the global energy price gaps, using sanctions against countries dependent on revenues from their energy exports as well as employing its new-found energy leverage to contend energy diplomacy.

The literature also emphasizes the necessity of not favoring one approach over the other, meaning that states should take both the economic and political aspect into consideration in crafting energy politics.<sup>103</sup>

## **2.7 The Obama administration and Post-Shale Middle East Policy (2009-2017)**

The Obama administration took a cooperative and internationalist approach to foreign policy. The administration delineated the significance of promoting U.S leadership and a world order that included transnational cooperation among states as well as an equally stabilizing role for international institutions.<sup>104</sup> Obama's emphasis on the role of liberal means to achieve foreign policy objectives translated into his administration's conduct when dealing with energy in U.S foreign policy.

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<sup>103</sup> Stoddard, E. (2013). Reconsidering the ontological foundations of international energy affairs: realist geopolitics, market liberalism and a politico-economic alternative. *European Security*, 22(4), 437-463.

<sup>104</sup> McCormick, J. M. (2011). *The Obama Presidency: A Foreign Policy of Change?*. p.236.

In the Middle East, the Obama administration regarded access to energy as a core U.S objective and prioritized the security of the Middle East as the world's main source of oil.<sup>105</sup> Equally important U.S policies in the region included advancing Israel's security, shifting the Iranian policy away from terrorism and the pursuit of its nuclear program as well as the Middle East's integration in world markets.<sup>106</sup> Sustaining stability in the region was a national security priority which the Obama the administration sought to achieve through enabling the diversification of oil supply sources. In Iraq for example, encouraging the development of energy resources was a key aspect in the Obama administration's policy to maintain stability in the region as well as in international energy markets.<sup>107</sup>

Simultaneously, the Obama administration pursued a strategy of reducing America's dependence on foreign oil as a catalyst for fostering domestic economic growth and decreasing economic vulnerability to oil disruptions while also taking concrete steps to diminish reliance on Middle Eastern oil.<sup>108</sup>

Although both of his domestic and foreign policies prioritized clean energy as a way of boosting the economy and reducing American reliance on foreign oil imports,<sup>109</sup> President

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<sup>105</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy. and Cordesman, A. H. (2013). American Strategy and US "Energy Independence". Changes.

<sup>106</sup> Ibid. Donilon T. and Cordesman, A.H.

<sup>107</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy. The White House. Retrieved from: <http://www.whitehouse.gov/the-press-office/2013/04/24/remarks-tomdonilon-national-security-advisor-president-launch-columbia>.

<sup>108</sup> Furman, J., & Sperling, G. (2013). Reducing America's Dependence on Foreign Oil.

<sup>109</sup> The White House. (2016). FACT SHEET: Obama Administration Announces Clean Energy Savings for All Americans Initiative. Retrieved from <https://obamawhitehouse.archives.gov/the-press-office/2016/07/19/fact-sheet-obama-administration-announces-clean-energy-savings-all> and U.S Department of Energy. (2009). As OPEC Ministers Meet, Secretary Chu Stresses the Importance of Energy Independence. Retrieved from <https://www.energy.gov/articles/opec-ministers-meet-secretary-chu-stresses-importance-energy-independence>

Obama was keen on employing the U.S shale boom for broader foreign policy objectives. Leveraging energy to advance U.S foreign policy objectives could be traced in the Obama administration's Middle East policies. The Obama administration witnessed an intermittent annual increase in domestic oil and gas production throughout the president's entire term.<sup>110</sup> Literature studying energy policies under the Obama administration point to the use of a neoliberal institutionalist and internationalist strategy with some features of realism, hence the administration used both the stability and leverage approach to energy.

The literature focusing on the administration's success in leveraging the new-found energy boom into U.S foreign policy point to two main strategies implemented by the President in dealing with Middle East politics. These are diplomacy and sanctions.

Diplomatic initiatives have been part of America's new energy posture, serving as realist means to obtain advantages within the U.S's national interests. Policy makers focusing on the Obama administration emphasized the role of U.S domestic energy production as a leverage in negotiating on Iran's nuclear program. In a study done by Oxford University's Institute for Energy Studies, Meghan O'Sullivan argues that the U.S was able to convince hesitant countries, through rigorous diplomatic maneuvering, to join the sanctions regime against Iran.<sup>111</sup> Iran possesses immense oil and natural gas reserves.<sup>112</sup> With the help of the domestic surge in energy production, the Obama administration was able to appease

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<sup>110</sup> EIA-914 monthly production report. (2020). U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <https://www.eia.gov/petroleum/production/#ng-tab>

<sup>111</sup> Ladislav, S., L O'Sullivan, M., Bordoff, J., Raimi, D., Michot Foss, M., & Rogers, H. et al. (2017). What's next for US energy policy?. The Oxford Institute For Energy Studies, (111), 8. Oxford Institute for Energy Studies. p.10. Retrieved from <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/01/OEF-111.pdf>

<sup>112</sup> Iran 'finds new oil field with 53bn barrels'. (2019). BBC. Retrieved 26 February 2020, from <https://www.bbc.com/news/world-middle-east-50365235>

consumers of Iranian oil and ensure the availability of alternative energy sources on the global market.

Sanctions have been considered a form of coercive diplomacy deployed in achieving U.S. foreign policy objectives such as countering terrorism and nuclear proliferation as well as supporting human rights.<sup>113</sup> Carlos Pascual, the founder of the Energy Resources Bureau in the State Department and formerly the Special Envoy for Energy and Coordinator for International Energy Affairs at the State Department, highlights the use of energy resources in America's attempts to achieve its national interests.<sup>114</sup> Sanctions on Iran is one particular example. A report by the International Security Advisory Board (ISAB) to the State Department underscores the influence of U.S oil production, along with OPEC's output, on America's ability to enforce sanctions on Iran without substantial price shocks resulting from the loss of Iranian oil on global markets.<sup>115</sup> Pascual cites blocking exports as a strategy through which sanctions target an energy exporting country's market share. The example he provides is the Obama administration's ability to restrain Iran's market leverage through the use of sanctions to block the country's oil exports.<sup>116</sup> While some scholars regard the sanctions strategy as a liberal approach to foreign policy considered an alternative to warfare, others believe that the prospect of restricting exports

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<sup>113</sup> Hufbauer, G. C., Schott, J. J., & Elliott, K. A. (1990). *Economic sanctions reconsidered: History and current policy* (Vol. 1). Peterson Institute.

<sup>114</sup> Pascual, C. (2015). *The new geopolitics of energy*. Center on Global Energy Policy, Columbia University, School of International and Public Affairs. p.3.

<sup>115</sup> International Security Advisory Board (ISAB). (2014). *ISAB Study on Energy Geopolitics - Challenges and Opportunities*. Washington: United States Department of State. Retrieved from <https://2009-2017.state.gov/t/avc/isab/229199.htm#challenges>

<sup>116</sup> Pascual, C. (2015). *The new geopolitics of energy*. p.15.



enables the U.S to leverage further advantage from its own domestic energy production—hence, a realist approach to energy.<sup>117</sup>

Despite of the shift of Middle East oil imports to countries like China, Yergin considers that the region remains of vital geopolitical significance, with its oil being a critical factor in shaping the global economy. The U.S still imports a large deal of oil and natural gas with Saudi Arabia being one of America’s largest oil suppliers.<sup>118</sup> It is still engaged in global oil trade and thus remains susceptible to fluctuations in oil prices and disruptions of oil and gas supply.

Yet, U.S foreign policy has been seeing major changes as a result of the U.S shale boom. President Donald Trump’s energy rhetoric has included ‘unleashing’ U.S. energy to boost the economy which he says has been vulnerable to states using oil as a political weapon.<sup>119</sup> Through his administration’s ‘maximum pressure’ campaign, the president placed aggressive sanctions on Iran as a result of its nuclear ambitions.<sup>120</sup> Talks about America’s reduced inclination to protect the security of the Persian Gulf region has aroused concerns within Saudi grounds.<sup>121</sup> As the shale boom has reduced U.S dependence on Middle East oil, existing literature argue of a reduced need for American military presence around the

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<sup>117</sup> Pattison, J. (2018). *The alternatives to war: from sanctions to nonviolence*. Oxford University Press. p.143. and Ladislav, S. O., Leed, M., & Walton, M. A. (2014). *New Energy, New Geopolitics: Background Report 3: Scenarios, Strategies, and Pathways*. Rowman & Littlefield.

<sup>118</sup> How much petroleum does the United States import and export? - FAQ - U.S. Energy Information Administration (EIA). (2020). Retrieved 29 April 2020, from <https://www.eia.gov/tools/faqs/faq.php?id=727&t=6>

<sup>119</sup> Speech, P. (2017). Remarks by President Trump at the Unleashing American Energy Event. The White House, June, 29.

<sup>120</sup> Borger, J., & Wintour, P. (2018). Trump administration unveils full extent of US sanctions on Iran. The Guardian. Retrieved 16 June 2020, from <https://www.theguardian.com/world/2018/nov/05/iran-launches-military-drill-response-return-us-sanctions>

<sup>121</sup> Johnson, K. (2019). Iran-Saudi Crisis Resurrects an Old Question: Does the U.S. Need to Be There at All?. Foreign Policy. Retrieved 16 June 2020, from <https://foreignpolicy.com/2019/09/20/iran-saudi-crisis-resurrects-an-old-question-does-the-u-s-need-to-be-there-at-all/>

Strait of Hormuz to protect the flow of oil.<sup>122</sup> Attacks on Saudi oil facilities in the Persian Gulf in the summer of 2019 did not even receive much U.S. attention, arousing speculations on whether the Saudi's could remain reliant on American security promises.<sup>123</sup>

Key developments in the geopolitical arena around the Mediterranean has caught excessive attention of scholars who argue of the critical shift in the balance of power affecting the Middle East. Normalizing relations between Israel and several Arab states like the United Arab Emirates and Bahrain has brought new horizons for the region, triggering talks about whether an Israeli-Saudi normalization could be seen soon.<sup>124</sup> The struggle to secure Hydrocarbons in the Eastern Mediterranean has sparked a feud between European nations on one side and Turkey on the other, with scholars wondering where the United States is in this dilemma.<sup>125</sup>

The inauguration of the new Biden administration also adds to the speculations on the U.S role on the global energy scene. As soon as he arrived to the White House, President Joe Biden moved forward with signing a series of executive orders among which has been halting federal oil leases in order to support the administration's venture into a clean energy agenda to support action against climate change.<sup>126</sup> Anne Bradbury, the chief

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<sup>122</sup> Cook, S.A., 2020. No Exit: Why the Middle East Still Matters to America. *Foreign Affairs*, 99, p.133.

<sup>123</sup> Ibid.

<sup>124</sup> Feuer, S., 2020. *UAE-Israel Peace Is Revealing The Middle East's Faultlines*. [online] The National Interest. Available at: <[https://nationalinterest.org/blog/middle-east-watch/uae-israel-peace-revealing-middle-easts-faultlines-169689?fbclid=IwAR1FITN5R0qYrSS4v5Y9n1N8AgD9bpFn7Sg9VL3HT13I\\_MXyeizBpErIBVQ](https://nationalinterest.org/blog/middle-east-watch/uae-israel-peace-revealing-middle-easts-faultlines-169689?fbclid=IwAR1FITN5R0qYrSS4v5Y9n1N8AgD9bpFn7Sg9VL3HT13I_MXyeizBpErIBVQ)> [Accessed 19 February 2021].

<sup>125</sup> Dalay, G., 2021. *Turkey, Europe, and the Eastern Mediterranean: Charting a way out of the current deadlock*. [online] Brookings Institution. Available at: <<https://www.brookings.edu/research/turkey-europe-and-the-eastern-mediterranean-charting-a-way-out-of-the-current-deadlock/>> [Accessed 6 February 2021].

<sup>126</sup> Friedman, L., Davenport, C. and Flavelle, C., 2021. *Biden, Emphasizing Job Creation, Signs Sweeping Climate Actions*. [online] The New York Times. Available at:

executive officer of American Exploration and Production Council representing American oil firms, states that the President's action's "are unilaterally shutting down and restricting the ability of American oil and gas producers to run their operations".<sup>127</sup>

Lastly, the Corona virus pandemic has brought disastrous consequences for all nations without exceptions. In addition to the health and social challenges it has brought along, the global economic implications have represented the largest hit. As businesses struggled, global demand for oil also collapsed as the COVID-19 lockdown was imposed and OPEC+ states (including Russia) rushed to reduce their output, registering the largest production cuts in the organization's history.<sup>128</sup> Such massive changes re-shifted U.S attention towards trouble at home as the implications of the pandemic seemed to represent a greater threat for the country than a turbulent Middle East.<sup>129</sup>

With such global dynamics placing additional challenges on the geopolitical scene, it would be worth studying how the U.S shale boom has influenced American foreign policy so far and what potential role it will play in international politics during the foreseeable future.

## 2.8 Existing Gaps

Existing literature addresses the U.S's stance with the Middle East after the shale boom and some have argued in favor of an enhanced American posture in the Middle East with

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<<https://www.nytimes.com/2021/01/27/climate/biden-climate-executive-orders.html>> [Accessed 6 February 2021].

<sup>127</sup> Puko, T., Thomas, K. and Restuccia, A., 2021. *Biden's Climate-Change Policy Targets Oil Industry*. [online] The Wall Street Journal. Available at: <<https://www.wsj.com/articles/biden-to-suspend-new-federal-oil-and-gas-leasing-11611672331>> [Accessed 6 February 2021].

<sup>128</sup> Oecd.org. 2020. [online] Available at: <<https://www.oecd.org/coronavirus/policy-responses/the-impact-of-coronavirus-covid-19-and-the-global-oil-price-shock-on-the-fiscal-position-of-oil-exporting-developing-countries-8bafbd95/>> [Accessed 2 February 2021].

<sup>129</sup> Cook, S.A., 2020. No Exit: Why the Middle East Still Matters to America. *Foreign Affairs*.

the reduced U.S reliance on oil from the region. Yet, existing scholarly work has not fully taken into consideration the empirical view which accurately studies how exactly such leverage has been translated into U.S foreign policy strategies in the Middle East. Since the Obama administration has been the first to benefit from the shale phenomenon, the literature has not fully taken into account how the White House has managed to harness such domestic tool for a greater geopolitical leverage in the Middle East, and specifically with U.S adversaries. Therefore, my goal here is to accurately study how the Obama administration capitalize on U.S shale energy to deal with Iran—as a U.S adversary and a major oil exporter in the region.

The study will show how the Obama administration succeeded in implementing different strategies in areas like sanctions and diplomacy towards the Middle East as a result of the shale boom effect and America's ensuing energy security. Scholarship and policy sources argue of the Obama administration's leverage but do not offer sufficient accounts connecting, all at once, the strategies employed to the case of Iran as a critical threat to American interests in the region. This thesis will thus highlight how the Obama administration, through the geopolitical advantage it has gained from shale oil and the strategies it has used in dealing with Iran's nuclear ambitions, has managed to advance U.S interests in the Middle East.

The comparison between pre-shale (Bush) and post-shale administration (Obama) reveals how the energy leverage has changed the way in which the U.S deals with Middle East issues. It underscores elements of America's Middle East policy which might not have otherwise been possible without the new U.S. energy security.

# **Chapter 3**

## **Methodology**

The emergence of the shale boom and the options it offers for U.S energy security deserves a new kind of attention that entails delineating how such massive changes have taken place and hence inspired the work of this thesis. Through a deeper analytical prism, we can trace the U.S's role as a stronger geopolitical player on the global market and hence in international affairs. Applying a systemic research methodology approach is required to empirically understand the changes influencing U.S foreign policy as a result of the domestic energy leverage. That is what this part of the thesis aims to do.

In this chapter, I will outline the methodology that I have employed to derive the information and analyze the data. In addition to relying on academic and policy-centered work, I have made use of historical analysis to trace periodic changes leading to the U.S's increased leverage. I have also made use of comparative analysis in order to get a more accurate picture of the importance of the U.S shale boom on U.S foreign policy in the Middle East. Lastly, and in order to clarify my claim in this thesis, I have outlined my working arguments, the derived hypothesis and the variables employed.

### **3.1 Resources consulted**

This study is based on the use of both primary and secondary resources. I have consulted online government sources by the U.S Department of State, the White House, and the U.S Congress for the extraction of published archives, records and speeches. Recorded videos of relevant seminars on the topics of my research are also used as first-hand materials. Additionally, relying on speeches and political discussions for U.S officials and policy-

makers allows for an analysis that is policy-centered and relevant to a primary resource that substitutes for actual interviews with experts or politicians in the field. Secondary resources include studies published by international think tanks and books written by prominent energy and U.S foreign policy scholars. The numerical figures and data used to indicate the levels of energy production, imports, exports as well as general information on global energy are taken from the Energy Information Administration's website--the official statistics site by the U.S government.

### **3.2 Historical Analysis**

In my attempt to derive the advantages of the U.S shale boom over the course of a decade—when the surge in oil and gas production first occurred—I have based the parameters of my research on a specific scope of study. My work hence involves dividing the scope of this thesis into two main milestones: the period from 2008 till 2010 and from 2011 till 2016. I have specifically chosen these ‘milestones’ to highlight the role of shale oil in enhancing U.S energy security and influencing America’s role on global markets. Therefore, I trace how the global market leverage provided by the shale boom after 2008--and particularly the influence it provided during the 2014-2015 oil price crash--has translated into better U.S leverage on the political scene. The main focus here is to track what positive changes the shale boom has offered to the Obama administration since the President took office in early 2009 until the end of his tenure. As the thesis plans to demonstrate, this U.S energy edge--which began in late 2008 and came to prominence when Obama was in office—has provided the administration with domestic and foreign policy leverage that the President was able to harness in order to advance U.S interests in the Middle East.

### **3.3 Comparative Analysis**

In order to ensure that the U.S shale boom has indeed boosted the policies of the Obama administration in ways which other presidents could not benefit from, I have employed comparative analysis. Looking into the preceding administration shows a stark difference in U.S energy security and hence President George W. Bush's difficulty to capitalize on oil and gas abundance. The U.S had been excessively dependent on Middle East oil during the Bush administration years which did not provide the White House with the leverage needed to influence America's approach to statecraft. In contrast, studying the Obama administration serves to highlight how the President had capitalized on this new energy edge and was consequently able to create better influence for the United States on a domestic and foreign policy level.

Basing my work on the post-shale period will help showcase this enhanced U.S energy stance through the energy policies implemented in the Middle East, which are mainly centered around the strategies of economic sanctions and diplomacy. While also taking into consideration both presidents' approaches, the aim here is to show how and whether the U.S shale boom reinforced the Obama administration's ability to commit to a liberal foreign policy through diplomatic engagement. On the other hand, the challenges of U.S energy security did not help alter President George W. Bush's style of direct confrontation in safeguarding American interests and ensuring safe access to oil in the Middle East.

Ultimately, understanding the link between U.S grand strategy and the policies of liberal cooperation emphasized and implemented by the Obama administration helps to highlight the critical role of the U.S shale boom in achieving foreign policy objectives. Multinational cooperation and sustaining a stable environment in which the U.S could ensure safe access to oil in the Middle East were critical aspects of the Obama

administration's foreign policy. They were also significant U.S grand strategy objectives. This thesis will show how the U.S shale leverage serves as the tool aligning both objectives. It showcases how the Obama administration employed shale oil to engage Iran in the 2015 nuclear agreement while also maintaining U.S commitment to grand strategy objectives. The administrations of former U.S presidents, including Barack Obama, have defined grand strategy in terms of sustaining American leadership in a constructive global order.<sup>130</sup> For the Obama administration, building on such pillars to engage allies and adversaries through diplomatic means was necessary to preserve U.S interests abroad as an alternative for costly U.S military confrontation. This is where the U.S energy leverage sets in to provide the Obama administration with the leverage needed to sustain such objectives.

### **3.4 Arguments**

My working argument contends that U.S shale oil has provided the Obama administration with an increased ability to advance American interests in the Middle East through supporting the President's strategies against Iran's nuclear ambitions. The literature presented on the influence of U.S shale on the market share and strategic power of major Middle East producers reveals the geopolitical change induced by the addition of shale oil to world markets. The sources presented on the new energy security and the implications of the shale boom on America's national security and foreign policy offer a rather political view. This aspect underscores the new-found energy leverage within the U.S's reach, particularly regarding its post-shale energy approach to the Middle East.

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<sup>130</sup> Brands, H., 2014. Breaking Down Obama's Grand Strategy. *The National Interest*, 23.



The comparisons between the Obama and Bush administrations supports the above claims. Quantitative analysis such as statistical reports and EIA-derived data serve to measure the market changes instigated by U.S shale energy--particularly oil--and the impact it introduces on the strategic power of traditional oil producers like Iran and Saudi Arabia. Using qualitative analysis including government reports and scholarship studies provide an analytical view of the regional and global geopolitical changes while also assessing the role of U.S foreign policy vis-à-vis such critical dynamics. Adding these changes to the diminishing reliance on Middle East oil serves to reveal how energy security challenges the geostrategic and political power of Middle East oil producers. In spite of expert opinions arguing of the ‘myth’<sup>131</sup> surrounding the actual significance of the U.S-Saudi oil-for-security bargain for example, America’s relationship with Middle East producers remains a crucial factor in influencing U.S foreign policy towards the region. U.S allies as well as adversaries are both involved—one way or another—in undermining American interests in the Middle East and they are also powerful players on the global oil market. Just as Iran sponsors terrorism through its oil revenues, Saudi Arabia has also been accused of using arms sold by the U.S (in exchange for oil) to support its role in the ongoing Yemen war.<sup>132</sup> The fact remains that oil plays a vital role in influencing America’s relations with Middle East producers—which is exactly why, along these lines, it becomes all the more important to see what role the surge in U.S shale oil has played in shaping U.S foreign policy towards the region thus far.

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<sup>131</sup> Vitalis, R., 2020. *Oilcraft: The Myths of Scarcity and Security That Haunt US Energy Policy*. Stanford University Press.

<sup>132</sup> Murphy, C., 2021. *America’s Middle East Policy Is Outdated and Dangerous*. [online] Foreign Affairs. Available at: <<https://www.foreignaffairs.com/articles/united-states/2021-02-19/americas-middle-east-policy-outdated-and-dangerous>> [Accessed 3 March 2021].

My argument here is that the shale boom provides the U.S with energy leverage in the Middle East, by offering the country an increased ability to act firm on some of its foreign policy strategies, especially that which relates to dealing with U.S adversaries. Hence, studying the foreign policy of the Obama administration in the Middle East underscores how the new American energy leverage has empowered the President's approach to Iranian nuclear ambitions through the use of sanctions and diplomacy.

