# Questions concerning the U.S.-Allied strategy against Iraq

Questions concerning the U.S.-Allied strategy against Iraq are problematic because we don't know the aims and expectations behind the strategy. We only have assumptions about it.

Many of the assumptions are based on the importance of oil. Control over resources obviously is a key for the determination of any U.S. long-term strategy. But things are not as obvious as it seems at first. Let us take into consideration some basic information about the oil business and market.

## What about the importance of oil?

The oil market showed over-capacities in oil production since the early 1980s, which consequently led to a dramatic fall of oil prices in 1985/86. There were several attempts by OPEC to stabilize prices through production agreements, but there was no agreement among the member states and the agreements were frequently broken. Through the 1990s crude oil prices remained low, even with the Iraqi oil largely taken off the market. [(1)] Moreover, oil resources are not scarce and are not expected to be in the short to mid-term future.

Falling oil prices meant declining income for oil producing countries. Because most of them are single item exporting countries, they are heavily dependent upon selling oil. They have to sell oil to finance necessary imports and government expenditures, especially Iraq, which is relatively populous and had accumulated high debt obligations during its war with Iran.

But oil is an important resource because of the quantities traded and sold. A few transnational companies dominate the market. They control R&D, transportation, refining and marketing of oil. The downstream operations are by far larger and more profitable that the upstream part of the business.

Competition between companies was influenced by the sanctions against Iraq. While a few U.S. oil companies signed lucrative agreements with Saudi Arabia and Kuwait, other companies were hindered from exploiting the market opportunities in Iraq. Meanwhile, the Russian oil resources were opened to foreign investment, which provided plenty of opportunities.

## Iraq as a regional power

Another assumption is the potential 'danger' of Iraq becoming the major regional power. The traditional foreign policy approach to prevent regional hegemony of Iraq or Iran in the Persian Gulf would be a regional balance-of-power strategy. The U.S. instead chose 'dual containment' against Iraq and Iran.

Iraq emerged from the Iraq-Iran war as the dominant regional military power besides Israel. But the war also revealed the Iraqi strategic weaknesses. Kurdish fractions were

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[(1)] Oil prices were rising sharply in speculative waves during the 2000s, reached a peak in 2008, droping sharply but already recovering in 2009, staying high during the following years.

again siding with the enemy to attack their own country. And Iraq was not able to defend it's access to the Persian Gulf even in the early stages of the war. Although the C-capability was effectively used in the war against Iran, it poses no real danger for protected forces, which have the necessary infrastructure, equipment and training to defend themselves against C-weapons.

Much spoke for increased regional influence of Iraq. But there are no reasons why this would necessarily pose any danger to U.S. interests, however illegitimate those interests are. The U.S. have plenty of means to intervene in regional affairs before escalating to the use of military force. And despite some anti-imperialist rhetoric the Iraqi government was not promoting any confrontation with the oil importing states.