### **3.5 Hypothesis**

The strategies that were implemented by the Obama administration as a result of the leverage provided by the shale boom could be seen through two main prisms: energy leverage and energy stability. Limiting oil exports through sanctions and harnessing multilateral cooperation with the help of diplomacy are the main variables employed to derive the hypothesis. By representing both the realist and liberal models in international relations theory, these values serve to show how the Obama administration attempted to capitalize on energy to advance America's Middle East policy. In other words, without the effects of the energy leverage, the U.S would not have been able to implement the policies studied in this research.

Therefore, the hypothesis is that with less reliance on Middle East oil as a result of the benefits accrued by the domestic shale boom, the U.S. is more able to implement its foreign policy objectives and hence advance its interests in the region.

Testing the hypothesis would be through measuring the above strategies in relation to the energy leverage and stability approaches to determine how they strengthened the way the

President has dealt with Iran as a U.S adversary and a major oil producer in the Middle East.

### 3.6 Concepts

For a vivid understanding of this thesis, introducing concepts is necessary to providing a firm explanation of how the terms employed fit into the overall context of the thesis. That is why terms like *energy independence* or *diplomacy* need to be toned down to provide the most accurate description of the case or feature utilized in this study. The concepts here will hence be explained based on how they are used in this thesis based on relevant existing literature sources.

The concept of *energy independence* is defined here as the situation where oil becomes less significant in international affairs to an extent that disruptions by foreign states do not greatly influence global oil supply and prices.<sup>133</sup> The concept of American oil independence involves no oil imports, no imports from the Middle and no utilization of oil under any circumstances.<sup>134</sup> In terms of oil's influence on U.S politics, being oil-independent means the commodity does not restrict America's ability to make foreign policy options.<sup>135</sup> When President Richard Nixon first introduced the concept of energy independence along with his Project Independence plan, he defined U.S energy

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<sup>133</sup> Luft, G., & Korin, A. (2009). Turning oil into salt: energy independence through fuel choice. Booksurge Llc. p.4,6.

<sup>134</sup> Greene, D. L., Leiby, P. N., Patterson, P. D., Plotkin, S. E., & Singh, M. K. (2007). Oil independence: achievable national goal or empty slogan?. Transportation research record, 2017(1), 47-53.

<sup>135</sup> Sovacool, B. K. (2007). Solving the oil independence problem: Is it possible?. Energy Policy, 35(11), 5505-5514.

independence as “meet[ing] our own energy needs without depending on any foreign sources” as a result of domestic energy production.<sup>136</sup>

When it comes to the use of the word *diplomacy*, the term deployed here is ‘coercive diplomacy’, which is defined by the behavioral scientist Alexander George as a “defensive strategy that is employed to deal with the efforts of an adversary to change a status quo situation in his own favor.”<sup>137</sup> A state thus attempts to convince its adversary to alter or cease its aggressive actions. Meghan O’Sullivan examines American diplomatic efforts in the new age of U.S energy abundance aimed at punishing states or coercing them into changing their policies.<sup>138</sup> In a globalized world where unilateral sanctions become difficult to sustain without the cooperation between states, O’Sullivan says U.S domestic oil abundance was the catalyst in strengthening America’s unilateral diplomatic efforts against Iran’s nuclear program and adjusting the changes of less Iranian oil on the global market. U.S energy diplomacy thus renders multilateral cooperation effective to establish the American sanctions regime against Iran. The U.S Department of State during the Obama administration considered energy diplomacy to include efforts to maintain global oil supply while sustaining effective sanctions against Iran, supporting the development of resources for new producers and maintaining agreements that help build international energy security.<sup>139</sup>

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<sup>136</sup> Address given by Richard Nixon (7 November 1973). (1973). CVCE.eu. Retrieved 29 April 2020, from [https://www.cvce.eu/obj/address\\_given\\_by\\_richard\\_nixon\\_7\\_november\\_1973-en-1158015d-8cf9-4fae-8128-0f1ee8a8d292.html](https://www.cvce.eu/obj/address_given_by_richard_nixon_7_november_1973-en-1158015d-8cf9-4fae-8128-0f1ee8a8d292.html)

<sup>137</sup> George, A. L. (1991). *Forceful persuasion: Coercive diplomacy as an alternative to war*. US Institute of Peace Press. p.7,8.

<sup>138</sup> O’Sullivan, Meghan. "US Energy Diplomacy in an Age of Energy Abundance." *Oxford Energy Forum* 111 (November 2017): 8-11. p.2.

<sup>139</sup> Clinton, H. R. (2012). *Energy Diplomacy in the 21st Century*. US Department of State, 18.

*Sanctions* are defined by Richard Haas as economic, political or military measures used to dissuade, constrain or punish a nation or other entity and drive a change in their political or military behavior.<sup>140</sup> As they are deployed to achieve foreign policy objectives, sanctions involve limiting exports and imports of a target state and financial and investment prohibitions, among other types of penalties. America's use of sanctions after the Cold War is employed in cases like dissuading nuclear proliferation and armed aggression, promoting human rights as well as countering terrorism.<sup>141</sup> In this study, the focus is on the unilateral sanctions imposed by the Obama administration on Iran and how this ability was facilitated by the U.S energy leverage.

The use of the term *heavy crude oil* in this thesis refers to a type of oil with a low density of liquid petroleum products and does not easily flow to production wells at room temperature.<sup>142</sup> On the other hand, *light crude oil* is defined as a form of oil with a high density of liquid petroleum products and easily flows to production wells at room temperature.<sup>143</sup>

According to the Energy Information Administration (EIA), *petroleum* is a "broad category" including crude oil, gasoline, diesel fuels and other liquids. "Petroleum products are produced from the processing of crude oil and other liquids at petroleum refineries,

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<sup>140</sup> Haass, R. (1998). Excerpt: Economic Sanctions and American Diplomacy/R. Haas. A Council on Foreign Relations book/Council of Foreign Relations archive publications.-New York: Council on Foreign Relations, 84.

<sup>141</sup> Ibid.

<sup>142</sup> What Makes Heavy Oil "Heavy?" - Halliburton. Retrieved 26 February 2020, from <https://www.halliburton.com/en-US/ps/solutions/heavy-oil/what-makes-heavy-oil-heavy.html>

<sup>143</sup> Table Definitions, Sources, and Explanatory Notes. U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from [https://www.eia.gov/dnav/pet/TblDefs/pet\\_pri\\_wco\\_tbldef2.asp](https://www.eia.gov/dnav/pet/TblDefs/pet_pri_wco_tbldef2.asp)

from the extraction of liquid hydrocarbons at natural gas processing plants, and from the production of finished petroleum products at blending facilities”.<sup>144</sup>

*Crude oil* is defined by the EIA as “a mixture of hydrocarbons that exists as a liquid in underground geologic formations and remains a liquid when brought to the surface”.<sup>145</sup>

The continuous talks about OPEC also entails defining the role of the organization itself. It is known as The Organization of the Petroleum Exporting Countries (OPEC), an inter-governmental organization formed of 14 member countries: Algeria, Angola, Congo, Ecuador, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates and Venezuela. OPEC serves to “to coordinate and unify the petroleum policies of its Member Countries and ensure the stabilization of oil markets.”<sup>146</sup>

Finally, *the Persian Gulf* region includes Saudi Arabia, Iran, Iraq, Kuwait, United Arab Emirates, Bahrain, Qatar and Oman. According to the EIA, the Persian Gulf region holds a large amount of the world’s oil reserves and is considered the most important transit chokepoint in the world.<sup>147</sup>

### **3.7 Variables employed**

The independent variables that will be employed in this study are diplomacy and sanctions. As part of the energy leverage and stability approaches presented, which aim to maximize

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<sup>144</sup> What is the difference between crude oil, petroleum products, and petroleum? - FAQ – (2019). U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <https://www.eia.gov/tools/faqs/faq.php?id=40&t=6>

<sup>145</sup> Ibid.

<sup>146</sup> OPEC : Our Mission. Retrieved 26 February 2020, from [https://www.opec.org/opec\\_web/en/about\\_us/23.htm](https://www.opec.org/opec_web/en/about_us/23.htm)

<sup>147</sup> The Strait of Hormuz is the world's most important oil transit chokepoint. (2019). U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=39932>

the benefit brought about by the U.S shale boom, these variables directly influence U.S policy in the Middle East--which represents the dependent variable. U.S diplomatic capabilities represent the Obama administration's means of leading multilateral cooperation to convince countries in joining the nuclear agreement. As per the literature presented in this study, diplomacy directly influences the Obama administration's ability to gather support for the Iran nuclear deal (JCPOA) and thus sustains America's commitment to the strategies of multilateral cooperation in the post-Cold War era. Diplomacy here entails convincing the countries joining the sanctions regimes against Iran that the U.S is able to provide additional oil when Iranian oil is removed from the global market. Sanctions are the second independent variable in this thesis and hence a strategy that has been used for leveraging energy in U.S foreign policy. The empirical evidence collected in this thesis reveal the indispensable role of sanctions as the tool aimed at restricting Iran's oil revenues, but more importantly, in representing vital foreign policy options for the Obama administration that were not attainable during the Bush administration years.

Both sanctions and diplomacy represent a significant U.S advantage that was not harnessed by the Bush administration and therefore presented critical challenges to how the President dealt with Iran as a U.S adversary and a powerful player on the oil market.

On the other hand, the first dependent variable is the Obama administration's efforts in bringing countries to the nuclear agreement table, which was facilitated by the administration's diplomatic maneuvering (independent variable). Saudi Arabia, Europe and Israel had major objections against engaging with Iran for fear of Iranian non-compliance and presumption of malign activities like funding militia proxies in the region.

Additional fears revolved around the availability of alternative oil if Iranian oil is slashed off the market. Aggressive U.S diplomacy was thereby necessary to appease these fears and engage both allies and adversaries in one agreement. President Obama himself noted that without an agreement, the world economy would suffer enormous disruptions and the Middle East from further instability. Obama had argued that “it was diplomacy -- hard, painstaking diplomacy...that ratcheted up the pressure on Iran”.<sup>148</sup>

The second dependent variable is the ability to constrain Iran’s market share, which was part of President Obama’s Iran policy in the Middle East. Limiting Iran’s capacity to sell oil as well as to develop the elements needed to acquire nuclear weapons was influenced directly by the sanctions—the independent variable—employed by the Obama administration. The sanctions were used to complicate Iran’s engagement in oil trade as the country’s currency dropped and energy firms were pressured to withdraw from Iranian oil fields.<sup>149</sup> This discouraged Iran from pursuing its nuclear enrichment activities as the country’s economic and financial situation worsened.<sup>150</sup>

The increasing U.S leverage on the energy scene as a result of the surge in domestic oil and gas production has linked the dependent variables with the sanctions and diplomacy strategies (independent variables). In other words, diplomacy and sanctions were the U.S energy leverage tools employed to help the Obama administration in sustaining multilateral cooperation and constraining Iranian geopolitical capacities. These strategies

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<sup>148</sup> Obama, B., 2015. Remarks by the President on the Iran Nuclear Deal. *speech, American University, Washington, DC, 5.*

<sup>149</sup> Obama, B., 2012. *Fact Sheet: Sanctions Related to Iran.* [online] whitehouse.gov. Available at: <<https://obamawhitehouse.archives.gov/the-press-office/2012/07/31/fact-sheet-sanctions-related-iran>> [Accessed 5 March 2021].

<sup>150</sup> Ibid.



are derived from the energy leverage and stability approaches which delineate how energy leverage is employed to advance American interests abroad in the age of U.S shale.

Both the independent and dependent variables are directly connected. The sanctions and diplomacy strategies strengthened the Obama administration's ability to leverage U.S influence and hence pressure Iran. Sanctions represented a critical tool for the U.S to remove Iranian oil off the market and lead Iran to compliance, while diplomacy was the strategy utilized by the Obama administration to convene the nuclear agreement amidst hesitation and objection from several states. Without such linkage it would be difficult to assess the U.S energy leverage in the nuclear deal. Therefore, the role of U.S shale oil comes at the center of the dependent and independent variables as it entails linking between the tools employed and the derived outcomes.

### **3.8 Limitations**

Inevitably, just as every research work is challenged by external forces that deem the information unfairly presented, this thesis falls victim to the ongoing developments circumstances in the region. The geopolitical dynamics in the Middle East, which have been shifting quite rapidly, entail taking a further holistic view of the contents. The series of rapprochements taking place between a number of Arab states and Israel for instance require wider analysis that also takes into consideration the shifting Israeli views and interests with Arab countries in the region. While this could signal a positive sign for the U.S, it also places additional scrutiny on American foreign policy status in the region by adding further pressure on the Biden administration to ensure American interests are not forgone as a result. In dealing with Iranian nuclear ambitions, whether the Biden administration will implement a similar scenario of sanctions and diplomacy remains a

matter of great interest to U.S foreign policy experts and to complementary studies on U.S shale energy and American politics in the Middle East.

# **Chapter 4**

## **The Bush Administration and Middle East Oil**

### **4.1 Introduction**

The international realm during the Bush administration years was bound by economic and political dilemmas, posing surmounting challenges for President George W. Bush upon his assumption into office in January 2001. Global and domestic predicaments were only compounding America's existing conundrum with regards to the country's reliance on the supply of foreign oil. The U.S's need for Middle East oil, the diminishing domestic energy output as well as the global economic and energy crisis that occurred throughout the Bush administration's terms contributed in undermining American leverage abroad and restricting the administration's foreign policy options in the region.

This chapter will first highlight some of the key issues in the Bush administration's domestic energy policies. Normally this will delineate some of the challenges faced on a domestic level which have, one way or another, influenced the administration's foreign policy objectives. This involves studying how the President sought to find suitable domestic solutions to tackle America's increasing energy consumption, dwindling domestic energy production and U.S reliance on foreign oil supply. The main focus in this aspect is the influential lobbying of the U.S energy industry on the Bush administration's domestic decisions to support energy production as well as the President's attempts to deal with the repercussions of external energy crises that were outside of the U.S's control. Examples reveal how the U.S economy is easily susceptible to global oil disruptions and

how internal politics has impacted the domestic and foreign policies of the Bush administration.

The second and main aspect of this chapter focuses on the foreign policy of the Bush administration, particularly its relations with major oil-producing countries in the Middle East—namely Saudi Arabia, Iraq and Iran—and reveals the extent to which oil was highly ranked on the President’s foreign policy agenda. The first part will tackle the U.S-Saudi relations. It will study how a growing Saudi leverage in the market and an increasingly oil-dependent nation like the United States has undermined American interests in the Middle East. Second, the chapter will target the U.S-Iraqi relations and how the need to secure affordable and alternative sources of oil drove the U.S into a costly intervention in Iraq. Lastly, the chapter will study how Iran’s role as a major player on the global market has constrained the Bush administration’s foreign policy options in dealing with the Iranian regime’s nuclear ambitions.

## **4.2 Domestic Energy Policy of the Bush Administration**

Upon assuming office in 2001, President George W. Bush made sure to prioritize boosting domestic oil and gas production on his administration’s agenda. The domestic energy policies of the Bush administration were widely oriented towards the support of the petroleum industry though were highly scrutinized by environmental groups and congressional democrats.<sup>151</sup> Additionally, the Bush administration revoked regulations on domestic energy production placed during the Clinton administration while sparking

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<sup>151</sup> Van Natta Jr., D. and Banerjee, N., 2002. *Bush Policies Have Been Good To Energy Industry*. [online] The New York Times. Available at: <<https://www.nytimes.com/2002/04/21/us/bush-policies-have-been-good-to-energy-industry.html>> [Accessed 1 October 2020].

criticism from environmental groups<sup>152</sup> who warned against the potential consequences of mismanaging natural resources.<sup>153</sup> In support of the U.S economy, the Bush administration also ignored environmentalists on global warming risks and banned additional controls on carbon dioxide emissions for the extraction of natural gas. Vice President Dick Cheney constantly echoed the administration's support for domestic production by suggesting lending royalty reductions to energy firms and encouraging local drilling in certain areas around the United States.<sup>154</sup>

On a political scale, lobbying efforts played a vital role in influencing the Bush administration's domestic energy policies.<sup>155</sup> Through the lobbying powers of American energy firms and executives, the administration provided inducements in billions of dollars in an effort to encourage oil companies to increase their output. The President moved forward with signing executive orders that served to accelerate domestic production projects and explore uncharted territories for potential oil and gas discoveries in the United States.<sup>156</sup> The initiative had been proposed by the powerful trade groups the American Petroleum Institute and the American Gas Association and thus placed President Bush under intense criticism from Democrats and environmentalists who accused these energy institutions of "hold [the President's] pen".<sup>157</sup>

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<sup>152</sup> Ibid.

<sup>153</sup> Ibid.

<sup>154</sup> L. Andrews, E., 2006. *Vague Law And Hard Lobbying Add Up To Billions For Big Oil*. [online] The New York Times. Available at: <<https://www.nytimes.com/2006/03/27/business/vague-law-and-hard-lobbying-add-up-to-billions-for-big-oil.html>> [Accessed 1 October 2020].

<sup>155</sup> Ibid.

<sup>156</sup> Ibid.

<sup>157</sup> Ibid.

Energy companies provided huge support for President Bush's elections campaigns, and the administration's support for their lucrative energy projects. Among the biggest supporters for Governor Bush before he became president were Enron Oil Company which contributed to more than \$92,000 and El Paso Energy which helped fund President Bush's political campaign with almost \$40,000.<sup>158</sup> Chevron, BP, Exxon Mobil, ARCO and Shell Oil have pushed for drilling in the Gulf of Mexico on the basis that it was economically beneficial and would not result in environmental damage.<sup>159</sup> In fact, documents related to White House briefings have revealed the role of Exxon in the Bush administration's energy policy decisions, particularly the administration's approach to climate change and its rejection of the Kyoto Protocol to tackle climate change.<sup>160</sup> Prominent executives in the energy industry were also among Bush's presidential campaign fund-raisers and owned stakes in the administration's energy policies. Roy Huffington, a Republican oil magnate from Texas who also served as U.S Ambassador to Austria in the George H. W. Bush administration as well as Kenneth Lay—the founder and chairman of Enron—were among President Bush's biggest supporters.<sup>161</sup>

Republican representatives perceived the Bush administration's government subsidies and exploration projects as profitable prospects and were thus among the greatest advocates of promoting energy production and governmental support to the industry. Many of them

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<sup>158</sup> M. Broder, J., 2000. *Oil And Gas Aid Bush Bid For President*. [online] The New York Times. Available at: <<https://www.nytimes.com/2000/06/23/us/oil-and-gas-aid-bush-bid-for-president.html>> [Accessed 16 October 2020].

<sup>159</sup> Kahn, J., 2001. *Bush Scales Back Oil-Drilling Plan In Gulf Of Mexico*. [online] The New York Times. Available at: <<https://www.nytimes.com/2001/07/03/us/bush-scales-back-oil-drilling-plan-in-gulf-of-mexico.html>> [Accessed 16 October 2020].

<sup>160</sup> Vidal, J., 2005. *Revealed: How Oil Giant Influenced Bush*. [online] The Guardian. Available at: <<https://www.theguardian.com/news/2005/jun/08/usnews.climatechange>> [Accessed 16 October 2020].

<sup>161</sup> M. Broder, J., 2000. *Oil And Gas Aid Bush Bid For President*. The New York Times.

owned or assumed senior roles in large American oil and gas firms.<sup>162</sup> Throughout President Bush's two terms at the White House, his administration proposed drilling for oil exploration in the Arctic National Wildlife Refuge (ANWR), a distribution of unsettled lands in Alaska founded to preserve natural wildlife. President Bush had insisted that the exploration was critical for U.S national security during a period of dwindling domestic energy production.<sup>163</sup> With a Republican-controlled Senate, several representatives of Republican-dominated states agreed to the President's drilling initiatives in Arctic Refuge. Senator Conrad Burns, a Republican Montana Representative at the time stated that the Arctic was "a land that we can take care of and still use the resources it provides."<sup>164</sup> Ted Stevens, who was the Republican Senator for the state of Alaska had also been a big advocate for the ANWR drilling<sup>165</sup> while the Alaska Congressional delegation regarded the drilling as a revenue-making opportunity that could also provide local jobs in the field.<sup>166</sup>

President Bush's initiatives were met with intense criticism by Congressional Democrats.<sup>167</sup> With regards to the ANWR drilling project, democrats opposed initiative on the basis that it does not help in solving America's energy shortage. The then Democrat

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<sup>162</sup> L. Andrews, E., 2006. *Vague Law And Hard Lobbying Add Up To Billions For Big Oil*. [online] The New York Times.

<sup>163</sup> Ibid.

<sup>164</sup> Stout, D., 2003. *Senate Rejects Oil Drilling In Alaskan Refuge*. [online] The New York Times. Available at: <<https://www.nytimes.com/2003/03/19/international/middleeast/senate-rejects-oil-drilling-in-alaskan-refuge.html>> [Accessed 16 October 2020].

<sup>165</sup> Hulse, C., 2017. *How Arctic Drilling, Stymied For Decades, Made Surprise Return In Tax Bill (Published 2017)*. [online] The New York Times. Available at: <<https://www.nytimes.com/2017/12/09/us/politics/artic-national-wildlife-refuge-drilling-tax-bill.html>> [Accessed 16 October 2020].

<sup>166</sup> Gerth, J., 2005. *Big Oil Steps Aside In Battle Over Arctic*. [online] The New York Times. Available at: <<https://www.nytimes.com/2005/02/21/politics/big-oil-steps-aside-in-battle-over-arctic.html>> [Accessed 16 October 2020].

<sup>167</sup> Van Natta Jr., D. and Banerjee, N., 2002. *Bush Policies Have Been Good To Energy Industry*. [online] The New York Times.

Senator of New Mexico Jeff Bingaman had affirmed that drilling in an area that is environmentally susceptible would not solve America's long-term energy issues. "This does not reduce in a significant way our dependence on imported oil", said the Republican Senator.<sup>168</sup> Democrats were also suspicious of Vice President Dick Cheney's role in soliciting meetings with energy executives and the latter's influence over the administration's climate change policies.<sup>169</sup> In addition, the close ties between the President and Mr. Cheney with the energy industry aroused further suspicions within democratic grounds especially since both President Bush and Mr. Cheney held executive roles in energy firms before they entered the political scene.<sup>170</sup>

Environmentalists were also heavily opposed to the Bush administration's orientation towards the support of the energy industry and—along with democrats—saw the White House's policies as attempts to repay the President's campaign funders.<sup>171</sup> Sharon Buccino, who was a senior attorney at the Natural Resources Defense Council at the time, warned about the necessity of effectively managing America's use of fuel. "We cannot dig, drill and destroy our way to true energy independence", she stated. Edward J. Markey, who was a democratic representative for Massachusetts during the Bush administration, opposed the subsidy program initiated by President Bush for the support of U.S energy firms to speed up their drilling projects. "It is indefensible to be keeping these companies on the government dole when oil and gas prices are so high", he said.<sup>172</sup> During times of

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<sup>168</sup> Stout, D., 2003. *Senate Rejects Oil Drilling In Alaskan Refuge*. The New York Times.

<sup>169</sup> Gerth, J., 2005. *Big Oil Steps Aside In Battle Over Arctic*. The New York Times.

<sup>170</sup> Ibid.

<sup>171</sup> Van Natta Jr., D. and Banerjee, N., 2002. *Bush Policies Have Been Good To Energy Industry*. The New York Times.

<sup>172</sup> L. Andrews, E., 2006. *Vague Law And Hard Lobbying Add Up To Billions For Big Oil*. The New York Times.



increasing energy prices, Markey had argued for boycotting President Bush's subsidy program while declaring: "We might as well be giving tax breaks to Donald Trump and Warren Buffett".

The deregulations implemented by the Bush administration left the United States susceptible to disruptions in oil supply. They provided more leeway for competition between businesses in the oil industry thereby discouraging companies from investing in large inventories for fear of losing their market share to industry rivals. Domestic repercussions included soaring energy prices and constant blackouts in U.S cities like California and San Diego.<sup>173</sup>

### **4.3 Dwindling U.S energy production**

Throughout both of the Bush administration's terms, petroleum production in the United States had been on a downward trajectory since the mid-1980's with output levels reaching their lowest in late 2008 at 7.78 million barrels per day (mbd) after registering 11.4 mbd in 1985.<sup>174</sup> Simultaneously, American consumption of oil was on a stark rise throughout the President's time in office. The peaks in U.S oil consumption were recorded in years 2004 and in 2007,<sup>175</sup> both of which saw President Bush in the White House. Natural gas production in the United States was also declining from 2001; however, it soon bounced back after 2005 and maintained the same trajectory that was almost in parallel to domestic gas consumption.<sup>176</sup>

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<sup>173</sup> Schrag, P., 2001. *Blackout*. [online] *The American Prospect*. Available at: <<https://prospect.org/features/blackout/>> [Accessed 16 October 2020].

<sup>174</sup> U.S. Energy Information Administration. 2020. *Oil Imports And Exports*. [online]

<sup>175</sup> *Ibid*.

<sup>176</sup> *Natural gas explained*. (2019). U.S. Energy Information Administration (EIA). Retrieved 2 October 2020, from <https://www.eia.gov/energyexplained/natural-gas/imports-and-exports.php>

Yet, oil remained the dilemma facing the United States on a domestic and foreign level. The upsurge in domestic petroleum needs as well as the demand for oil as an important component of the U.S economy and national security presented critical challenges for the Bush administration at a time when the country was struggling with the aftermath of the early 2000's global energy crisis.

#### **4.4 The Global Energy Crisis and its Implications for the United States**

When President George W. Bush took office in January 2001, the United States was facing “the most serious energy shortage since the oil embargo of the 1970's”.<sup>177</sup> According to a report on the impact of high oil prices on the global economy prepared by the International Monetary Fund (IMF) in 2000, increasing global economic growth jumped from 2.6% in 1998 to around 4.7% by 2000 and consequently led to an increase in global oil consumption.<sup>178</sup> That same year witnessed the highest price level for oil since the mid-1980's<sup>179</sup> along with increasing domestic consumption for energy.<sup>180</sup>

By 2002, oil had accounted for 38% of the total world consumption of energy.<sup>181</sup> As excessive global demand surpassed the global supply of oil prices witnessed a stark surge and the phenomenon introduced significant implications for the U.S economy which was expanding exponentially at the time. With dwindling U.S petroleum production, the need

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<sup>177</sup> The White House. “*Report of the National Energy Policy Development Group.*” National Energy Policy, chaired by Vice-President Dick Cheney, chs 8, no. 11 (2001). p.viii.

<sup>178</sup> Mussa, M. (2000). The impact of higher oil prices on the global economy. *International Monetary Fund*, 6.

<sup>179</sup> *Ibid.*, 10.

<sup>180</sup> [Bush, G. W. \(2001\). National Energy Policy: Reliable, Affordable, and Environmentally Sound Energy for America's Future. ch.1, p.11.](#)

<sup>181</sup> BP, B. P. (2012). *Statistical Review of World Energy, June 2010. British Petroleum*, p.11.

for technological innovation in the energy sector was becoming more and more critical.<sup>182</sup> Rising gasoline prices, the surge in energy consumption for American households as well the growing gap between energy production and consumption underpinned some of the domestic challenges facing the Bush administration in early 2001. In addition, the influence of the energy sector on White House policies was another contentious issue that the Bush administration was bound to deal with. Oil and gas firms possessed specific priorities on the administration's agenda as they attempted to demand regulations and agreements that would facilitate their operation in the energy sector and hence boost domestic production.<sup>183</sup> Rising oil prices placed a halt on domestic production as risks of diminishing profits loomed across the energy industry. The process of extracting domestic oil was rendered costly, driving firms to cut back on local drilling, in spite of the push for projects like the ANWR exploration during the Bush administration.<sup>184</sup> In early 2002, British Petroleum (BP) decided to withdraw its offshore drilling project 'Liberty' in Alaska as it scaled back on more than 100 jobs and reduced its costs (which reached around \$600 million), stating that the initiative was too costly to be resumed.<sup>185</sup> This produced further predicaments for the Bush administration as he attempted to reconcile between the influence of the energy industry on his administration's policies on one hand and the desire to enhance U.S output on the other by facilitating governmental subsidies to local firms.<sup>186</sup>

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<sup>182</sup> Bush, G. W. (2001). *National Energy Policy: Reliable, Affordable, and Environmentally Sound Energy for America's Future*. p.ix.

<sup>183</sup> Van Natta Jr., D. and Banerjee, N., 2002. *Bush Policies Have Been Good To Energy Industry*.

<sup>184</sup> J. Palmer, M., 2002. *Oil And The Bush Administration*. [online] Earth Island Journal. Available at: <[https://www.earthisland.org/journal/index.php/magazine/entry/oil\\_and\\_the\\_bush\\_administration/](https://www.earthisland.org/journal/index.php/magazine/entry/oil_and_the_bush_administration/)> [Accessed 16 October 2020].

<sup>185</sup> Ibid.

<sup>186</sup> Ibid.

From a U.S national security standpoint, the Bush administration was bound to deal with the implications of reduced global oil supply which could not be offset in the United States due to the energy industry's hesitance in boosting output in an attempt to avoid losses as oil prices soared. The dwindling global oil supply, which seemed to only exacerbate the energy predicament in the United States, was due to several factors including production cuts implemented by OPEC during the late 1990's, increasing oil demand from Asia as well as U.S economic growth and increasing consumption.<sup>187</sup> The issue of American dependence was thus bound to continue and access to oil remained a critical dilemma facing the Bush administration at the start of the 21<sup>st</sup> century .<sup>188</sup>

#### **4.5 The National Energy Policy and America's increasing dependence on Middle East oil**

The challenges facing the United States in the early 2000's drove the Bush administration to create the National Energy Policy Development Group (NEPDG), a task force of senior U.S government officials who were responsible for engineering a long-term plan that would help the United States tackle its energy needs.<sup>189</sup> The NEPDG drafted the National Energy Policy, a renowned report spearheaded by the then Vice President Dick Cheney which underscored an American plan to provide the U.S with reliable and affordable energy sources as alternatives to the increasing dependence on foreign oil.<sup>190</sup> The report emphasized America's domestic and foreign energy repercussions as a result of the

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<sup>187</sup> Bush, G. W. (2001). *National Energy Policy: Reliable, Affordable, and Environmentally Sound Energy for America's Future*. Ch.1, p.11.

<sup>188</sup> Morse, E. L., & Jaffe, A. M. (2001). *Strategic energy policy: challenges for the 21st century*. Council on Foreign Relations. p.8.

<sup>189</sup> Klare, M. (2004). *Bush-Cheney energy strategy: Procuring the rest of the world's oil*. Foreign Policy in Focus, 0113-01.p.3.

<sup>190</sup> Ibid., p.4

country's increasing energy needs and the consequences of relying heavily on foreign oil to supply domestic consumption.

Among the primary recommendations stated in the report were prioritizing U.S energy security on the Bush administration's trade and foreign policy agenda and promoting the diversification of energy resources to secure sufficient uninterrupted oil supply. Citing high oil prices and energy interdependence as serious predicaments for the United States and global oil consumers alike, the report further highlighted the necessity of employing domestic energy technologies to deal with America's energy production shortage.<sup>191</sup> It underscored the Bush administration's efforts to create an environmentally sound space to modernize U.S infrastructure, support economic growth and enhance energy security.

On a foreign policy level, the report underscored the priority of supporting the investment of American energy firms in the Middle East and hence the need for Arab Gulf countries to open their energy sectors for foreign investment.<sup>192</sup> The Gulf was projected to supply between 54 to 67% of the world's oil, according to the report. Gulf producers were thus considered central to global and American energy policy and hence gaining access to their energy sectors served U.S trade and strategic interests in the region, as the report had mentioned.

The NEPDG document stated that energy imports constituted almost 11% of total U.S imports with domestic oil production being insufficient to meet local demand and projected to diminish through the forthcoming 20 years. The amount of shortage between future demand and supply by 2020 was estimated at 50% and the solutions, according to

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<sup>191</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.5.

<sup>192</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.8, p.5.

the report, would be to increase energy imports, enhance energy effectiveness and boost the domestic supply of energy.

The meat of the NEPDG report is underscoring America's increasing needs for energy—particularly oil—to support its economy and enhance its energy security. “U.S. national energy security depends on sufficient energy supplies to support U.S. and global economic growth”, states the document.<sup>193</sup> However, as critics have noted, the goal of the report is not to reduce American dependence on foreign oil as much as to seek further external sources that would supply oil to the United States.<sup>194</sup> In other words, pursuing the same objective of reliance on foreign oil remained an existing element of the Bush administration's agenda as the drop in domestic oil production and the perceived unwillingness to tackle America's growing petroleum needs remained an unresolved dilemma. “We can strengthen our own energy security and the shared prosperity of the global economy by working cooperatively with key countries and institutions to expand the sources and types of global energy supplies”, reveals the report.<sup>195</sup>

The Bush administration's plan to promote the diversification of oil supply would presumably improve U.S national security by sustaining world economic stability and diminishing American reliance on one singular region but would not eliminate U.S dependence on foreign oil and subsequently the energy firms that supply it.<sup>196</sup> In underscoring the necessity of seeking external energy resources for domestic supply, the

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<sup>193</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.8, p.1.

<sup>194</sup> Klare, M. (2004). *Bush-Cheney energy strategy: Procuring the rest of the world's oil*. Foreign Policy in Focus, 0113-01. p.4.

<sup>195</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.8, p.3.

<sup>196</sup> Roberts, T. and Downey, L., 2016. *When Bush And Cheney Doubled Down On Fossil Fuels: A Fateful Choice For The Climate*. [online] Brookings. Available at: <<https://www.brookings.edu/blog/planetpolicy/2016/07/07/when-bush-and-cheney-doubled-down-on-fossil-fuels-a-fateful-choice-for-the-climate/>> [Accessed 3 October 2020].

Bush administration deemed dependence on foreign oil—particularly from the Middle East—a vital objective on the U.S foreign policy agenda. The report highlights the fact that two thirds of the world’s oil reserves exist in the Middle East and adds that OPEC’s impact on the market exacerbates the vulnerable conditions of the global markets. “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.”<sup>197</sup>

For this reason, the report mentions, this region will continue to be critical for American interests. Such challenges facing the Bush administration, particularly regarding the need to secure external oil supplies, seemed to be only adding to America’s dilemma of foreign oil dependence.

#### **4.6 Oil, the Middle East and the Foreign Policy of the Bush Administration**

The foreign policy of the Bush administration has been termed ‘revolutionary’, marked with a unilateral approach that President Bush has often used in exercising power and securing American interests abroad.<sup>198</sup> Bush has often relied on America’s ability to lead while showcasing his readiness to deal unilaterally with U.S. adversaries and deploying military might to instigate political resolutions abroad.

The President’s foreign policy objectives, which were highlighted in the Bush administration’s National Security Strategy, emphasized democracy promotion in the

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<sup>197</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.8, p.4.

<sup>198</sup> H. Daalder, I. and Lindsay, J., 2004. *Bush’S Foreign Policy Revolution: A Radical Change*. [online] Brookings. Available at: <<https://www.brookings.edu/opinions/bushs-foreign-policy-revolution-a-radical-change/>> [Accessed 1 October 2020].

Middle East, countering terrorism and the support of nuclear weapons as well as Israel's security.<sup>199</sup> President Bush arrived in office during the aftermath of the global energy crisis of the early 2000's and so tackling the domestic repercussions of the crisis was the President's most critical concern.<sup>200</sup>

The U.S was becoming increasingly reliant on foreign oil to quench its growing thirst for energy at a time when domestic oil and gas production was declining and drilling for oil considered too heavy of an investment during a period of soaring energy prices. This drop in local production and the increasing imports of oil instigated fears regarding the U.S's future supply of energy<sup>201</sup>. Ensuring the free flow of oil from foreign suppliers into American markets has thus been a top priority on the Bush administration's foreign policy agenda as the future for U.S energy capacity seemed bleak.<sup>202</sup> Domestic oil production was set to drop from around 8.5 million barrels per day in 2002 to 7.0 mbd in 2020 while local consumption was projected to climb from 19.5 mbd to 25.5 mbd."<sup>203</sup> A major reason for the projected decrease was the unavailability of alternative energy technologies and the increasing need for energy infrastructure maintenance in the United States.<sup>204</sup>

Both President Bush and his advisors were aware of the pivotal role that oil played in driving the U.S economy where, due in great part to transportation fuel consumption, petroleum constituted 40% of the total supply of energy in the United States.<sup>205</sup> Oil was

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<sup>199</sup>House, W. (2002). *The National Security Strategy of the United States*, September 17, 2002. Washington, DC.

<sup>200</sup> Klare, M. (2004). *Bush-Cheney energy strategy: Procuring the rest of the world's oil*. Foreign Policy in Focus, 0113-01. p.3.

<sup>201</sup> Ibid.

<sup>202</sup> Ibid.

<sup>203</sup> Ibid., p.4.

<sup>204</sup> Bush, G. W. (2001). *National Energy Policy*. p.ix.

<sup>205</sup> Ibid., p.3.



also a significant pillar of U.S national security, particularly in empowering the American defense sector, including the supply it provided for planes, ships and tanks.<sup>206</sup> “America faces a major energy supply crisis over the next two decades,” proclaimed the then Secretary of Energy Spencer Abraham in a 2001 energy summit. “The failure to meet this challenge will threaten our nation’s economic prosperity, compromise our national security, and literally alter the way we lead our lives.”<sup>207</sup>

#### **4.6.1 Inevitability of reliance on Middle East oil**

Despite being the leading oil producer in 2001,<sup>208</sup> the sharp decline in domestic oil production meant that the United States remained obliged to import foreign oil to meet its increasing energy demands.<sup>209</sup> Simultaneously, the lack of innovation in drilling technologies at the time was exacerbating the issue of a drop in domestic output, making reliance on foreign oil an inevitable matter for the United States. This was precisely one of the cases alluded to in the National Energy Policy report of the Bush administration, which highlighted the need to enhance domestic infrastructure and technological innovation for better energy security.<sup>210</sup> In addition, U.S petroleum production is mostly made up of light crude oil and the country is in need of the ‘heavy’ and sour kind of oil from countries of the Persian Gulf for refining purposes.<sup>211</sup> Domestic production had been further halted due to the preference of cheap Middle East oil not only for the U.S but for

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<sup>206</sup> Ibid., p.3.

<sup>207</sup> Abraham, S. (2001, March). *A National Report on America’s Energy Crisis*. Remarks before the National Energy Summit, March 19, 2001. Retrieved from: [www.energy.gov](http://www.energy.gov). April 24, 2001.

<sup>208</sup> Ebel, R. E. (2002). *Geopolitics of Energy into the 21st Century*. Centre for Strategic and International Studies. Accessed October 1, 2020.

<sup>209</sup> Bush, G. W. (2001). *National Energy Policy*. Ch.1, p.1.

<sup>210</sup> Bush, G. W. (2001). *National Energy Policy*. p.xi.

<sup>211</sup> *The United States tends to produce lighter crude oil and import heavier crude oil.* (2019). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/todayinenergy/detail.php?id=41033>

the global economy as well.<sup>212</sup> The average production of oil in the United States in 2001 was around 351.7 million tons, making these figures insufficient to provide for the U.S in the future.<sup>213</sup>

During the years President Bush was in office, the United States was increasingly importing oil, which accounted for 89% of American energy imports in 2001.<sup>214</sup> Throughout that same year, U.S oil imports from countries of the Persian Gulf and OPEC were at their highest recorded levels since the late 1970's.<sup>215</sup> The Gulf was estimated to provide between 54 to 67% of the world's oil supply.<sup>216</sup>

In addition to America's increasing reliance on Middle East oil, the rise in the share of global oil production throughout the Bush administration years gave way to the empowerment of major oil-producing nations, in particular countries of the Organization for Petroleum Exporting Countries (OPEC).<sup>217</sup> American allies in the Gulf were perceived to be less disposed to cut down oil prices as their domestic and foreign policies contradicted with American interests in the region, particularly over the Middle East peace process.<sup>218</sup> Consequently, U.S dependence on oil supply from the Middle East augmented the strategic power of America's staunch ally Saudi Arabia. The Kingdom's increased output levels and the unavailability of equally sufficient spare capacity signified its

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<sup>212</sup> Scanlon, G.M., 1992. *Hard Choices: American Oil Import Dependence and Oil Import Fees*. Case W. Res. J. Int'l L., 24, p.115.

<sup>213</sup> Pal, P., 2002. *USA-Iraq Conflict: The Oil Angle*. [online] International Development Economics Associates. Available at: <<http://www.networkideas.org/news-analysis/2002/09/usa-iraq-conflict-the-oil-angle/>> [Accessed 4 October 2020].

<sup>214</sup> Bush, G. W. (2001). *National Energy Policy*. [Ch.1](#), p.11.

<sup>215</sup> U.S. Energy Information Administration. 2020. *Oil Imports And Exports*. [online]

<sup>216</sup> The White House. "*Report of the National Energy Policy Development Group*." National Energy Policy, chaired by Vice-President Dick Cheney. Ch. 8, p.4.

<sup>217</sup> Morse, E. L., & Jaffe, A. M. (2001). *Strategic energy policy: challenges for the 21st century*. Council on Foreign Relations. p. 4

<sup>218</sup> Ottaway, D. (2009). The King and Us-US-Saudi Relations in the Wake of 9/11. *Foreign Affairs*, 88, 121.

growing leverage when it comes to shaping the oil environment and consequently exerting further influence on the political scene.<sup>219</sup>

#### **4.7 The Bush Administration and Saudi Arabia**

Saudi Arabia was the second supplier of oil to the United States after Canada in 2001.<sup>220</sup> The aftermath of the 9/11 events substantially contributed to the drop in global oil prices as world markets struggled to deal with the shock. By 2002, the dip in oil prices led OPEC's decision to cut its output in order to induce a rise in price levels.<sup>221</sup> The events of 9/11 also brought to forefront the role of OPEC's de-facto leader-Saudi Arabia-as a major U.S oil supplier with terrorist links to the incidents. Consequently, the issue of reducing U.S dependence on foreign oil seemed to take precedence among public opinions and policy makers in the United States.<sup>222</sup> As 15 of the hijackers were Saudis, the issue of reducing reliance on Saudi oil was adopted by Congressional representatives and several national security officials who advocated against the Kingdom as an untrustworthy partner with a huge role in shaping American foreign policy.<sup>223</sup> Even U.S energy companies seemed cynical in their talks with Saudi officials on energy investment plans and strains further made it to military and economic aspects between both countries.<sup>224</sup>

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<sup>219</sup> Morse, E. L., & Jaffe, A. M. (2001). *Strategic energy policy: challenges for the 21st century*. Council on Foreign Relations. p.22.

<sup>220</sup> Ebel, R. E. (2002). *Geopolitics of Energy into the 21st Century*. Centre for Strategic and International Studies. Accessed October 1, 2020.

<sup>221</sup> 2002. *OPEC Annual Report 2002*. [online] Austria: Organization of the Petroleum Exporting Countries. Available at: <[https://www.opec.org/opec\\_web/static\\_files\\_project/media/downloads/publications/AR002002.pdf](https://www.opec.org/opec_web/static_files_project/media/downloads/publications/AR002002.pdf)> [Accessed 1 October 2020].

<sup>222</sup> Henderson, S., 2002. *The Bush Administration And OPEC: The National Energy Policy Revisited*. [online] The Washington Institute for Near East Policy. Available at: <<https://www.washingtoninstitute.org/policy-analysis/view/the-bush-administration-and-opec-the-national-energy-policy-revisited>> [Accessed 1 October 2020].

<sup>223</sup> Morgan, D., & Ottaway, D. B. (2002). *War-Wary Saudis Move to Increase Oil Market Clout*. Washington Post, 30.

<sup>224</sup> Ibid

However, the Bush administration did not seem to share the public's sentiments and was seen held back from publicly criticizing OPEC over its energy policies<sup>225</sup> or the Saudi involvement in the September 2001 attacks.<sup>226</sup> Yet, the administration's relations with Saudi Arabia were under intense pressure as the mutual agreement of exchanging American weapons for Saudi oil supply was jeopardized.<sup>227</sup> Despite the strain in U.S-Saudi relations over the terrorism factor, oil remained pivotal in both countries' bilateral interests.<sup>228</sup> In fact, U.S dependence on oil imports was the highest during the George W. Bush administration years, with foreign oil imports accounting for 66% of total U.S consumption by 2005.<sup>229</sup>

In March 2003, with preparedness for the Bush administration's Operation Iraqi Freedom and due to the ensuing fear of supply disruptions, Saudi Arabia managed to sell oil to the United States and other countries, with the American share alone accounting for 1.87 million Barrels of oil per day.<sup>230</sup> The Kingdom was not supportive of the White House's decision to invade Iraq on the basis that a weakened Iraq would embolden Iranian influence in the country and the region.<sup>231</sup> The supply was not made public at the time,

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<sup>225</sup> Ibid., *The Bush Administration And OPEC: The National Energy Policy Revisited* and Center for American Progress. 2004. *The Complete Saudi Primer*. [online] Available at: <<https://www.americanprogress.org/issues/green/news/2004/06/24/878/the-complete-saudi-primer/>> [Accessed 1 October 2020].

<sup>226</sup> Jacques, M., 2004. *Review: House Of Bush, House Of Saud* By Craig Unger. [online] The Guardian. Available at: <<https://www.theguardian.com/books/2004/jul/31/highereducation/news>> [Accessed 1 October 2020].

<sup>227</sup> Record, J. (2008). *Why the Bush administration invaded Iraq: making strategy after 9/11*. Strategic Studies Quarterly, 2(2), 82, 83.

<sup>228</sup> Congressional Research Service, 2020. *Saudi Arabia: Background And U.S. Relations*. Congressional Research Service, pp.1,5.

<sup>229</sup>The International Association for Energy Economics - *Energy Forum Index*. Second quarter 2007. [online] Available at: <<https://www.iaee.org/en/publications/Newsletter-index.aspx>> [Accessed 1 October 2020].

<sup>230</sup> Elass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC: Lessons to Policymakers*. p.22.

<sup>231</sup> Ottaway, D. (2009). The King and Us-US-Saudi Relations in the Wake of 9/11. *Foreign Aff.*, 88, 123.

due to Saudi Arabia's aversion from involvement in the intervention in Iraq.<sup>232</sup> After the removal of Saddam Hussein, Saudi Arabia expelled the U.S Air Force base that had been operating since the 1990-91 Gulf War and the Kingdom soon looked to China and Russia—instead of its former American oil partnering firms—for support in exploring new gas fields.<sup>233</sup>

U.S-Saudi relations deteriorated further as oil prices rose by the mid 2000's and OPEC, spearheaded by Saudi Arabia, refused to follow through on the demands of the Bush administration to increase supply levels in an attempt to offset the surge in market prices.<sup>234</sup> In return, President Bush seemingly shifted towards a stronger tone against the Kingdom and foreign oil producers in general.<sup>235</sup> The President called for reducing reliance on foreign oil in his 2007 State of the Union Address, stating that the issue of dependence left the United States susceptible to 'hostile regimes' who are able to "cause huge disruptions of oil shipments, and raise the price of oil, and do great harm to our economy."<sup>236</sup> During President Bush's final years in office and a time of soaring oil prices, OPEC—led by Saudi Arabia—opted against the demands of the President and decided to implement production cuts instead of boosting output to support prices.<sup>237</sup> The Kingdom's attitude prompted President Bush to resort to domestic means to boost U.S energy policy. The President emphasized the need to diversify U.S energy sources and reduce domestic use of gasoline by 20% in the subsequent decade.<sup>238</sup> He even called for

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<sup>232</sup> Ellass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*. p.22.

<sup>233</sup> Ibid., p. 124.

<sup>234</sup> Ellass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*.

<sup>235</sup> Ibid., p.64-65.

<sup>236</sup> Bush, G. W. (2007). President Bush delivers State of the Union address. *The White House*, 20070123-2.

<sup>237</sup> Ellass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*. p.64-65.

<sup>238</sup> Ibid. p.65.

increasing the capacity of the U.S Strategic Petroleum Reserve (SPR) by twofold--from almost 730 Million barrels to 1.5 billion by 2027--to protect against potential oil disruptions.<sup>239</sup>

To reduce American reliance on oil supply from the Middle East, the President also called for environmentally efficient alternatives for oil and natural gas. The Bush administration established the Advanced Energy Initiative created in 2006 for the purpose of funding clean energy projects and consequently lessening American consumption of traditional fuels which constituted 75% of American oil production.<sup>240</sup> The Initiative supported investing in technological breakthroughs to enhance U.S energy security and hence reduce American reliance on Middle East oil. The project also supported exploration in domestic oil and natural gas around the Alaskan Coast and the Gulf of Mexico. Yet, domestic petroleum and gas production maintained a downward slope as drilling operations were halted in the years leading up to the 2008 financial crisis.<sup>241</sup> This all took place throughout the Bush administration years until late 2008, even as critics argued against the absence of drilling regulations and accused the administration of ties to the oil industry.<sup>242</sup>

U.S-Saudi relations reached an impasse ahead of the 2008 crisis as the Kingdom went against further urges from President Bush to arrange for a boost in OPEC's output in order

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<sup>239</sup> Ibid., p.65.

<sup>240</sup> Borger, J., 2006. *Bush Sets Goal For US Of 75% Cut In Middle East Oil Imports*. [online] The Guardian. Available at: <<https://www.theguardian.com/world/2006/feb/01/usa.julianborger>> [Accessed 1 October 2020].

<sup>241</sup> Oil & Gas 360. 2016. *Why This Oil Crisis Is Different To 2008* / Oilprice.Com. [online] Available at: <<https://oilprice.com/Energy/Energy-General/Why-This-Oil-Crisis-Is-Different-To-2008.html#:~:text=Crude%20oil%20consumption%20and%20production,drilling%20following%20the%202008%20crash>> [Accessed 16 October 2020].

<sup>242</sup> Doggett, T., 2010. *Bush's Interior Secretary Faults BP On Drilling Rules*. [online] Reuters. Available at: <<https://www.reuters.com/article/us-oil-spill-regulators-idUSTRE66J6FK20100721>> [Accessed 1 October 2020].

to support the rise in oil prices and a dwindling global economy.<sup>243</sup> In addition to his pledge to Saudi Arabia during one of his visits to the Middle East, President Bush also requested the assistance of other Arab countries such as Kuwait and the UAE who both neglected his appeal.<sup>244</sup>

Domestically, the Bush administration's energy policies came under intense criticism as energy prices soared, leading the U.S Department of Energy to eventually block the filling of the SPR in order to avoid further strain on oil supplies and an additional surge in energy prices.<sup>245</sup>

#### **4.8 Iraq and the Bush Administration**

By the time President George W. Bush was in office, Iraq had become a critical swing producer on the market. Armed with high oil reserves that boosted the Iraqi President's market manipulations for political purposes, the country became a profound challenge for a highly dependent oil-consuming country like the United States. By October 2001, the U.S had already been purchasing more than half of Iraqi oil, marking a peak in the level of American oil imports from the country.<sup>246</sup> Considered a significant supplier of oil to the U.S, Iraq provided what accounted to 5% of total U.S imports in 2002.<sup>247</sup> Iraq also

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<sup>243</sup> Elass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*.

<sup>244</sup> Lee Myers, S., 2008. *Bush Prods Saudi Arabia On Oil Prices*. [online] The New York Times. Available at: <<https://www.nytimes.com/2008/01/16/world/middleeast/16prexy.html>> [Accessed 1 October 2020].

<sup>245</sup> Elass, J., & Jaffe, A. M. (2010). *The History of US Relations with OPEC*.

<sup>246</sup> U.S. House of Representatives, 2005. *Hearing Before The Subcommittee On Oversight And Investigations Of The Committee On Energy And Commerce*. Washington: U.S. Government Printing Office [and](#) U.S. Energy Information Administration (EIA). 2020. *U.S. Imports From Iraq Of Crude Oil And Petroleum Products*. [online] Available at: <<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTIMIZ1&f=M>> [Accessed 1 October 2020].

<sup>247</sup> Klare, M. (2004). Bush-Cheney energy strategy: Procuring the rest of the world's oil. *Foreign Policy in Focus*, 0113-01. p.7.

possessed the world's second largest oil reserves, rendering the uninterrupted flow of Iraqi oil to world markets a profound factor needed for the stabilization of global energy supplies.<sup>248</sup>

Tight markets were aggravating U.S vulnerability to oil disruptions, which granted Iraq further leverage over oil prices.<sup>249</sup> At a time of increasing oil consumption in the United States, Saddam Hussein's hold on power and his control of Iraq's exports presented a critical threat to the American and global economy. Vice President in the Bush administration Dick Cheney warned against the threat posed by the presence of Iraqi president Saddam Hussein in power and its equally jeopardizing influence on American energy security.<sup>250</sup> In a 2002 speech, Cheney announced that the United States and the Middle East alike will suffer critical implications in case Hussein succeeded in developing weapons of mass destruction. "Armed with an arsenal of these weapons of terror and a seat at the top of 10% of the world's oil reserves, Saddam Hussein could then be expected to seek domination of the entire Middle East, take control of a great portion of the world's energy supplies, directly threaten America's friends throughout the region, and subject the United States or any other nation to nuclear blackmail", stated Cheney.<sup>251</sup>

With the help of a 1996 UN-sponsored 'oil-for-food' program, Iraq had agreed to sell a particular amount of its oil in exchange for food and other necessary commodities for the Iraqi people. American oversight via the United Nations Security Council also sought to monitor the Oil-for-Food agreement, provide jurisdiction for American oil companies to

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<sup>248</sup> Muttitt, G. (2011). *Fuel on the fire: oil and politics in occupied Iraq*. Random House.

<sup>249</sup> Morse, E. L., & Jaffe, A. M. (2001). *Strategic energy policy: challenges for the 21st century*. Council on Foreign Relations. p.13.

<sup>250</sup> Cheney, D., 2002. *Vice President Speaks at VFW 103rd National Convention*. Available at: [www.whitehouse.gov/news/releases/2002/08/20020826.html](http://www.whitehouse.gov/news/releases/2002/08/20020826.html).

<sup>251</sup> Ibid.



operate in Iraq as well as ensure Iraqi compliance with the sanctions imposed by the United Nations.<sup>252</sup> The U.S feared that Saddam would succeed in circumventing UN sanctions through the manipulation of the program.<sup>253</sup> In early 2002, Saddam temporarily suspended the oil-for-food exports program in retaliation to the Israeli assault on the West Bank.<sup>254</sup> Mismanagement within UN grounds had paved the way further for the Iraqi President to exploit the program for personal gains and increase his stronghold on Iraq's oil supply.<sup>255</sup> His unsuccessful attempt, which immediately induced a spike in global oil prices and drew positive support from Arab countries like Jordan, was aimed at pressuring the United States for its support of Israel.<sup>256</sup> The threat posed by President Saddam Hussein's manipulation of oil supply, necessitated a critical re-assessment of American policies in the region and in Iraq in specific. "The United States should conduct an immediate policy review toward Iraq including military, energy, economic and political/diplomatic assessments", stated the NEPDG report.

#### **4.8.1 U.S intervention and stakes for U.S oil firms in Iraq**

Due to its vast oil reserves and its ability to supply cheap oil on the global market, Iraq was considered an attractive destination for the Bush administration's policy of promoting foreign investment in countries with rich oil resources and hence an ability to influence

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<sup>252</sup> Permanent Subcommittee On Investigations Of The Committee On Governmental Affairs United States Senate One Hundred Eighth Congress, 2004. *How Saddam Hussein Abused The United Nations Oil-For-Food Program*. Washington: US Government Printing Office, p.9.

<sup>253</sup> *Ibid.*, p.10.

<sup>254</sup> MacFarquhar, N., 2002. *Mideast Turmoil: Oil; Iraq Halts Petroleum Exports To Put Pressure On Americans*. [online] The New York Times. Available at: <<https://www.nytimes.com/2002/04/09/world/mideast-turmoil-oil-iraq-halts-petroleum-exports-to-put-pressure-on-americans.html>> [Accessed 1 October 2020].

<sup>255</sup> Otterman, S. (2005). *Iraq: Oil for Food Scandal*, Council on Foreign Relations.

<sup>256</sup> MacFarquhar, N., 2002. *Mideast Turmoil: Oil; Iraq Halts Petroleum Exports To Put Pressure On Americans*. [online] The New York Times.

market prices.<sup>257</sup> Iraq was projected to become a major supplier of oil, particularly under more favorable circumstances where a new stable regime could be established, making the country a profitable land for investment by American firms.<sup>258</sup>

To the Bush administration, Iraqi oil was seen as a significant bargaining chip that would allow the United States to gain the support of its western allies. The fact that the United States, Britain, France, China and Russia all benefit from the presence of affiliated oil companies in Iraq offers these five permanent U.N Security Council members substantial gains if the regime of Saddam Hussein was overthrown.<sup>259</sup> However, the Bush administration's intervention in Iraq represented the epitome of the President's unilateral *modus operandi* and the invasion thus remained a sole American mission that was only supported by the UK and considered illegal by United Nations Security Council terms.<sup>260</sup>

Considering Saddam Hussein's animosity towards Israel, some also saw the Iraqi president's removal as an opportunity for the Bush administration to secure Israeli interests in the region and enhance the country's security from potential Iraqi aggression.<sup>261</sup> Yet, the removal of the Sunni President Saddam Hussein and the undermining of Sunni power in Iraq indirectly led to the empowerment of Shi'a groups loyal to the Iranian regime, hence consolidating Iranian stronghold on Iraq and making

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<sup>257</sup> E. Kramer, A., 2008. *U.S. Advised Iraqi Ministry On Oil Deals*. [online] The New York Times. Available at: <<https://www.nytimes.com/2008/06/30/world/middleeast/30contract.html>> [Accessed 1 October 2020].

<sup>258</sup> Klare, M. (2004). *Bush-Cheney energy strategy: Procuring the rest of the world's oil*. Foreign Policy in Focus, 0113-01.

<sup>259</sup> Morgan, D. and B. Ottaway, D., 2002. *In Iraqi War Scenario, Oil Is Key Issue*. [online] The Washington Post. Available at: <<https://www.washingtonpost.com/archive/politics/2002/09/15/in-iraqi-war-scenario-oil-is-key-issue/ba43d2a9-abe5-4371-8f2c-445e262778a1/>> [Accessed 1 October 2020].

<sup>260</sup> MacAskill, E. and Borger, J., 2004. *Iraq War Was Illegal And Breached UN Charter, Says Annan*. [online] The Guardian. Available at: <<https://www.theguardian.com/world/2004/sep/16/iraq.iraq>> [Accessed 16 October 2020].

<sup>261</sup> Mearsheimer, J. J., & Walt, S. M. (2006). *The Israel lobby and US foreign policy*.

Iran a more powerful threat against Israel in the region.<sup>262</sup> In addition, the specter of terrorism soon rose to present a threat to the United States and the world as a result of insurgencies and radicalization of the marginalized Sunni population.<sup>263</sup> The ensuing conflict later became a fault resulting from the Bush administration's miscalculations and remaining as a challenge for the succeeding Obama administration to tackle.

However, Iraq became the center of the Bush administration's foreign energy policy and consultants were assigned by the U.S government, including those from the Departments of Energy, State and Commerce in order to work with Iraq's Oil Ministry on matters of mutual cooperation in the energy sector.<sup>264</sup>

#### **4.8.2 Iraq and the lobbying efforts of U.S oil firms**

At a time of increasingly beneficial stakes in a more stable Iraq, American oil companies were seeking opportunities for investment on Iraqi soil. A document prepared by the U.S Defense Intelligence Agency (DIA) outlines oil fields bound for exploration in Iraq while naming U.S firms that would be opened for investment in the Iraqi oil industry.<sup>265</sup> The documents, which were released under the U.S Freedom of Information Act in 2003, reveal the role of the Bush administration and Vice President Dick Cheney in particular in exploring opportunities for U.S oil firms to invest in Iraq's oil.<sup>266</sup> The release of the papers arose suspicions regarding the administration's intentions in leading the intervention in

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<sup>262</sup> Arango, T., 2017. *Iran Dominates In Iraq After U.S. 'Handed The Country Over'*. [online] The New York Times. Available at: <<https://www.nytimes.com/2017/07/15/world/middleeast/iran-iraq-iranian-power.html>> [Accessed 16 October 2020].

<sup>263</sup> Ibid.

<sup>264</sup> E. Kramer, A., 2008. *U.S. Advised Iraqi Ministry On Oil Deals*. [online] The New York Times.

<sup>265</sup> Hiro, D., 2007. *How Bush's Iraqi Oil Grab Went Awry*. [online] The Nation. Available at: <<https://www.thenation.com/article/archive/how-bushs-iraqi-oil-grab-went-awry/>> [Accessed 1 October 2020].

<sup>266</sup> English, S., 2003. *Cheney Had Iraq In Sights Two Years Ago*. [online] The Telegraph. Available at: <<https://www.telegraph.co.uk/news/worldnews/northamerica/usa/1436785/Cheney-had-Iraq-in-sights-two-years-ago.html>> [Accessed 1 October 2020].

Iraq but also brought to light the role of oil as a critical pillar in the administration's policies.<sup>267</sup> Prepared two years earlier to the U.S-led Iraq intervention, the documents additionally underscore the link between the role of prominent American oil firms and the administration's foreign policy decisions. Meetings that took place between the Bush administration's staff and representatives from U.S oil companies like Halliburton, ExxonMobil and Chevron served to discuss the possibilities of investments in Iraqi oil in the post-war period.<sup>268</sup>

Additionally, a number of American and British firms during the Bush administration terms saw the privatization of Iraq's oil industry as a viable option that would help them re-establish their holdings in the energy market and thereby undermine the power of OPEC to manipulate market share.<sup>269</sup> Greg Muttit, an oil campaigner and the author of *Fuel on the Fire: Oil and Politics in Occupied Iraq*, exposed over a thousand documents that revealed the lobbying of British Petroleum and Royal Dutch Shell during the Bush administration to secure oil profits from Iraq if the potential for war on Iraqi grounds became a reality.<sup>270</sup> The U.S energy company Exxon Mobil also profited from its presence in Iraq by gaining the opportunity to explore oil fields in the country, especially in the Kurdistan region.<sup>271</sup> All four of these giant oil companies were also actively lobbying for

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<sup>267</sup> Ibid.

<sup>268</sup> Juhasz, A. (2013). *Why the war in Iraq was fought for Big Oil* - CNN. Retrieved 12 July 2020, from <https://edition.cnn.com/2013/03/19/opinion/iraq-war-oil-juhasz/index.html>

<sup>269</sup> Burbach, R., & Tarbell, J. (2004). *Imperial overstretch: George W. Bush and the hubris of empire*. Zed Books. pp. 155–157.

<sup>270</sup> Bignell, P., 2011. *Secret Memos Expose Link Between Oil Firms And Invasion Of Iraq*. [online] The Independent. Available at: <<https://www.independent.co.uk/news/uk/politics/secret-memos-expose-link-between-oil-firms-and-invasion-of-iraq-2269610.html>> [Accessed 1 October 2020].

<sup>271</sup> Ryan, M. and Mufson, S., 2017. *How Exxon, Under Rex Tillerson, Won Iraqi Oil Fields And Nearly Lost Iraq*. [online] The Washington Post. Available at: <[https://www.washingtonpost.com/world/national-security/how-exxon-under-rex-tillerson-won-iraqi-oil-fields-and-nearly-lost-iraq/2017/01/09/5f6efa28-d40c-11e6-9cb0-54ab630851e8\\_story.html](https://www.washingtonpost.com/world/national-security/how-exxon-under-rex-tillerson-won-iraqi-oil-fields-and-nearly-lost-iraq/2017/01/09/5f6efa28-d40c-11e6-9cb0-54ab630851e8_story.html)> [Accessed 16 October 2020].

the opening of the Arctic Refuge in Congress. These four are also active in Qatar, while BP, Exxon and Phillips have large stakes in Saudi Arabia. Chevron and BP are drilling in Kuwait.

### **4.8.3 Iraq intervention and undermining Saudi leverage**

Another American stake for its intervention in Iraq was an attempt to undermine Saudi monopoly over oil supply by bringing in Iraq as an alternative exporter. As U.S-Saudi relations were shaky after 9/11, gaining access to Iraqi oil was becoming more critical for the U.S and the American oil companies alike.<sup>272</sup> Reducing American dependence on Saudi oil--particularly in light of the 9/11 aftermath and the implications they had on U.S-Saudi relations—was seen by some analysts as an intervening factor in the Bush administration’s considerations for Iraq.

The year 2002 witnessed a significant leverage for the Saudis on world energy markets. Saudi Arabia was able to boost its stance in the global oil market and succeeded in becoming the United States’ biggest foreign supplier of crude oil. The Kingdom had enough spare capacity that could offset the potential loss of Iraqi oil and overflow the market with what could account to 2 million barrels of oil per day to stabilize prices.<sup>273</sup> Maintaining good grounds with the Saudi’s during critical times to ensure stable market conditions for the undisrupted flow of oil was hence a wise decision which the Bush administration was bound to take, in spite of and because of the Saudi leverage over global energy markets. Still, ahead of a Pentagon advisory board in July 2002, a Rand Corporation analyst explained how establishing a new Western-oriented regime in Iraq

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<sup>272</sup> Dawn. 2002. *Iraq: The Target Is Oil, Not Weapons*. [online] Available at: <<https://www.dawn.com/news/59434/iraq-the-target-is-oil-not-weapons>> [Accessed 1 October 2020].

<sup>273</sup> Morgan, D. and Ottaway, D., 2002. *War-Wary Saudis Move To Increase Oil Market Clout*. [online] The Washington Post.

could diminish U.S reliance on Saudi energy supply while also pressuring the Kingdom to clamp down on the support of terrorism within its networks of influence.<sup>274</sup> A preponderant influence for Saudi Arabia limits the Bush administration’s options in Iraq, particularly in requesting assistance which the Kingdom might otherwise hold in case of the U.S’s refusal to follow through on Saudi demands in the Middle East. “The Saudis are the central bank of oil,” stated J. Robinson West, currently a Senior Adviser on Energy at the Center for Strategic and International Studies (CSIS) and the former president of Petroleum Finance Co., in 2002. “They provide stability and liquidity to the market. The more oil [the U.S.] can get from other countries, the less leverage the Saudis have.”<sup>275</sup>

Despite of numerous assumptions and analysis on whether the U.S invasion of Iraq was for oil, a regime change, WMD’s or any other incentive, the argument that oil is one motive among many which led the Bush administration’s decision to invade Iraq cannot be entirely abandoned. The U.S at the time was heavily reliant on oil and a turbulent Middle East poses huge risks—not just for the United States—but for the global economy as well. In his book *Oil and the decision to invade Iraq. Why Did the United States Invade Iraq*, John S. Duffield points to the central role that oil played in the Bush administration’s intervention in Iraq. “The purposes of the war were deeply rooted in the region’s oil”, the author states. He underscores the underpinnings of America’s involvement in the Middle East which emerge out of the significance of oil supply flowing from the region. “The presence of so much valuable oil in the Persian Gulf has done much to condition U.S. policy toward that region, resulting in a greater degree of involvement and, ultimately, a

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<sup>274</sup> Ibid.

<sup>275</sup> Ibid.

greater inclination toward war than would otherwise have been the case”.<sup>276</sup> Looking at the United States’ growing dependence on oil supply from the Middle East during the Bush administration years, it is not unlikely for the U.S to develop stakes in the second oil-rich country after Saudi Arabia.

#### **4.9 The Bush administration and sanctions on Iran**

During his 2002 State of the Union address, President Bush named Iran among the “axis of evil” countries along with Iraq and North Korea.<sup>277</sup> The Iranian regime’s nuclear ambitions have represented an imminent threat that undermined U.S interests in overseeing a stable Middle East region. U.S-Iranian cooperation over countering terrorism after 9/11 was halted as President Bush declared Iran an exporter of terrorism and placed sanctions over Tehran’s nuclear program, which were aimed at prohibiting the country from resuming financial or commercial activities.<sup>278</sup>

However, the U.S and global need for oil was at variance with the sanctions policy implemented against Iran during the Bush administration years. As the 2008 financial crisis was looming, oil prices soared to surpass \$100 a barrel in great part due to tensions between Iran and the United States.<sup>279</sup> Despite of the fact that the United States had not been importing oil from Iran, the latter’s role as a major player on the global oil market restricted America’s options in sanctioning the Iranian regime for its nuclear ambitions. The particular problem here is more fundamentally about the fact that excess capacity on

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<sup>276</sup> Duffield, J. S. (2012). *Oil and the decision to invade Iraq. Why Did the United States Invade Iraq*, p.145-66.

<sup>277</sup> Bush, G. W. President delivers State of the Union Address 2002.

<sup>278</sup> Boese, W., 2008. *Type, Targets Of Sanctions Shift In Bush Administration* | Arms Control Association. [online] Arms Control Association. Available at: <<https://www.armscontrol.org/act/2008-10/iran-nuclear-briefs/type-targets-sanctions-shift-bush-administration>> [Accessed 16 October 2020].

<sup>279</sup> Lee Myers, S., 2008. *Bush Prods Saudi Arabia On Oil Prices*. [online] The New York Times.

the global market is only possessed by Saudi Arabia, and Iranian flow of oil to the market is a critical alternative. Iran had been the second largest exporter of oil among OPEC's member countries and any possible disruptions in the flow of Iranian oil on global energy markets were estimated to bring up prices to over \$100 per barrel. Such ramifications crippled the decisions of global leaders in leading with the threat of a nuclear Iran.<sup>280</sup>

The Iranian influence on global energy markets also rendered the use of sanctions by the Bush administration a mere unilateral attempt, particularly during the President's first term in office. While the administration maintained its tough set of sanctions against Tehran, European, Canadian and Russian firms were resuming their businesses with the Iranian regime, specifically in its oil and gas sectors.<sup>281</sup> A 2002 report by the Center for Strategic and International Studies (CSIS) stated the need for the United States to re-evaluate its sanctions policy towards Iran and other oil-producing nations like Iraq and Libya.<sup>282</sup> Both the increasing supply and demand for energy emerged from unstable countries as the report had included. Petroleum production in the U.S was set to decline by more than 4% by the year 2020 while Gulf production was projected to increase by almost 6% throughout the same period.<sup>283</sup> Iran's output capacity alone was estimated to reach 5% of the total global production by 2020 and around 13% of total oil reserve (the third after Saudi Arabia and Iraq).<sup>284</sup>

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<sup>280</sup> Sandalow, D., 2006. *President Bush And Oil Addiction*. [online] Brookings. Available at: <<https://www.brookings.edu/opinions/president-bush-and-oil-addiction/>> [Accessed 1 October 2020].

<sup>281</sup> Cooper, H., 2007. *U.S. Plays Its 'Unilateral' Card On Iran Sanctions*. [online] The New York Times. Available at: <<https://www.nytimes.com/2007/10/26/washington/26assess.html>> [Accessed 1 October 2020].

<sup>282</sup> Ebel, R. E. (2002). *Geopolitics of Energy into the 21st Century*. Centre for Strategic and International Studies. Accessed September, 30, 2020.

<sup>283</sup> Ibid.

<sup>284</sup> Ibid.



## 4.10 Conclusion

Clearly, foreign and domestic challenges--whether it's the global the energy crisis, the minimal U.S energy output capacity or the critical American need for Middle East oil—constituted serious predicaments facing the Bush administration over both of its terms. This chapter proves that, domestically, and in spite of the Bush administration's efforts to provide 'reliable, affordable and environmentally sound' energy sources, the lack of proper domestic energy technologies and a weakened desire to boost production made the availability of oil for the United States a difficult trek for both the President (on a policy-making scale) and the American energy industry.

On a foreign policy level, the leverage that Middle East oil producers possessed against a highly dependent oil-consuming nation like the United States has constrained the Bush administration's foreign policy options in dealing with both allies and adversaries, which is the other main highlight of this chapter. The U.S's need for Middle East oil did not provide much leeway for the administration to stand firm against Saudi Arabia's market manipulation nor a Saudi involvement in the 9/11 attacks. The power of Iraq's substantial oil reserves provided Saddam Hussein with a political weapon which he has used to undermine U.S interests in the Middle East. Furthermore, the American stakes in Iraqi oil and the lobbying efforts of energy firms over the Bush administration's foreign policy agenda were also the result of the American thirst for the region's oil. As a result of U.S energy insecurities and President Bush's geopolitical miscalculations, the United States has had to carry the burden of a heavy involvement in the Iraq war.<sup>285</sup> U.S counterterrorism

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<sup>285</sup> H. Daalder, I. and Lindsay, J., 2004. *Bush's Foreign Policy Revolution: A Radical Change*. [online] Brookings.

efforts also intensified American involvement in the region as the rise of non-state terrorism, particularly foreign fighters with radical Islamic ideologies like the Islamic State of Iraq and the Levant (ISIL) who have engaged in illicit oil sales has threatened the free flow of oil from the Middle East.<sup>286</sup>

While this chapter has revealed the implications of a diminishing energy output in the United States and a vulnerable U.S foreign policy stance in the Middle East, the next chapter will kick start from a very different phase for both the United States and Middle East oil giants. Studying American foreign policy during the era of the U.S shale revolution will reveal how a boom in domestic energy output and an enhanced American energy security has upended the way the U.S deals with Middle East oil producers. It will reveal how, in contrast to the lack of energy security during the Bush administration years, a greater energy stance for the United States will actually empower the foreign policy of the Obama administration in advancing U.S interests in the Middle East. Greater energy security provides the U.S with enough leverage to effectively manage its foreign policy objectives without necessarily jeopardizing its interests while simultaneously providing America with better options to deal with its allies and adversaries alike.

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<sup>286</sup> U.S Government Publishing Office, 2014. *Isis And The Threat From Foreign Fighters-Joint Hearing Before The Subcommittee On Terrorism, Nonproliferation, And Trade A Subcommittee On The Middle East And North Africa Of The Committee On Foreign Affairs House Of Representatives*. Washington, DC: U.S Government Publishing Office.

## **Chapter 5**

### **The Shale Boom and the Obama administration**

#### **5.1 Introduction**

The shale boom has served as an effective tool in boosting economic and political conditions for the United States on both domestic and international levels. It has provided President Obama with foreign policy options that served as alternatives to direct confrontation and military engagement in managing rising security challenges which have previously rendered the U.S vulnerable to global oil disruptions. The Obama administration has had the opportunity to improve U.S energy security while succeeding in finding better alternatives to deal with America's excessive reliance on foreign oil—a tool which was not yet harnessed during previous administrations. The President has succeeded in equally prioritizing his administration's environmental commitments to clean energy *and* the strategy of capitalizing on oil and gas prospects provided by the U.S shale boom phenomenon.

This chapter demonstrates how the shale boom has strengthened the Obama administration's capacities to deal with domestic issues that the U.S faces due to its excessive oil consumption. The surge in local oil and natural gas production has helped the Obama administration in crafting domestic policies that serve to enhance American energy security, foster economic growth, and help the U.S in leading the world in clean energy. This chapter likewise delineates this idea while studying how President Obama was able to capitalize on America's new-found energy in engineering and implementing his administration's domestic policies.

On a foreign policy level, this chapter demonstrates that the shale boom has also helped the U.S. to reduce its reliance on foreign oil imports, specifically from the Middle East region. As U.S oil imports have decreased and the U.S. has been able for the first time in decades to boost both crude oil and natural gas exports, U.S shale has provided a reinforcement for the U.S. against the ramifications of global oil shocks. It has also helped safeguard American interests against potential security risks posed by oil-rich states in the region that are also American adversaries, the greatest of which is Iran.<sup>287</sup> This chapter builds on such information and consequently takes the case of the U.S-orchestrated Iran nuclear agreement to argue that the Obama administration has succeeded in bringing Iranians to the table because of the geopolitical leverage that U.S shale oil has provided. The chapter proves that through astute diplomacy and efficient sanctioning, the Obama administration was able to find a conducive solution to a global security issue while managing to safeguard American interests in the region. The argument here is that the availability of U.S shale oil on the global market has given the Obama administration strategic options in dealing with geopolitical and security challenges posed by adversarial states in the Middle East.

The chapter unfolds in the following manner: section II focuses on the rise in U.S. shale oil and gas production as a result of the drilling innovations and the role of private sector efforts in taking advantage of enhanced market conditions to boost output. This section also shows how such changes coincided with President Obama's presence in the White House. The following section studies the domestic energy policy of the Obama

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<sup>287</sup> Westphal, K., Overhaus, M. and Steinberg, G., 2014. The US shale revolution and the Arab Gulf States: the economic and political impact of changing energy markets.

administration and reveals the President's efforts in balancing between a setting clean energy agenda and crafting policies that support America's shale potential. Section IX expands on the administration's Blueprint for a Secure Energy Future plan to reveal how the shale boom has represented an opportunity for the President to capitalize on in order to enhance U.S. energy security and reduce the country's reliance on foreign oil.<sup>288</sup> The focus of this section is the significance of shale gas abundance in supporting the Obama administration's green energy agenda as well as the role of shale oil in encouraging President Obama's decision to release the ban on oil exports and consequently bolster U.S. crude oil supply overseas. Section V highlights the crucial role of lobbying groups and oil & gas energy firms in the Obama administration's domestic energy decisions as well as the anti-clean energy campaigns launched against the President's green agenda. Sections VI and VII focus mainly on the Obama administration's foreign policy strategies and his modus operandi in dealing with Middle East conflicts, particularly how the President and his team have handled the presence of adversarial states like Iran in comparison to his predecessor President George W. Bush. Section VIII follows by delineating the fundamentals of U.S. grand strategy, the role of energy in the process of crafting America's grand strategy as well as the Obama administration's own approach in securing U.S. interests and engaging in the international affairs realm. The final section focuses on the Iranian nuclear agreement and explains how the administration had handled the JCPOA with the help of U.S. oil abundance on the global market through the strategies of sanctioning and diplomacy. In comparison to Chapter 3, which reveals the domestic and foreign policy limitations faced by the Bush administration in the pre-shale era, this

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<sup>288</sup> Zichal, H., Chu, S., LaHood, R., Salazar, K., Jackson, L., Vilsack, T. and Donovan, S., 2012. The Blueprint for a Secure Energy Future: Progress Report. p.1.

chapter shows how the presence of sufficient U.S shale oil on the global market has smoothed the way for the Obama administration while also convincing states to join the Iranian nuclear agreement. The chapter previews how, despite prioritizing clean energy as a way of boosting the economy and reducing American reliance on foreign oil imports,<sup>289</sup> President Obama was keen on employing the U.S. shale boom for broader foreign policy objectives.

## **5.2 U.S energy production and consumption during the Obama administration**

When President Obama took office in early 2009, the U.S. was producing a mere 5.1 million barrels of oil per day.<sup>290</sup> In almost three months after the President's inauguration, U.S oil output had jumpstarted by 74%, recording 8.9 MBD by April 2009.<sup>291</sup> Petroleum production kept increasing throughout the President's first term in office, marking in 2011 a peak of 120,000 PBD that had not been reached in 8 years.<sup>292</sup> Two years later, the U.S oil output outweighed the country's imports, highlighting what the White House has called the "milestone" of U.S energy independence.<sup>293</sup> By 2015, U.S oil production had recorded

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<sup>289</sup> The White House. (2016). FACT SHEET: Obama Administration Announces Clean Energy Savings for All Americans Initiative. Retrieved from <https://obamawhitehouse.archives.gov/the-press-office/2016/07/19/fact-sheet-obama-administration-announces-clean-energy-savings-all> and U.S

Department of Energy. (2009). As OPEC Ministers Meet, Secretary Chu Stresses the Importance of Energy Independence. Retrieved from <https://www.energy.gov/articles/opec-ministers-meet-secretary-chu-stresses-importance-energy-independence>

<sup>290</sup> Egan, M., 2016. America's Biggest Oil Boom Came Under Obama. [online] CNNMoney. Available at: <<https://money.cnn.com/2016/07/21/investing/trump-energy-plan-obama-oil-boom/index.html>> [Accessed 12 December 2020].

<sup>291</sup> Ibid.

<sup>292</sup> House, W., 2012. Fact Sheet: Obama Administration Announces Additional Steps to Increase Energy Security.

<sup>293</sup> The White House. n.d. Advancing American Energy. [online] Available at: <<https://obamawhitehouse.archives.gov/energy/securing-american-energy>> [Accessed 16 November 2020].

the highest levels the country had seen in 43 years.<sup>294</sup> Yet, the most notable production level for U.S. oil was in 2018, as output registered more than 10 MBD, outweighing Saudi and Russian crude oil production and marking a record that had been achieved for the first time since the early 1970's.<sup>295</sup> Even gas production had starkly increased during the Obama administration, with production levels reaching their highest in more than three decades during 2010.<sup>296</sup> In 2011 alone, U.S natural gas output rose by more than 7%, marking the biggest yearly increase for gas production in history.<sup>297</sup>

However, the occurrence of the oil and gas surge during the Obama administration years could not be considered a pre-determined plan by the President himself. Despite the fact that the U.S shale boom had first occurred when he took office in early 2009, President Obama could not be given credit for the uptick in domestic oil and gas production.<sup>298</sup> “The increased production is despite President Obama, not due to President Obama”, noted the oil executive Dan Eberhart.<sup>299</sup> In fact, some have considered the Obama administration to be averted towards the support of the energy industry, especially since the White House had set specific regulations on oil drilling projects.<sup>300</sup> The uptick in production levels has

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<sup>294</sup> Egan, M., 2016. Obama Has Presided Over America's Biggest Oil Boom Ever. [online] CNNMoney. Available at: <<https://money.cnn.com/2016/07/21/investing/trump-energy-plan-obama-oil-boom/index.html>> [Accessed 16 November 2020].

<sup>295</sup> U.S Energy Information Administration. 2020. The United States Is Now The Largest Global Crude Oil Producer. [online] Available at: <<https://www.eia.gov/todayinenergy/detail.php?id=37053#:~:text=The%20United%20States%20likely%20surpassed,in%20more%20than%20two%20decades.>> [Accessed 12 December 2020].

<sup>296</sup> President, S., 2011. Blueprint for a Secure Energy Future. Office of the Press Secretary (30 March 2011). [http://www.whitehouse.gov/sites/default/files/blueprint\\_secure\\_energy\\_future.pdf](http://www.whitehouse.gov/sites/default/files/blueprint_secure_energy_future.pdf) (accessed 8 December 2011). p.9.

<sup>297</sup> Zichal, H., Chu, S., LaHood, R., Salazar, K., Jackson, L., Vilsack, T. and Donovan, S., 2012. The Blueprint for a Secure Energy Future: Progress Report. p.2.

<sup>298</sup> Egan, M., 2016. Obama Has Presided Over America's Biggest Oil Boom Ever. [online] CNNMoney. Available at: <<https://money.cnn.com/2016/07/21/investing/trump-energy-plan-obama-oil-boom/index.html>> [Accessed 16 November 2020].

<sup>299</sup> Ibid.

<sup>300</sup> Ibid.

thus been in large part due to the combination of hydraulic fracking and horizontal drilling technologies<sup>301</sup> as U.S private firms have attempted to boost energy production levels during times of a robust American economy and trade industry.<sup>302</sup> Chesapeake Energy, an Oklahoma-based oil and gas firm, was at the forefront of fracking innovations leading to the American shale boom phenomenon and contributing in transforming the U.S. from a shy participant on the global energy market to the largest oil producer in the world.<sup>303</sup> The Obama administration however did play a role in supporting the efforts of the energy industry by refraining from placing excessive regulations on drilling projects initiated by prominent oil firms.<sup>304</sup> President Obama had not exactly opted for banning oil exploration projects either, making some pundits in the energy field perceive him to be more neutral rather than supportive towards boosting local oil production.<sup>305</sup> Jim Rogers, Chief Executive Officer of Duke Energy, commended the President's neutral approach to energy regulations while Gregory Kenney, an attorney for Exxon, believes Obama has given oil firms more liberty for competition in the 'free-enterprise system'.<sup>306</sup> Gas production was considered a better, more environmentally-sound alternative that the Obama administration had encouraged for the American fuel-based economy.<sup>307</sup> However, the

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<sup>301</sup> President, S., 2011. Blueprint for a Secure Energy Future. p.9.

<sup>302</sup> Energy, I., 2017. US Energy Policy Changes: Trump Vs Obama. [online] Independent Commodity Intelligence Services. Available at:

<<https://www.icis.com/explore/resources/news/2017/08/24/10136872/us-energy-policy-changes-trump-vs-obama/?redirect=english>> [Accessed 16 November 2020].

<sup>303</sup> Nsenergybusiness.com. 2020. Charting The US Shale Industry's Rise and Potential Fall. [online] Available at: <<https://www.nenergybusiness.com/news/us-shale-industry/>> [Accessed 26 December 2020].

<sup>304</sup> Energy, I., 2017. US Energy Policy Changes: Trump Vs Obama.

<sup>305</sup> Egan, M., 2016. America's Biggest Oil Boom Came Under Obama.

<sup>306</sup> Samuelsohn, D., 2012. Energy Sector Gives To Obama. [online] Politico. Available at: <<https://www.politico.com/story/2012/05/energy-sector-donations-fuel-obama-campaign-076283>> [Accessed 24 December 2020].

<sup>307</sup> President, S., 2011. Blueprint for a Secure Energy Future. Office of the Press Secretary. p.15.



shale boom enabled the President to capitalize on this new-found energy leverage to enhance U.S energy security and bring about a more responsible approach to energy policy on a local level.

### **5.3 The domestic energy policy of the Obama administration**

The domestic energy policy of the Obama administration had equal regards for both the environmental and economic aspect of supporting the development of oil and gas.<sup>308</sup> President Obama's green agenda was aimed at creating a clean energy economy that served to enhance American energy security, create jobs, and lead the world on the global energy scene. His administration created the Blueprint for a Secure Energy Future plan<sup>309</sup>, which underscored the need to achieve several critical objectives that would enable the U.S. to lead the way towards a cleaner and more secure future for global energy. The administration's main goal behind the Blueprint strategy has been to reduce America's dependence on foreign oil,<sup>310</sup> which President Obama has attempted to achieve through boosting domestic oil production and promoting clean energy as a more efficient alternative.<sup>311</sup>

To promote energy production, the administration offered public and Federal territories for leasing prospects in oil and gas while simultaneously maintaining effective standards on exploration procedures.<sup>312</sup> Under the Obama administration, the Department of Interior

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<sup>308</sup> Franssen, H., 2014. Obama and Declining US Dependence on Imported Oil and Gas. The Middle East Institute, 25.

<sup>309</sup> President, S., 2011. Blueprint for a Secure Energy Future. Office of the Press Secretary.

<sup>310</sup> Ibid.

<sup>311</sup> Obama, B., 2011. Remarks by the President on America's energy security. Speech, Georgetown University, Washington, DC.

<sup>312</sup> President, S., 2011. Blueprint for a Secure Energy Future. Office of the Press Secretary. p.9, 10

(DOI) proposed the 2012-2017 Outer Continental Shelf Oil and Gas Leasing Program, which allows for the exploration and development of more than 75% of oil and gas resources and provides leasing opportunities in the Gulf of Mexico and Alaska.<sup>313</sup> Simultaneously, the President constantly reiterated the need to maintain safe oil and gas development to avoid environmental disasters resulting from drilling projects. The Deep Water Horizon incident, which resulted in substantial oil spill into the Gulf of Mexico, strengthened President Obama's resolve with regards to his administration's policies of strict regulations for offshore oil and gas drilling.<sup>314</sup> By placing standards and specific protocols and implementing managerial reforms in governmental bureaus, the Obama administration made development of natural resources a secure process that minimized the chances for potential environmental accidents and repercussions.<sup>315</sup>

Investing in clean energy had also been a pillar of Obama's energy agenda, serving as a critical mean in diminishing U.S reliance on oil imports.<sup>316</sup> The DOI offered loan programs for clean energy projects that would provide household electricity and support nuclear plants and solar generation technologies.<sup>317</sup> The Obama administration offered support through devoting yearly budgets in tax credits for technologies while eliminating tax breaks for oil and gas firms.<sup>318</sup> In addition, investments in biofuels had been another strategy used by the administration to promote alternative sources for conventional oil and switch to more environmentally-secure options. Biodiesel serves as a renewable alternative to crude oil and other fossil fuels like coal and petroleum and hence reduces

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<sup>313</sup> Zichal, H., et al. p.2.

<sup>314</sup> President, S., 2011. Blueprint for a Secure Energy Future. Office of the Press Secretary. p.10.

<sup>315</sup> Ibid.

<sup>316</sup> The White House. n.d. Advancing American Energy. [online]

<sup>317</sup> Zichal, H., et al. p.10.

<sup>318</sup> Ibid.

consumption and consequent foreign oil imports.<sup>319</sup> The Obama administration has supported research and engaged in public-private partnerships to pursue new innovations in biofuels technologies, increase production of biofuels and boost U.S energy security.<sup>320</sup>

#### **5.4 The role of the shale boom in Obama’s domestic energy policy**

What had supported the President in setting domestic energy policy objectives has been the substantial energy wealth that emerged in late 2008. President Obama himself raised that claim in a speech at Georgetown University back in 2011: “Recent innovations have given us the opportunity to tap large reserves – perhaps a century’s worth of reserves, a hundred years-worth of reserves – in the shale under our feet.”<sup>321</sup> Throughout his speech, the President credited the shale boom for the drop in U.S oil imports and his administration’s ability to cut dependence on foreign oil by 25%. In 2011—and in great part due to the surge in domestic oil and gas output— the U.S. was able to reduce its net oil imports by 10% which also accounted for less out of total local consumption, hence decreasing U.S net imports by 12% since the year 2008.<sup>322</sup>

Increasing oil bottlenecks in Cushing, Oklahoma in the Southern Central American region encouraged the Obama administration to invest in pipeline transmission projects that would help diversify this rise in oil output in a single region to available refineries around

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<sup>319</sup> U.S. Energy Information Administration (EIA). n.d. Biofuels Explained - U.S. Energy Information Administration (EIA). [online] Available at: <<https://www.eia.gov/energyexplained/biofuels/>> [Accessed 12 December 2020].

<sup>320</sup> The White House. n.d. Advancing American Energy. [online]

<sup>321</sup> Obama, B., 2011. Remarks by the President on America’s energy security. Speech, Georgetown University, Washington, DC.

<sup>322</sup> Zichal, H., et al. p.3.

the U.S. including those in the Gulf of Mexico and Wisconsin.<sup>323</sup> In addition to their role in diversifying oil supply, such initiatives were meant to provide innovation in the U.S infrastructure system and boost domestic energy output.<sup>324</sup>

Removing the ban on oil exports in 2015 had been another critical step that the Obama administration had taken in an effort to increase U.S oil exports during times of increasing energy production in the U.S.<sup>325</sup> The ban on oil exports had been placed as a result of the 1973 oil embargo and meant to prevent oil from leaving U.S soil during periods of market volatility and foreign oil disruptions.<sup>326</sup> The U.S was able to ship oil to regions like Europe, adding further to the global oil supply glut which took place after the 2014 price crash while sparking significant rivalry with oil-producing countries like Saudi Arabia, Russia, and Nigeria.<sup>327</sup>

The strategic deployment of domestic shale gas had helped the Obama administration in its plan to reduce domestic oil consumption while also supporting the President's venture in green energy. Promoting the development of shale gas had been a critical step through which the Obama administration had been able to capitalize on in order to create jobs in the industry specialized with the production and distribution of natural gas.<sup>328</sup> The environmental standards on energy exploration imposed by the administration have been largely buttressed by the increasing availability of shale gas as an alternative source of

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<sup>323</sup> Ibid., p.4.

<sup>324</sup> Ibid., p.4.

<sup>325</sup> Egan, M., 2016. After 40-Year Ban, U.S. Starts Exporting Crude Oil. [online] CNNMoney. Available at: <<https://money.cnn.com/2016/01/29/investing/us-oil-exports-begin/?iid=EL>> [Accessed 12 December 2020].

<sup>326</sup> Ibid.

<sup>327</sup> Egan, M., 2016. After 40-Year Ban, U.S. Starts Exporting Crude Oil. [online] CNNMoney. Available at: <<https://money.cnn.com/2016/01/29/investing/us-oil-exports-begin/?iid=EL>> [Accessed 12 December 2020].

<sup>328</sup> Zichal, H. et al. p.12.

energy replacing conventional fuels. By increasing the use of natural gas, the Obama administration aimed at reducing the consumption of oil and promoting more efficient use of America's transportation sector.<sup>329</sup>

Supporting Research and Development in the clean energy field was largely encouraged by the presence of the U.S shale boom. The collaboration of the Obama administration with governmental agencies like Advanced Research Projects Agency – Energy (ARPA-E) were aimed at bringing together human capital to capitalize on the large availability of shale gas supplies and develop cost-efficient technologies that would promote environmentally-sound vehicles.<sup>330</sup> A study by the Middle East Institute (MEI) titled *Obama and Declining U.S. Dependence on Imported Oil and Gas* credited the Obama administration for its significant role in harnessing shale gas to foster stricter standards on efficiency for America's transportation sector and execute regulations on carbon emissions, thereby reducing conventional consumption of coal.<sup>331</sup> The Clean Power Plan initiative, put forward by the administration, was aimed at increasing cars' fuel efficiency, diminishing methane emissions from the oil and gas sector as well as encouraging the consumption of biofuels in the transportation sector to curb greenhouse gas (GHG) emissions.<sup>332</sup>

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<sup>329</sup> Ibid., p.6.

<sup>330</sup> Ibid., p.7.

<sup>331</sup> Franssen, H., 2014. Obama and Declining US Dependence on Imported Oil and Gas. The Middle East Institute, 25.

<sup>332</sup> Energy, I., 2017. US Energy Policy Changes: Trump Vs Obama. [online] Independent Commodity Intelligence Services. Available at:

<<https://www.icis.com/explore/resources/news/2017/08/24/10136872/us-energy-policy-changes-trump-vs-obama/?redirect=english>> [Accessed 15 December 2020].

## 5.5 Lobbying efforts against Obama's green agenda

With the increasing economic and environmental prospects of natural shale gas, the Obama administration became more committed to an energy agenda that was focused on using the shale boom to intensify environmental standards and regulations. Consequently, the President's green agenda was not well received by groups in the energy industry who have considered the President to be pursuing a "war on coal" strategy<sup>333</sup>, spending millions of dollars in an effort to undermine President Obama's environmental policies by funding Democrats who were involved in the President's energy decision.<sup>334</sup> In 2012, The American Petroleum Institute, a U.S.-based trade association, was the largest spending lobbying group supporting Republican candidates like Willard Mitt Romney in their pro-drilling stance.<sup>335</sup> The institute's "I'm an energy voter" ads campaign aimed at rejecting the Obama administration's strict drilling policies and withdrawing support programs for the oil industry.<sup>336</sup> The institute's television ads spending reached an estimated \$37 million by the third quarter in 2012.<sup>337</sup> Americans for Prosperity, a conservative political lobbying groups funded by the oil tycoon David H. Koch, and Crossroads GPS—a fund-raising organization for the Republican party — were also among the active groups that were either advocating for the production of fossil fuels or denouncing the Obama administration's initiatives in solar and wind energy.<sup>338</sup>

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<sup>333</sup> SCHOR, E., 2015. Obama's Quiet War On Oil. [online] POLITICO. Available at: <<https://www.politico.com/story/2015/08/oil-gas-obama-environment-agenda-121347>> [Accessed 15 December 2020].

<sup>334</sup> Goldenberg, S., 2009. Barack Obama's key climate bill hit by \$45 m PR campaign. *The Guardian*, 12.

<sup>335</sup> Lipton, E. and Krauss, C., 2012. Fossil fuel industry ads dominate TV campaign. *New York Times*, 13.

<sup>336</sup> *Ibid.*

<sup>337</sup> *Ibid.*

<sup>338</sup> *Ibid.*

The lobbying industry also had its share in the Obama administration's pro-conventional oil policies, the highlight of which has been the lifting of the oil export ban in 2015 which was the result of intensive lobbying efforts by American oil firms.<sup>339</sup> The ban on oil exports had been placed in 1975, two years after OPC imposed an oil embargo on the U.S. for its support of Israel during the Arab-Israeli War of 1973. The oil moratorium left the world economy with the repercussions of quadrupling oil prices and, for the first time, the U.S. was faced with the question of dependence on Middle East oil.<sup>340</sup> With a booming oil production capacity and bigger chances for profits, the U.S energy industry became more determined to advocate for lifting the 1975 ban and exporting shale oil. The American Petroleum Institute and Producers for American Crude Exports which specializes in oil and gas legal services both played a heavy role in the Obama administration's revocation of the ban.<sup>341</sup> Along with other advocacy groups and energy companies, the total amount of funding spent on lobbying against the White House's policies reached \$38 Million in the Summer of 2015.<sup>342</sup> The amounts of funding from the shale oil and gas industry outweighed spending from environmental groups as the shale boom intensified and the energy industry found additional oil that could be exported and rendered profitable for U.S companies.<sup>343</sup>

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<sup>339</sup> Aronoff, K., 2020. Obama's Climate Legacy And The Lie Of "Energy Independence". [online] The New Republic. Available at: <<https://newrepublic.com/article/156580/obamas-climate-legacy-lie-energy-independence>> [Accessed 15 December 2020].

<sup>340</sup> Office of the Historian. n.d. Oil Embargo, 1973–1974. [online] Available at: <<https://history.state.gov/milestones/1969-1976/oil-embargo#:~:text=The%20onset%20of%20the%20embargo,stability%20of%20whole%20national%20economies.>> [Accessed 15 December 2020].

<sup>341</sup> Aronoff, K., 2020. Obama's Climate Legacy and The Lie Of "Energy Independence".

<sup>342</sup> Ibid.

<sup>343</sup> Ibid.

Whether his clean energy policy was heavy on the energy industry or his hesitance in deregulations in the oil and gas industry did not bode well with the goal of U.S energy firms, President Obama has been given credit mostly for abstaining from intensifying regulations in the shale industry.<sup>344</sup> Yet, the standards he had implemented in the U.S transportation sector had been seen as a critical step in enhancing America energy security, particularly through the employment of natural gas as an efficient step towards the administration’s fulfillment of a clean energy agenda.<sup>345</sup>

## **5.6 The foreign policy of the Obama administration**

The Obama administration witnessed an intermittent annual increase in domestic oil and gas production throughout the president’s entire term.<sup>346</sup> President Obama proudly announced in 2015 that the U.S had become “number one in oil and gas” and hence finally “free from the grip of foreign oil as we’ve been in almost 30 years”.<sup>347</sup> That same year had recorded a sharp drop in U.S oil imports from the Middle East as the share of oil from OPEC and the Persian Gulf had reached their lowest record since the mid-1980s.<sup>348</sup> Oil imports from Saudi Arabia--the de-facto leader of OPEC--dropped from almost 10% in 2008 to around 5% by 2015.<sup>349</sup>

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<sup>344</sup> Franssen, H., 2014. Obama and Declining US Dependence on Imported Oil and Gas. The Middle East Institute, 25.

<sup>345</sup> Ibid.

<sup>346</sup> EIA-914 monthly production report. (2020). U.S. Energy Information Administration (EIA). Retrieved 26 February 2020, from <https://www.eia.gov/petroleum/production/#ng-tab>

<sup>347</sup> House, W., 2015. Remarks by the President in State of the Union Address, January 20, 2015.

<sup>348</sup> Oil: crude and petroleum products explained. (2020). U.S. Energy Information Administration (EIA). Retrieved 28 April 2020, from <https://www.eia.gov/energyexplained/oil-and-petroleum-products/imports-and-exports.php>

<sup>349</sup> Kilian, L. (2017). The impact of the fracking boom on Arab oil producers. p.143.



For President Obama, the United States needed to become more energy secure through decreasing its dependence on foreign oil and becoming less susceptible to fluctuations in global oil prices while also possessing efficient, cost-effective energy supplies at home.<sup>350</sup> The Obama administration's attempts to provide affordable energy for American consumers had been a domestic aspect of the President's plan to reduce U.S reliance on foreign oil and avoid putting the country's energy security at risk.<sup>351</sup> Yet, dealing with the American foreign policy aspect, particularly in the Middle East, requires a more critical and sophisticated approach that demands advancing U.S interests without compromising America's security.

The foreign policy of the Obama administration was shaped by a liberal internationalist approach. The administration emphasized the significance of promoting U.S leadership and working towards a world order that included transnational cooperation among states as well as an equally stabilizing role for international institutions.<sup>352</sup> Hilary Clinton, the Secretary of State in the Obama administration from 2009 till 2013, reiterated the administration's commitment to employ foreign policy strategies that were focused on facilitating international partnerships among nations while shifting towards a 'multi-partner' rather than a multi-polar world.<sup>353</sup> The administration crafted a strategy of engagement which focused on enhancing the U.S's security and economic role and tackling global challenges through a strategy of openness and cooperation among people

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<sup>350</sup> Obama, B., 2011. Remarks by the President on America's energy security. Speech, Georgetown University, Washington, DC. and White House, 2012. Blueprint for a Secure Energy Future: Progress Report.

<sup>351</sup> Franssen, H., 2014. Obama and Declining US Dependence on Imported Oil and Gas.

<sup>352</sup> Ibid., p.236.

<sup>353</sup> Ibid., p.239.

and states in the international system.<sup>354</sup> Under the liberal umbrella fostered by the Obama administration, U.S leadership would entail assuming a cooperative and stabilizing role in international relations that would contribute in achieving a secure world order.<sup>355</sup>

On the other hand, the Obama administration did not entirely dismiss realist strategies in dealing with global challenges and threats. The President's realism in foreign policy had been clearly seen through his approach to the Iranian nuclear program. The administration's use of sanctions to deter Iran from pursuing nuclear proliferation had been the highlight through which the President had attempted to avoid direct confrontation and instead focus on indirect action to counter threats.<sup>356</sup> While his predecessor had rejected the idea of 'negotiating with evil', Obama emphasized the need to negotiate with adversaries.<sup>357</sup> This explains why President Obama had avoided the notion of sending U.S troops to the Middle East as a solution to the region's wars, considering the Bush approach of excessive reliance on military solutions and refusal to deal with adversaries as detrimental to American interests and global leadership.<sup>358</sup>

Before diving into how the President's liberal internationalist modus operandi and his realist policies translated into his administration's approach to energy in the Middle East, it is worth delineating the President's foreign policy objectives in the Middle East.

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<sup>354</sup> Ibid., p.239-240.

<sup>355</sup> Ibid., p.236.

<sup>356</sup> David, S., 2016. Obama: the reluctant realist. In *US Foreign Policy and Global Standing in the 21st Century* (pp. 55-76). Routledge. p.14.

<sup>357</sup> CNN. 2008. Part 3 Of CNN Democratic Presidential Debate - CNN.Com. [online] Available at: <<https://edition.cnn.com/2008/POLITICS/01/21/debate.transcript3/index.html>> [Accessed 15 December 2020].

<sup>358</sup> Gerges, F.A., 2013. The Obama approach to the Middle East: the end of America's moment?. *International Affairs*, 89(2), pp.299-323.

## **5.7 Obama's foreign policy objectives in the Middle East**

President Obama's approach to the Middle East emphasized engagement and non-military solutions to deal with unsettling ordeals in the Middle East. President Obama focused on involving adversarial countries in negotiations to tackle unresolved calamities, addressing nuclear proliferation and military involvement and attempting to put an end to the region's wars.<sup>359</sup> The Obama administration regarded access to energy from the Middle East as a core U.S objective and prioritized the security of the region as the world's main source of oil.<sup>360</sup> The President saw conflicts in the Middle East in specific as hindrances that threatened the supply of oil to the U.S. In addition, the American economy's excessive reliance on foreign oil deemed the U.S. vulnerable to global crises and the soaring oil prices that resulted thereof. Consequently, the Obama administration pursued a strategy of reducing America's dependence on foreign oil as a catalyst for decreasing economic vulnerability to oil disruptions and fostering domestic economic growth while also taking concrete steps to diminish reliance on Middle East oil.<sup>361</sup> Simultaneously, sustaining stability in the region was a national security priority which the Obama the administration sought to achieve through enabling the diversification of oil supply sources.<sup>362</sup>

Equally important U.S policies in the region included advancing Israel's security, shifting the Iranian policy away from the sponsoring terrorist networks and the pursuit of its nuclear program as well as the Middle East's integration in world markets.<sup>363</sup> Countering

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<sup>359</sup> McCormick, J. M. (2011). *The Obama Presidency: A Foreign Policy of Change?*.

<sup>360</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy. and Cordesman, A. H. (2013). *American Strategy and US "Energy Independence"*.

<sup>361</sup> Furman, J., & Sperling, G. (2013). *Reducing America's Dependence on Foreign Oil*.

<sup>362</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy.

<sup>363</sup> *Ibid.*

Iran's nuclear weapons program and preserving Israel's security—in this case against the Iranian threat—have particularly represented a critical pillar of the Obama administration's objectives in the Middle East.<sup>364</sup>

Such objectives had to be achieved in the process of maintaining a diplomatic modus operandi in managing alliances and securing U.S interests.<sup>365</sup> But accomplishing these goals would have been more difficult without a stronger geopolitical stance for the U.S, largely made possible by the newly found American energy leverage.

## **5.8 U.S grand strategy under the Obama administration**

Many scholars have highlighted the connection between energy and American foreign policy in U.S grand strategy.<sup>366</sup> A grand strategy encompasses a country's means to achieve national power, influence the global environment, and strengthen its national security objectives.<sup>367</sup> Dealing with a grand strategy involves efforts to reconcile priorities and obstacles as well as the necessity of implementing sound judgements through openness to challenges and astuteness to adjust interests accordingly.<sup>368</sup> Meghan O'Sullivan, a Professor of International Affairs and Director of the Geopolitics of Energy Project at Harvard Kennedy School, explains how energy is considered one of the major driving forces behind grand strategy and that includes using a country's rich resources to

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<sup>364</sup> David, S., 2016. Obama: the reluctant realist. p.19.

<sup>365</sup> McCormick, J. M. (2011). p.236, 237.

<sup>366</sup> Jones, B. D., & Steven, D. (2014). *The Risk Pivot: great powers, international security, and the energy revolution*. Brookings Institution Press. and O'Sullivan, M. L. (2013). *The entanglement of energy, grand strategy, and international security*. *The Handbook of Global Energy Policy*, 30, 47.

<sup>367</sup> O'Sullivan, M. L. (2013). *The entanglement of energy, grand strategy, and international security*. p.32.

<sup>368</sup> Brands, H., 2016. Barack Obama and the dilemmas of American grand strategy. *The Washington Quarterly*, 39(4), p.103

advance its foreign policy objectives.<sup>369</sup> O’Sullivan states that energy significantly impacts the way a grand strategy is crafted and implemented while also serving as a means for a state to advance non-energy related goals. Energy experts have argued that oil, in particular, has been a critical pillar for American foreign policy and grand strategy as well as for the international security arena.<sup>370</sup>

U.S grand strategy under the Obama administration aimed to sustain American leadership in a world order that provided ground for democratic states and open economies. This concept is not relatively new for American administrations and is hence translated into a U.S commitment towards sustaining a constructive international system.<sup>371</sup> Another critical aspect of U.S grand strategy for President Obama—and one which also underpins U.S strategy in the Middle East—involved the need to maintain American leadership through more effective and less costly means for the U.S.<sup>372</sup> U.S exhaustion from Middle East wars had been the main driver behind this strategy which President Obama attempted to tackle through a ‘leading from behind’ approach that focused on limited American military footprint in the region.<sup>373</sup> Resisting U.S troops’ involvement in the Syrian and Libyan wars had been one example of such a strategy.<sup>374</sup> More importantly, engaging allies and adversaries alike to confront global security challenges—the main of which had been

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<sup>369</sup> O’Sullivan, M. L. (2013). p.31.

<sup>370</sup> Yergin, D., 2011. *The prize: The epic quest for oil, money & power*. Simon and Schuster. and Painter, D.S., 2012. Oil and the American century. *The Journal of American History*, 99(1), pp.24-39.

<sup>371</sup> Brands, H., 2014. Breaking Down Obama’s Grand Strategy. *The National Interest*, 23.

<sup>372</sup> Ibid.

<sup>373</sup> Ibid.

<sup>374</sup> P.Q. Wittmeyer, A., 2013. Obama's Grand Strategy. [online] *Foreign Policy*. Available at: <<https://foreignpolicy.com/2013/03/04/obamas-grand-strategy/>> [Accessed 15 December 2020].

Iranian nuclear ambitions—underlined Obama’s belief in the power of diplomacy as an alternative to military engagement in the Middle East.<sup>375</sup>

Consequently, the shale boom had enabled the Obama administration to honor its commitment to the objectives of U.S grand strategy when it comes to Middle East affairs while simultaneously paving the way for an enhanced strategic leverage in the region. The shale boom had rendered the U.S. more energy secure, providing the country with more effective options to deal with geopolitical challenges.<sup>376</sup> For the U.S, the rise in shale oil serves as a greater buffer against countries capable of disrupting the global oil supply as well as the oil price volatility arising from potential instability in the Persian Gulf region. The 1973 oil crisis had served as a landmark reminding Americans of the critical repercussions that global market instability had on U.S oil supply. Yet, for policy-makers, the impact of the crisis had more to do with the predominant market conditions including the fluctuations in global oil prices met with increasing U.S demand as well as the increasing satiety of U.S. adversaries for making revenues out of oil-selling, making less oil available on the market.<sup>377</sup> In the book *Oil Shock; the 1973 Crisis and its Economic Legacy*, a group of scholars argue that U.S vulnerability to oil disruption surpassed the repercussions of the oil price shock that took place in 1973.<sup>378</sup> The authors cite scholarship sources implying that U.S. susceptibility to oil interruptions was, among other factors, the result of a reversal in domestic oil abundance.<sup>379</sup> The book dives into deeper

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<sup>375</sup> Brands, H., 2016. Barack Obama and the dilemmas of American grand strategy. *The Washington Quarterly*, 39(4), p.108.

<sup>376</sup> Jones, B. D., & Steven, D. (2014). *The Risk Pivot*. p.19.

<sup>377</sup> Vitalis, R., 2020. *Oilcraft: The Myths of Scarcity and Security that Haunt US Energy Policy*. Stanford University Press.

<sup>378</sup> Bini, E., Garavini, G. and Romero, F. eds., 2016. *Oil shock: The 1973 crisis and its economic legacy*. Bloomsbury Publishing.

<sup>379</sup> *Ibid.* p.118.

understandings of the implications the 1973 oil crisis, revealing that the graveness of the event lied not only in the Arab embargo itself but also in the economic aspect of the crisis which provided oil-producing countries with the opportunity to increase their revenues and eventually succeed in nationalizing energy companies. “The natural resource owners were now in the driver’s seat and exercised their sovereign power to revise the rules governing oil in their nations and to assert control over oil production and prices”, the authors argue.<sup>380</sup> The 1973 oil shock had subsequently been seen as one of the drivers for American initiatives of exploring hydrocarbons beyond OPEC’s territories, and hence came the idea of investing in new oil drilling technologies.<sup>381</sup>

Lewelyn Hughes and Austin Long argue that the more the U.S. becomes less dependent on Middle East oil, the less likely it will suffer from the implications of oil interruptions or geopolitical instability affecting global oil prices.<sup>382</sup> Additionally, during times of fluctuating prices, the shale oil industry now has the ability to ‘swing’ production and influence global markets more than traditional producers could through boosting domestic output or withdrawing from the oil market on a short notice.<sup>383</sup> The role of shale oil in driving U.S grand strategy could be equally seen through America’s ability to advance its foreign policy objectives in the Middle East. One particular example that the Obama administration had been given credit for is the role of an increased American energy leverage on the administration’s ability to seal the Iranian nuclear agreement. Shale oil had been credited for providing an offset for the loss of Iranian oil on the global market as

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<sup>380</sup> Ibid. p.118.

<sup>381</sup> Ibid., p.119.

<sup>382</sup> Hughes, L. and Long, A., 2015. Is there an oil weapon?: Security implications of changes in the structure of the international oil market. *International Security*, 39(3), pp.152-189.

<sup>383</sup> Kim, I., 2020. Swinging Shale: Shale Oil, the Global Oil Market, and the Geopolitics of Oil. *International Studies Quarterly*, 64(3), pp.544.

a result of the U.S sanctions on Iran. The U.S. was able to pressure Iran and slash its oil off the market without major disruptions on the global market or any form of price surge inducing volatile market conditions.<sup>384</sup>

The shale boom subsequently strengthened the sanctions argument<sup>385</sup> and enabled the U.S. to prove to its allies and adversaries alike the extent to which a more powerful energy leverage can impact America's ability to achieve its foreign policy objectives.<sup>386</sup> By avoiding over-commitment in tackling the Iranian nuclear issue and relying more on diplomatic engagement, the administration resorted to less detrimental means such as diplomacy and sanctions to advance American interests and fulfill U.S grand strategy goals. More importantly, it had enabled the U.S. to stay true to its democratic means of statecraft and commitment to preserve the international system while maintaining America's stance as a global superpower.

## **5.9 Sanctions, Diplomacy and the Nuclear Agreement**

In the Middle East, shale oil had provided several options for the Obama administration to preserve American supremacy on the international stage without the risk of compromising U.S foreign policy objectives in the region. Among the literature focusing on the administration's success in leveraging the new-found energy boom, there are two main strategies implemented by the President in dealing with Middle East politics. These

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<sup>384</sup> Philips, M., 2013. There Would Be No Iranian Nuclear Talks if Not for Fracking. Bloomberg, November, 8.

<sup>385</sup> Kim, I. and Lee, J.C., 2019. Sanctions for Nuclear Inhibition: Comparing Sanction Conditions between Iran and North Korea. *Asian Perspective*, 43(1), pp.95-122.

<sup>386</sup> Maloney, S., 2014. Why "Iran Style" Sanctions Worked against Tehran (and Why they Might not Succeed with Moscow). Brookings Institution, 21.



are diplomacy and sanctions; both of which revolve around the Obama administration's approach to the Iranian nuclear ambitions and the regime's evolving menace in the region.

The Iran Nuclear Agreement or the Joint Comprehensive Plan of Action (JCPOA) was officially put into place in 2015 through negotiation efforts between the U.S, the United Kingdom, China, France, Russia and Germany—the set of states that became known as the P5+1.<sup>387</sup> The agreement imposed strict restrictions on Iran's Uranium enrichment and its ensuing attempts to develop a nuclear program, with the intention of limiting Iran's ability to develop the technology needed to produce a nuclear weapon.<sup>388</sup> Under the JCPOA, Iranian nuclear facilities and technological capabilities were heavily monitored while the U.S. unilaterally imposed sanctions against Iran in agreement with the other member states. In accordance, the United Nations Security Council adopted Resolution 1929, which requested the limitation of Uranium enrichment along with suspension of related nuclear development projects and full cooperation on the agreement from Iran.<sup>389</sup> The Obama administration and the other P5+1 members ardently believed that the nuclear agreement would be the most efficient tool against Iranian attempts to acquire a nuclear weapon and would simultaneously enable the U.S. to prevent such activity by all means available.<sup>390</sup> In return for its compliance with the agreement, sanctions relief would be given to Iran while its nuclear development program would remain under watch and

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<sup>387</sup> Laub, Z., 2019. What Is the Status of the Iran Nuclear Agreement. Council on Foreign Relations, available online at <https://www.cfr.org/background/what-status-iran-nuclearagreement>.

<sup>388</sup> Ibid.

<sup>389</sup> Congressional Research Service, 2018. Iran Nuclear Agreement And U.S. Exit. Congressional Research Service.p.1.

<sup>390</sup> Ibid.

alternatively the U.N would be given the authority to reimpose sanctions in case of violation.<sup>391</sup>

Sanctions on Iran were not new however, rather they had been put in place since the Clinton administration in an attempt to contain Iranian malign activities, which have ranged from terrorism and repression of civil freedom to attempts of acquiring nuclear weapons.<sup>392</sup> The Bush administration had also put forth a set of economic sanctions against the Iranian regime particularly after the 9/11 attacks and the association of Iranian establishments with terrorism acts.<sup>393</sup> The Obama administration was able to build on the sanctions regime imposed by the Bush administration, yet the former's approach was more diplomacy-focused and aimed at engaging Iran in compliance with the JCPOA's provisions.<sup>394</sup>

Sanctions have been considered a form of coercive diplomacy deployed in achieving U.S. foreign policy objectives such as countering terrorism and nuclear proliferation as well as supporting human rights.<sup>395</sup> Carlos Pascual, the founder of the Energy Resources Bureau in the State Department and formerly the Special Envoy for Energy and Coordinator for International Energy Affairs at the State Department, highlights the use of energy resources in America's attempts to achieve its national interests.<sup>396</sup> Pascual cites blocking

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<sup>391</sup> Ibid.

<sup>392</sup> O. Riedel, B., 2010. The Iran Primer-The Clinton Administration. [online] United States Institute of Peace. Available at: <<https://iranprimer.usip.org/resource/clinton-administration>> [Accessed 15 December 2020] and Maloney, S., 2011. Progress of the Obama Administration's Policy Toward Iran. Brookings Institution./

<sup>393</sup> Maloney, S., 2011. Progress of the Obama Administration's Policy Toward Iran. Brookings Institution.

<sup>394</sup> Ibid.

<sup>395</sup> Hufbauer, G. C., Schott, J. J., & Elliott, K. A. (1990). Economic sanctions reconsidered: History and current policy (Vol. 1). Peterson Institute.

<sup>396</sup> Pascual, C. (2015). The new geopolitics of energy. Center on Global Energy Policy, Columbia University, School of International and Public Affairs. p.3.

exports as a strategy through which sanctions target an energy exporting country's market share. The example he provides is the Obama administration's ability to restrain Iran's market leverage through the use of sanctions to block the country's oil exports.<sup>397</sup> A report by the International Security Advisory Board (ISAB) to the State Department underscores the influence of U.S oil production, along with OPEC's output, on America's ability to enforce sanctions on Iran without substantial price shocks resulting from the loss of Iranian oil on global markets.<sup>398</sup>

In IR literature exploring the different scenarios in which U.S shale could be harnessed in American foreign policy sanctions have been considered a pivotal pillar that the U.S. could employ to advance American interests and pressure adversarial states to comply with multilateral agreements. Two main approaches are noticeable in the literature: energy stability and energy leverage.<sup>399</sup> Sanctions have been associated with the energy leverage approach, which is centered around the realist paradigm in international relations theory and views energy as a resource employed by the energy-producing state to advance its geopolitical goals and its global leadership role. Using sanctions against countries dependent on revenues from their energy exports had been one element under the energy leverage umbrella, along with limiting or directing oil and gas exports to take advantage of the global energy price gaps and deploying intense diplomacy.

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<sup>397</sup> Pascual, C. (2015). The new geopolitics of energy. p.15.

<sup>398</sup> International Security Advisory Board (ISAB). (2014). ISAB Study on Energy Geopolitics - Challenges and Opportunities. Washington: United States Department of State. Retrieved from <https://2009-2017.state.gov/t/avc/isab/229199.htm#challenges>

<sup>399</sup>Ladislaw, S. O., Leed, M., & Walton, M. A. (2014). New Energy, New Geopolitics: Background Report 3: Scenarios, Strategies, and Pathways. Rowman & Littlefield. Center for Strategic and International Studies (CSIS). p.27.

While some scholars regard the sanctions strategy as a liberal approach to foreign policy considered an alternative to warfare, others believe that the prospect of restricting exports enables the U.S to leverage further advantage from its own domestic energy production—hence, a realist approach to energy.<sup>400</sup>

Diplomatic initiatives have also been part of America’ new energy posture, serving as realist means to obtain advantages within the U.S’s national interests. Policy makers focusing on the Obama administration emphasized the role of U.S domestic energy production as a leverage in negotiating on Iran’s nuclear program. In a study done by Oxford University’s Institute for Energy Studies, Meghan O’Sullivan argues that the U.S was able to convince hesitant countries, through rigorous diplomatic maneuvering, to join the sanctions regime against Iran.<sup>401</sup>

While his predecessor, President George W. Bush, had rejected the idea of ‘negotiating with evil’, President Obama emphasized the need to negotiate with adversaries. “Now more than ever”, he had said, diplomacy and engagement are critical to rebuilding ‘our alliances, repairing our relationships around the world, and actually making us more safe in the long term’, the President had stated in one of his presidential debates.<sup>402</sup> Consequently, with the help of the domestic surge in energy production, the Obama

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<sup>400</sup> Pattison, J. (2018). *The alternatives to war: from sanctions to nonviolence*. Oxford University Press. p.143. and Ladislav, S. O., Leed, M., & Walton, M. A. (2014). *New Energy, New Geopolitics: Background Report 3: Scenarios, Strategies, and Pathways*. Rowman & Littlefield.

<sup>401</sup> Ladislav, S., L O’Sullivan, M., Bordoff, J., Raimi, D., Michot Foss, M., & Rogers, H. et al. (2017). *What’s next for US energy policy?*. The Oxford Institute For Energy Studies, (111), 8. Oxford Institute for Energy Studies. p.10. Retrieved from <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/01/OEF-111.pdf>

<sup>402</sup> CNN. 2008. Part 3 Of CNN Democratic Presidential Debate - CNN.Com. [online] Available at: <<https://edition.cnn.com/2008/POLITICS/01/21/debate.transcript3/index.html>> [Accessed 15 December 2020].

administration was able to appease consumers of Iranian oil and ensure the availability of alternative energy sources on the global market.<sup>403</sup> Such opportunities have given the President the ability to make progress on the Iranian nuclear deal while simultaneously sustaining America's regional and international alliances.<sup>404</sup> At the same time, in the President's belief, such arrangements aid the U.S. in abandoning a U.S foreign policy aspect that was tilted towards military engagement rather than diplomatic cooperation.<sup>405</sup> "Part of our goal here has been to show that diplomacy can work," explained President Obama about the U.S role in the Iranian agreement in a New York Times interview. "It doesn't work perfectly. It doesn't give us everything that we want." However, Obama went on to add that what the U.S. can manage to do is "shape events in ways where it's more likely that problems get solved, rather than less likely."<sup>406</sup>

Multilateralism adopted by the Obama administration worked to a great extent for the U.S. in bringing American allies in the Gulf to the JCPOA table. Gulf states had been weary that lifting sanctions on Iran as a provisional term of the nuclear deal would give the country a free hand in extending its support to its proxy groups in the Middle East.<sup>407</sup> Saudi Arabia was concerned that President Obama's support for the JCPOA would eventually pave the way for Iran to pursue its nuclear program.<sup>408</sup> Yet, multilateral engagement with

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<sup>403</sup> Ladislav, S., L O'Sullivan, M., Bordoff, J., Raimi, D., Michot Foss, M., & Rogers, H. et al. (2017). What's next for US energy policy?. The Oxford Institute For Energy Studies, (111), 8. Oxford Institute for Energy Studies. p.10. Retrieved from <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/01/OEF-111.pdf>

<sup>404</sup> Maloney, S., 2011. Progress of the Obama Administration's Policy Toward Iran.

<sup>405</sup> Baker, P., 2015. Obama's Iran Deal Pits His Faith in Diplomacy against Skepticism. New York Times, 15.

<sup>406</sup> Ibid.

<sup>407</sup> BBC News. 2015. Saudi King Meets Obama Amid Concerns Over Iran Deal. [online] Available at: <<https://www.bbc.com/news/world-us-canada-34153624>> [Accessed 15 December 2020].

<sup>408</sup> Ibid.

U.S allies and Iran facilitated by the Obama administration succeeded in pressuring the Iranian regime towards compliance for the first time in more than 30 years.<sup>409</sup>

On a theoretical level, diplomacy has been considered an inclusive aspect of the energy leverage approach, which sees diplomatic assertiveness as a critical element in engaging adversarial states relying on oil revenues for support. Yet, multilateral arrangements involving diplomacy could be seen through the other mentioned approach: energy stability. This approach brings to forefront the neoliberal internationalist model in international relations and implies that the benefit of U.S shale should be used to enhance global energy security as stable energy markets promote geopolitical stability and improve global economies. A significant strategy under the energy stability approach is the multilateral agreements between states as well as the role of institutional actors in promoting greater international stability. Other strategies involve promoting the free trade of energy, employing international institutions and regimes to ensure secure and affordable access to energy resources as well as encouraging unconventional production of energy on a global scale. When considering the role of multilateral efforts in bringing Iran to the nuclear table, this approach helps us in delineating how energy (U.S shale oil in particular) could very well be employed for sustaining a more stable international order in which the U.S. is able to engage states developing nuclear weapons.

Consequently, Obama's multilateral approach to sanctions, which was hence bolstered by the abundance of U.S shale oil, was able to induce a positive change in international relations as the U.S succeeded in engaging its European allies along with the United

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<sup>409</sup> Maloney, S., 2011. Progress of the Obama Administration's Policy Toward Iran. Brookings Institution.

Nations and a number of states in exerting pressure against Iran.<sup>410</sup> This not only helped in smoothing the way for a peaceful nuclear agreement, but it also translated into a more effective tool to appease the fears of Gulf states against potential Iranian expansion in the Middle East.<sup>411</sup> In that interim, the frequency of shale oil production along with the additional Saudi supply on the market contributed to balancing price levels and prevented a substantial surge in oil prices as Iranian oil went off the market.<sup>412</sup>

Harnessing the cooperation needed to engage Iran thus could not have been possible without the U.S.'s new-found energy leverage. Suzanne Maloney, the director on foreign policy at the Brookings Institution, argues that the U.S. and its allies have directly benefited from the changes on the global energy scene. "For the first time in the history of the American-Iranian estrangement, it became possible to hurt Tehran's primary revenue stream without imposing equally painful costs on U.S. consumers or on the global economy."<sup>413</sup> Maloney credits the shale boom in providing access to untapped oil resources which, along with complementary market conditions of high energy prices and growing demand, have enabled the U.S. to employ this technological leverage to its own advantage.

The Obama administration's approach to foreign policy reveals a strong commitment to advancing U.S interests in the Middle East, yet it also proves President Obama's diligent approach to the art of statecraft in fulfilling such objectives. The President's internationalist *modus operandi* had translated into his administration's attempts to sustain

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<sup>410</sup> Ibid.

<sup>411</sup> Ibid.

<sup>412</sup> Ibid.

<sup>413</sup> Maloney, S., 2014. Why "Iran Style" Sanctions Worked against Tehran (and Why they Might not Succeed with Moscow).

U.S leadership, capitalize on America's energy edge and hence create a more secure and democratic ambiance for the international system when dealing with common security issues. Through evading a global oil shock and simultaneously maintaining U.S commitments to its allies as well as its engagement in multilateral cooperation, the Obama administration succeeded in deploying the new-found energy leverage to promote its foreign policy agenda in the Middle East.

### **5.10 Conclusion**

The impact that the U.S shale boom has had on Obama's foreign policy strategies in the Middle East has clearly become an added value that the U.S. has gained in dealing with political and security challenges in the region. In contrast to the periods of vulnerable energy security which had rendered the U.S in excessive need of Middle East oil and brought the country into the region's quagmires, the shale boom era has provided the Obama administration with better options to safeguard American interests without the risk of over-commitment in the Middle East.

Taking into consideration the difference in approaches adopted by U.S presidents before Obama, particularly the George W. Bush's interventionist strategies in the Middle East and his prioritization of oil in securing American interests abroad, the fact remains that U.S. oil dependence has constrained America's foreign policy options. While the Bush administration lacked sufficient strategic resources to deal with Iran's nuclear ambitions as revealed in the previous chapter, the Obama administration managed in contrast to find in America's new energy boom an effective leverage in limiting Iranian nuclear activities without compromising U.S interests and global commitments. The style of diplomacy and



smart sanctioning facilitated by the availability of U.S shale oil on the market has given a significant boost to the Obama administration's ability to engage both allies and adversaries before the nuclear agreement table.

The shale boom has even boosted the Obama administration's ability to implement its domestic policy as natural shale gas had been used in strengthening the President's path towards cleaner energy. The aggressive lobbying efforts against the administration by energy firms and funded organizations reveal the extent to which the White House succeeded in implementing efficient fuel standards and imposing tough restrictions. As mentioned in this chapter, the Obama administration directly credited U.S shale gas in helping it sustain environmental regulations and providing better domestic options for American households.

Despite the fact that the Middle East remained a critical region for the Obama administration, sufficient oil supply on the market made available by the U.S shale boom has helped President Obama in advancing major aspects of his administration's foreign policy agenda without risking excessive and unrestricted involvement in the region's conflicts. More importantly, the administration was able to preserve America's wider commitment to the norms of international engagement and global leadership.

# **Chapter 6**

## **Conclusion**

This thesis has proven that U.S shale boom represents a significant leverage in enhancing American stance on global markets and advancing foreign policy objectives in the Middle East. In this concluding chapter, I will present several reflections on the contents of my work, particularly with regards to the findings of chapter 4 and 5 which discuss the role of energy in the Bush and Obama administrations, respectively. Consequently, the chapter will look into how U.S energy security has evolved from excessive reliance on foreign oil imports to a status of increasing leverage with the shale boom phenomenon. In addition, through reflecting on such developments, the conclusion will delineate the lessons learned and in what ways has this thesis contributed to the field of International Relations and U.S foreign policy in the Middle East. Finally, after listing some of the challenges and limitations encountered on an empirical level, I will offer a comprehensive view into the recent and upcoming changes influencing American interests in the region.

### **6.1 Research findings**

Among the main findings of this thesis is the idea that U.S foreign policy is not a matter of ‘going by the book’ neither does it involve a traditional path for American leaders to follow. Crafting American foreign policy entails taking into consideration domestic and global changes on all extremes, but importantly, it involves the inevitable implications of the changes in the style of governance. The approach of U.S presidents to Middle East policy and statecraft in general—as studied in this thesis—have a noticeable impact on the

extent to which the United States succeeds in achieving its grand strategy objectives and securing its interests in the region. As the preceding chapters have revealed, a stark contrast was noticeable between U.S foreign and domestic policies during the Bush and Obama administrations. This divergence had been in one way the result of differences in each of the Presidents' modus operandi but was also in great part due to the influence that the presence (and absence) of the shale boom had on America's ability to leverage energy in the art of statecraft. U.S shale abundance has given new advantages for the United States on global markets which in turn have contributed to enhancing the country's domestic and foreign policy options.

In Chapter 5, I argue that the shale boom has reinforced American stance on global energy markets which has consequently impacted the way the Obama administration had operated on a foreign policy level. At home, U.S shale energy has given President Obama significant support in implementing domestic energy policies that were, one way or another, aimed at reducing America's reliance on foreign oil. On the other hand, in Chapter 4 I underscore the challenges that President Bush faced on a domestic and foreign policy level due to, not only America's increasing consumption and ensuing reliance on Middle East oil, but also the substantial drop in local oil output during the Bush administration years. What the chapters have further revealed is that both administrations had no particular role in the energy production boom as it was exclusively the result of private sector efforts, but the way the Obama administration had harnessed the shale energy abundance has brought substantial leverage for the U.S on both domestic and international levels.

Chapter 4 has highlighted the challenges facing President Bush during times when U.S oil production had been dropping, foreign oil imports were increasing and the administration was placing further bets on Middle East interventions for the sake of oil access. U.S stakes in Iraq's oil as well as the role of private U.S oil companies like Exxon Mobil and Halliburton were solid enough to influence the administration's foreign (hence, U.S intervention in Iraq) and domestic policy decisions. Despite of no affirmation on whether oil dictated the U.S intervention in Iraq, literature sources consulted in Chapter 4 do point to the central role that oil has played in shaping the administration's foreign policy decisions towards the Middle East as well as the U.S inclination to deepen its involvement in Iraq. On a domestic level and in spite of efforts to decrease reliance on Middle East imports and invest in local energy technology, the Bush administration had rather devoted more effort in supplying oil from the Persian Gulf region as U.S oil output kept diminishing. Importing oil from the Middle East was hence an inevitable matter for President Bush and the administration was consequently paralyzed in dealing with oil-rich allies and adversaries. Saudi involvement in the 9/11 attacks did not bring enough action from the Bush administration's side due to the Kingdom's oil supply to the U.S, particularly during tight market conditions. The White House was equally unable to effectively deal with Iran as an adversary due to the country's huge role on the oil market, and hence the administration could not invest in the sanctions regime utilized during the Obama administration against Iranian nuclear ambitions.

In contrast, Chapter 5 has revealed that America's increased capacity to influence global markets ha translated into the Obama administration's ability to implement major foreign policy objectives in the Middle East. My thesis has demonstrated that the nuclear

agreement would have been extremely difficult to reach without the addition of U.S shale oil on the market, and hence, this had helped President Obama in staying true to the objectives of U.S grand strategy in the region. The strategies of smart sanctioning and diplomacy, coupled with an enhanced American energy stance on global markets, rendered the elimination of Iranian oil a solution that might not have been possible otherwise. Domestically, U.S shale has given the Obama administration's policies a significant boost, enabling the President to give equal consideration to capitalizing on the U.S oil surge *and* pursuing a green agenda focused on sustaining a clean American economy. The President was able to utilize U.S shale gas to boost his administration's pioneering efforts in the field of clean energy. At the same time, the increasing U.S oil production enabled President Obama to pursue a strategy of reducing America's dependence on foreign oil as a catalyst for decreasing economic vulnerability to oil disruptions and fostering domestic economic growth.

However, we can still find common grounds between the Bush and the Obama administrations, mainly those revolving around prioritizing the need to reduce dependence on foreign oil in their foreign policy strategies, which is not an unprecedented objective as previous U.S presidents have also called for the same purpose, as mentioned in earlier chapters. What differs is the approach; both Presidents had opposite ideas of how to reduce U.S dependence on foreign oil, and both perceived American interests in the Middle East from very different ends. In addition, and especially considering President Bush's close ties with the U.S energy industry, both administrations were keen on providing support to domestic oil firms. Yet, what differentiates one administration from another in that regard is that the Obama administration was simultaneously focused on sustaining a clean energy

agenda, and hence emphasizing the employment of U.S shale gas instead of pushing for over-regulation and the misuse of crude oil. The Bush administration on the other hand, with its mere rhetorical calls to reduce dependence on foreign oil and invest in domestic technologies, gave U.S oil firms a free hand in energy operations. Plus, the impact of energy lobby groups on the President's domestic policy led to several regulations permitting the industry to boost profits but without really employing U.S production for more extensive objectives that would actually contribute in reducing foreign oil imports or supporting environmental goals.

## **6.2 Bound by the Middle East**

For now, it might be too early to speak of the U.S shale's potential to revolutionize global markets and the politics of oil; the U.S still imports a large deal of oil and natural gas, and Saudi Arabia remains one of America's largest oil suppliers.<sup>414</sup> The U.S is also still engaged in global oil trade and thus remains susceptible to fluctuations in oil prices and disruptions of oil and gas supply. American interests in the region have been highly bound by the reliance of the global economy on the transit of oil (and gas) via the Persian Gulf.<sup>415</sup> In addition, the over-lapping interests of U.S allies like Israel, Saudi Arabia and Europe in the region, particularly with regards to preventing conflicts spillovers and working on stabilizing the region<sup>416</sup>, also account for greater American involvement. Not to mention

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<sup>414</sup> *How much petroleum does the United States import and export?* - FAQ - U.S. Energy Information Administration (EIA). (2020). Retrieved 29 April 2020, from <https://www.eia.gov/tools/faqs/faq.php?id=727&t=6>

<sup>415</sup> Duffield, J.S., 2005. "Oil and the Iraq War: How the United States Could Have Expected to Benefit, and Might Still. P.7.

<sup>416</sup> Fontenrose, K., Al-Ketbi, E. and Dekel, U., 2021. *How President Biden can tackle the Middle East's biggest problems* - Atlantic Council. [online] Available at: <https://www.atlanticcouncil.org/blogs/menasource/how-president-biden-can-tackle-the-middle-east-s-biggest-problems/> [Accessed 6 February 2021].

the different U.S efforts made in the domain of counter-terrorism to defeat terrorist networks and affiliates like ISIS and Al Qaeda especially in conflict-torn regions such as Syria, Iraq and Yemen. Lately, the changing balance of power in the region presents even greater challenges for the United States to tackle. The rise of China and its ensuing economic and trade interests in the Middle East as well as Russia's intervention in the region's disputes all create critical predicaments for the U.S's role as these countries work on extending their regional influence.<sup>417</sup>

Equally important issues include Iran's malign activities in the region which constitute a critical threat to the flow of oil from the Persian and U.S. interests in that regard as the country possesses immense oil and natural gas reserves,<sup>418</sup> and its ability to disrupt the flow of oil along the Persian Gulf had caused major concerns within American grounds while equally unsettling U.S allies in the Middle East and Europe.<sup>419</sup> Through maritime transport, the strait of Hormuz--which connects the Persian Gulf to the Indian Ocean and is surrounded by Iran to the North and UAE and Qatar to the South<sup>420</sup>-- serves as the only channel for the transit of commodities to the rest of the world.<sup>421</sup> In response to U.S sanctions, Iran had constantly threatened to close the strait, consequently risking a halt in the supply of almost 20% of the world's oil and potentially leaving the country without

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<sup>417</sup> Wormuth, C.E., 2019. *Russia and China in the Middle East: Implications for the United States in a Era of Strategic Competition*. RAND.

<sup>418</sup> Iran 'finds new oil field with 53bn barrels'. (2019). BBC. Retrieved 26 February 2020, from <https://www.bbc.com/news/world-middle-east-50365235>

<sup>419</sup> Adebahr, C., 2020. *Europe Needs a Regional Strategy on Iran*. Carnegie Endowment for International Peace.

<sup>420</sup> Ratcliffe, V., Lee, J. and Blas, J., 2021. *Why the Strait of Hormuz Is a Global Oil Flashpoint*. [online] Bloomberg. Available at: <<https://www.bloomberg.com/news/articles/2021-01-10/why-the-strait-of-hormuz-is-a-global-oil-flashpoint-quicktake>> [Accessed 2 February 2021].

<sup>421</sup> Aljazeera. 2019. *Why is the Strait of Hormuz so strategically important?*. [online] Available at: <<https://www.aljazeera.com/economy/2019/7/11/why-is-the-strait-of-hormuz-so-strategically-important>> [Accessed 2 February 2021].

more than half of its revenues.<sup>422</sup> The problem for the United States has been the catastrophic effects that slashing oil off the market would have on the American and global economy, especially if Saudi oil was rendered insufficient to offset the loss of Iranian oil.<sup>423</sup> Logistical hurdles regarding the location of transit terminals make it difficult for countries like Saudi Arabia—which relies the most on the strait for its oil transit—to transport its spare oil through routes that bypass the Hormuz strait in case of any potential disruption by Iran.<sup>424</sup> In 2020, almost 12 million barrels of oil were transported from Saudi Arabia, Kuwait, UAE and Iraq through the strait while one fourth of global Liquefied Natural Gas (LNG) passed through during that same year.<sup>425</sup> Iran’s ability to jeopardize U.S interests in the Middle East surpasses the energy domain to include the massive support the country provides to proxy groups in the region including the Lebanese political party Hezbollah which also has fighters in Syria, the Houthis (or Ansar Allah) in Yemen as well as Kata’ib Hezbollah in Iraq.<sup>426</sup> These Iran-backed groups possess significant power to destabilize the region with several of them or their members either designated as terrorists or sanctioned by the U.S Department of State.<sup>427</sup>

Yet, the surge in U.S shale oil has represented a significant added value for the U.S’s geopolitical stance, specifically in the Middle East region. The state-of-the-art advances in drilling technologies have rendered what was inaccessible very much available; U.S oil

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<sup>422</sup> O’Sullivan, M.L., 2013. The entanglement of energy, grand strategy, and international security. *The Handbook of Global Energy Policy*, 30, p.552, 553.

<sup>423</sup> Ibid.

<sup>424</sup> Katzman, K., Nerurkar, N., O’Rourke, R., Mason, R.C. and Ratner, M., 2012, January. Iran’s Threat to the Strait of Hormuz. LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE. p.13.

<sup>425</sup> Ratcliffe, V., Lee, J. and Blas, J., 2021. *Why the Strait of Hormuz Is a Global Oil Flashpoint*.

<sup>426</sup> Lane, A., 2020. *Iran’s Islamist Proxies in the Middle East*. [online] Wilson Center. Available at: <<https://www.wilsoncenter.org/article/irans-islamist-proxies>> [Accessed 6 February 2021].

<sup>427</sup> Ibid.



and gas resources, along with the growth in global demand and the surge in energy prices, have become efficient tools to capitalize on economically<sup>428</sup> and—as this thesis have proved—politically as well.

### **6.3 Lessons learned**

When assessing the way U.S foreign policy has unraveled with the Bush and Obama approaches to the Middle East, several lessons could be derived that would help us understand U.S energy security, how U.S administrations perceive American foreign policy interests in the Middle East and where oil stands in that regard. One particular lesson lies in the pivotal role that domestic production has played in reinforcing America’s stance in global affairs through providing the country with the leverage needed to influence global markets, which in turn diminishes U.S vulnerability to potential oil shocks and boosts American leverage in Middle East politics. This leverage was hence translated into how the Obama administration has dealt with the Iranian nuclear issue through taking Iran’s oil off the market and ensuring diplomatic engagement—all with the help of additional U.S oil on the market.

Ultimately, the shale boom largely serves as a tool kit for U.S presidents, marking a huge impact on their administration’s domestic and foreign policies—if harnessed properly. Yet, this also goes hand in hand with each administration’s approach and very own idea of how U.S energy security could be enhanced, America’s grand strategy objectives are achieved and U.S global leadership is sustained. For instance, the Obama administration’s approach to U.S energy security was more focused on utilizing the domestic energy

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<sup>428</sup> Maloney, S., 2014. Why ‘Iran Style’ Sanctions Worked Against Tehran (And Why They Might Not Succeed with Moscow). *Brookings*, March, 21.

abundance to invest in clean energy at home and diminish dependence on foreign oil while also attempting to reduce U.S involvement in the Middle East. Through the deployment of the U.S shale boom to pressure oil-rich adversarial states, President Obama contributed to reducing reliance on military solutions by avoiding the notion of using all-out war to safeguard U.S interests and in sustaining the role of America's leadership in the global affairs field. Obama's domestic energy policies also revealed how the administration was able to capitalize on U.S natural gas to support a green agenda and hence diminish American dependence on foreign oil.

In addition, The Iraq war discussed in this thesis has been the highlight of the Bush administration's miscalculations. This reveals the importance of focusing on Obama's approach of harnessing any potential domestic energy leverage to reduce American reliance on Middle East oil instead of using direct confrontation with the oil-rich regimes like what Bush has done. In other words, the approach that would better advance American interests in the Middle East would entail more domestic work, less involvement in the region and hence better energy security.

#### **6.4 Contribution**

Against the backdrop of political speculations on whether the shale boom has influenced U.S foreign policy, the evidence presented in this thesis accurately describes how energy abundance has impacted the Obama administration's policy in a vivid empirical format. By presenting policy work on how the Iranian nuclear agreement was facilitated with the American energy leverage on global markets, the analysis here traces through a step-by-step process how such influence has translated into an enhanced ability for the United States to advance its political interests in the Middle East. Tom Donilon, formerly the

National Security Advisor for President Obama, had highlighted the potential role of America's new energy leverage in influencing international politics 'from a position of greater strength'.<sup>429</sup> The work here builds on such discourses made by policy makers and goes a step further to explain how that has unfolded through the Obama administration's strategies in dealing with Iran's nuclear ambitions. This also complements the theoretical work of U.S foreign policy experts like Meghan O'Sullivan, presented in this thesis, who argue for the role of energy in facilitating the achievement of U.S grand strategy objectives. The energy stability and energy leverage approaches evolving from IR literature on realism and liberalism support the empirical work highlighted here and that which analyzes the modus operandi of President Obama in dealing with Iran's nuclear dilemma.

Referring the strategies of sanctioning and diplomacy under study to the IR approaches prove how U.S energy abundance has linked theoretical perspectives to empirical work and brought to light how such influence could work in U.S statecraft. Ultimately, the work provided here on U.S energy abundance and ensuing geopolitical leverage presents a novel outlook for research and policy work concerned with the U.S energy sector that have influenced U.S foreign policy, particularly during the Bush administration. It simply provides another perspective on a more efficient way for the United States to ensure its energy security, mainly through capitalizing on domestic energy wealth instead of excessively relying on Middle East oil supply and hence rendering U.S intervention in the region an inevitable solution. Eventually, the work presented in this thesis surpasses the

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<sup>429</sup> Donilon, T. (2013). National Security Advisor to the President At the Launch of Columbia University's Center on Global Energy Policy. and Cordesman, A. H. (2013). *American Strategy and US "Energy Independence"*.

black and white image of American foreign policy and dependence on Middle East oil by expanding on theoretical as well as policy work that is more U.S.-centered. In other words, the U.S shale boom—if properly understood and harnessed—can offer America the chance for further domestic and international leverage with less foreign policy repercussions.

### **6.5 Recent challenges and limitations**

Perhaps the main limitations challenging this thesis involve the constantly changing market conditions and the current COVID-19 pandemic which have both additionally intertwined and induced global economic, social and geopolitical ramifications. The fluctuations in global oil prices (which have been mainly the result of the COVID repercussions) challenge the future considerations of this thesis and might give the U.S shale boom less credit on the basis that it might only be a short-lived phenomenon that is defied by the power of oil market changes and the ever-lasting influence of traditional oil producers. There is the additional challenge of the restrictions posed by the COVID pandemic and the ensuing inability to conduct interviews with political officials and experts on U.S foreign policy in the Middle East. However, governmental resources as well as recent literature and policy work supporting this thesis render it a credible source of information and analysis on U.S foreign policy and oil dynamics in the Middle East.

### **6.6 From here onwards**

Today, the ramifications of the U.S shale boom on Middle East politics and beyond energy markets could widely be observed through political discourses, new calculations for the region as well as the recent emerging alliances. Donald Trump, the former President of

the U.S., had repeatedly called for ‘unleashing’ U.S. energy to boost the economy which he says had been vulnerable to states using oil as a political weapon.<sup>430</sup> Through his administration’s ‘maximum pressure’ campaign, the president had placed aggressive sanctions on Iran as a result of its nuclear ambitions,<sup>431</sup> placing additional pressures on the Iranian regime to export energy as the United States exported its own.<sup>432</sup> The Trump administration had been blamed by the Iranian oil minister Bijan Namdar Zangeneh for wanting to raise oil prices by exiting the nuclear agreement, all in an effort to increase U.S shale oil output in return.<sup>433</sup> In addition to its huge oil wealth, Iran also relies on natural gas for domestic trade and housing purposes. Withdrawn energy relations with Iran by nations like Europe, Japan and South Korea as a result of U.S sanctions poses huge losses for the country.<sup>434</sup>

Furthermore, the security of the Persian Gulf region is decreasing in significance as U.S interests in the Middle East are becoming less pivotal. The U.S shale boom has clearly enabled the United States to become less dependent on Middle East oil, raising questions among experts and policy-makers on whether the security of the Persian Gulf and the flow of oil are still worth the same level of investment in U.S military presence.<sup>435</sup> Such talks about America’s reduced inclination to protect the security of the Persian Gulf region had aroused concerns within Saudi grounds, particularly in the wake of the Summer

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<sup>430</sup> Speech, P. (2017). Remarks by President Trump at the Unleashing American Energy Event. The White House, June, 29.

<sup>431</sup> Borger, J., & Wintour, P. (2018). Trump administration unveils full extent of US sanctions on Iran. The Guardian. Retrieved 16 June 2020, from <https://www.theguardian.com/world/2018/nov/05/iran-launches-military-drill-response-return-us-sanctions>

<sup>432</sup> Jaffe, A.M., 2018. The Complicated Geopolitics of US Oil Sanctions on Iran. *Council on Foreign Relations, May, 25.*

<sup>433</sup> Ibid.

<sup>434</sup> Ibid.

<sup>435</sup> Cook, S.A., 2020. No Exit: Why the Middle East Still Matters to America. *Foreign Affairs, 99*, p.133.

2019 attacks on Saudi oil facilities by Iran. The Trump administration had refrained from retaliating, sparking worries among the Saudi's on whether they could still rely on U.S commitment to maintain maritime security around the Persian Gulf.<sup>436</sup>

The Middle East itself has been seeing major changes lately. Most recently, Israel has jumpstarted a series of rapprochements with Arab states in the region, forging the normalization of relations with Bahrain, the United Arab Emirates, Sudan and Morocco.<sup>437</sup> Such steps raise questions as to whether an Israeli-Saudi rapprochement would be in the clouds, and how that would impact U.S interests in the region, particularly with the Biden administration now in the White House. The rise of China and its increasing need for the region's energy to supply its growing economy has made it an appealing client for Middle East states, particularly since the Chinese model of economic development does not particularly encourage social and political transformation.<sup>438</sup> Turkey's determination to exploit hydrocarbon opportunities in the Eastern Mediterranean and the country's ensuing bickering with Greece, Israel and the EU do not seem to be a valuable issue for the U.S as the country has been slowly retrenching from the region.<sup>439</sup> The dispute on maritime boundaries as well as the newly-risen geopolitical claims over recently-discovered gas in the region seemed to be going unnoticed for President Trump<sup>440</sup>, yet how and whether President Biden will support his European allies in that area remains to be seen. In addition, Iraq has been a huge blunder and American withdrawal during critical political,

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<sup>436</sup> Ibid.

<sup>437</sup> Zanoliti, J., 2016. *Israel: Background and US relations in brief*. Congressional Research Service Washington United States.p.6,7.

<sup>438</sup> Zhang, A., 1996. Economic growth and human development in China. *Occasional paper*, 28.

<sup>439</sup> Dalay, G., 2021. *Turkey, Europe, and the Eastern Mediterranean: Charting a way out of the current deadlock*. [online] Brookings Institution. Available at: <<https://www.brookings.edu/research/turkey-europe-and-the-eastern-mediterranean-charting-a-way-out-of-the-current-deadlock/>> [Accessed 6 February 2021].

<sup>440</sup> Ibid.

social and economic conditions in the country is a sensitive situation that should be handled wisely by the new administration in the White House. After extensive American attempts to defeat ISIS and the gradual withdrawal of a war-torn U.S army from Iraq, the United States is left with the caution of not leaving alternative space for further Iranian dominance in the region.<sup>441</sup>

The fact that a new U.S administration is in office further adds to the contentious developments taking place on the international stage. Upon his arrival, the newly-appointed President, Joe Biden, has moved forward with signing a series of executive orders on several domestic and foreign policy issues. One of his major decisions has been to halt federal oil leases in exchange for moving away from a gasoline-based to more energy-efficient American economy that would support President Biden's endeavor against climate change.<sup>442</sup> The President stated his plans to create millions of jobs in the clean energy industry while promising to find jobs for workers in the fossil fuels industry. Although such decisions by the President complement his pre-presidency promises to halt oil drilling projects on federal territories, energy executives greatly disagree with the administration's plans and find them alarming. Anne Bradbury, who serves as the chief executive officer of American Exploration and Production Council representing American oil firms, argues that such actions "are unilaterally shutting down and restricting the ability

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<sup>441</sup> Slavin, B., 2020. *How the US military should leave Iraq*. [online] Atlantic Council. Available at: <<https://www.atlanticcouncil.org/blogs/menasource/how-the-us-military-should-leave-iraq/>> [Accessed 2 February 2021].

<sup>442</sup> Friedman, L., Davenport, C. and Flavelle, C., 2021. *Biden, Emphasizing Job Creation, Signs Sweeping Climate Actions*. [online] The New York Times. Available at: <<https://www.nytimes.com/2021/01/27/climate/biden-climate-executive-orders.html>> [Accessed 6 February 2021].

of American oil and gas producers to run their operations”.<sup>443</sup> President Biden has revoked a number of policies implemented by the previous Trump administration to facilitate the operations of oil and gas firms, the main of which has been banning drilling in the Arctic National Wildlife Refuge.<sup>444</sup> It remains to be seen how such changes will influence the shale industry and whether moving closer towards the clean energy industry would contribute in reducing U.S reliance on Middle East oil. Additionally, the question of whether the current policies of the Biden administration will impact America’s relations with major oil-producers in the Middle East remains a case under study.

Finally, the Coronavirus (COVID-19) pandemic has left the world in a cataclysmic situation, leading global oil prices to drop to extremely low levels. Global demand for oil also collapsed as the COVID-19 lockdown was imposed and OPEC+ states (including Russia) rushed to cut their output, registering thereby the largest production in the organization’s history.<sup>445</sup> Such drastic changes re-shifted U.S eyes on trouble at home as the implications of the pandemic seemed more significant than Middle East dilemmas.<sup>446</sup>

U.S shale producers have been making use of the high oil prices induced by the COVID implications to lock in specific sales prices that would reduce the losses their businesses would incur if a dip in oil prices takes place.<sup>447</sup> With the drop in shale output as a result

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<sup>443</sup> Puko, T., Thomas, K. and Restuccia, A., 2021. *Biden’s Climate-Change Policy Targets Oil Industry*. [online] The Wall Street Journal. Available at: <<https://www.wsj.com/articles/biden-to-suspend-new-federal-oil-and-gas-leasing-11611672331>> [Accessed 6 February 2021].

<sup>444</sup> Ibid.

<sup>445</sup> Oecd.org. 2020. [online] Available at: <<https://www.oecd.org/coronavirus/policy-responses/the-impact-of-coronavirus-covid-19-and-the-global-oil-price-shock-on-the-fiscal-position-of-oil-exporting-developing-countries-8bafbd95/>> [Accessed 2 February 2021].

<sup>446</sup> Cook, S.A., 2020. No Exit: Why the Middle East Still Matters to America. *Foreign Affairs*.

<sup>447</sup> Krishna Kumar, D. and Hiller, J., 2021. *U.S. shale producers lock in future sales as oil prices rise to one-year high*. [online] Reuters. Available at: <<https://www.reuters.com/article/us-usa-oil-hedging-idUSKBN29K0JQ>> [Accessed 3 February 2021].



of a decrease in global oil demand during lockdown periods, OPEC's leading member—Saudi Arabia—implemented production cuts in order to prop up oil prices.<sup>448</sup> The move went well with the U.S shale industry as prices resurged to \$50 a barrel, encouraging producers to make use of the price increase in order to hedge their oil sales levels.<sup>449</sup> Such price readings were considered to be motivating for shale oil firms to resume their drilling operations, with Saudi producers once again gaining the credit for regulating the markets—and supporting American interests. Yet, notwithstanding the latest surge in oil prices to \$60 per barrel—the highest they have been in a year<sup>450</sup>—hopes of further gains for U.S shale producers might not become reality when the Biden administration seems determined to fulfill a clean energy agenda and not very keen on supporting the American oil industry.

In spite of the recent challenges, the Middle East remains of vital geopolitical significance, with its oil being a critical factor in shaping the global economy, yet with increasing diversion away from hydrocarbon-based economy and efforts by Middle East rentier states to shift their economies away from oil-dependence, it would be interesting to see how U.S shale gas can help in that process. Even with talks about the need for the U.S to withdraw from the Middle East, it is very well known that American interests in the region remain pivotal to preserve, yet with the new changes induced by the shale boom as well as the multi-dimensional dynamics in the region, such interests have become less pivotal.<sup>451</sup> The

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<sup>448</sup> McCormick, M., 2021. *US oil prices climb above \$50 a barrel with a helping hand from Riyadh*. [online] Financial Times. Available at: <<https://www.ft.com/content/6b6d10b1-acc2-4f9f-9050-1bc4468dd9fb>> [Accessed 3 February 2021].

<sup>449</sup> Krishna Kumar, D. and Hiller, J., 2021. *U.S. shale producers lock in future sales as oil prices rise to one-year high*.

<sup>450</sup> Krishna Kumar, D., 2021. *Oil rises 1%, hits highest in a year on growth hopes, OPEC+ output cuts*. [online] Reuters. Available at: <<https://www.reuters.com/article/us-global-oil/oil-prices-rise-to-highest-in-a-year-on-us-growth-optimism-crude-supply-restraint-idUSKBN2A508I>> [Accessed 6 February 2021].

<sup>451</sup> Ibid.

region has been constantly bound by instability and still represents a critical threat to the flow of oil to global markets.<sup>452</sup> This is not to mention the fact that, as the Middle East is becoming more and more unstable, the option of a U.S retrenchment from the region is becoming more viable.<sup>453</sup>

Against such surmounting challenges, it remains to be seen how the post-COVID economies will recover and whether U.S shale oil would still have the same stamina to influence global markets. In addition, the shifting balance of power in the region, the constant fluctuations in oil prices and the current health predicaments pose a great deal of challenge for the Biden administration to tackle globally and in the Middle East region in specific. Such challenges are equally important for policy-makers, energy pundits and researchers in the IR field. Adding on the information provided in this thesis, it is worth studying how the U.S shale boom could serve as an influential factor against such rising challenges, but most importantly, whether the new U.S administration would follow in on the Obama administration' footsteps and harness such a pivotal resource during such critical times.

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<sup>452</sup> Noël, P., 2007. The new US Middle East policy and energy security challenges. *International Journal*, 62(1), pp.47

<sup>453</sup> Cook, S.A., 2020.

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