How much can the United States rely on the military participation of our European allies in defending the security of the Persian Gulf? What could they contribute, and what difference would this make to the success of military operations? If the United States does need the military contributions of its allies, what force improvements should we encourage them to make? This chapter presents an overview of a wide range of potential scenarios that could disrupt Western sources of energy, thereby generating pressure for a Western military response.

**THE PERSIAN GULF**

The relative importance of the Persian Gulf to Western security has increased in recent years and will continue to do so in the years to come. The region accounts for roughly 60 percent of the world’s proven oil reserves and 30 percent of all oil that is traded globally. American and European imports of Gulf oil are, moreover, projected to increase over the next two decades: During this period, 14 percent of total oil consumption in North America will come from the Persian Gulf, up from 8 percent in 1995; for Western Europe, about 35 percent of total oil consumption will originate from the Gulf, compared to 25 percent five years ago. Of course, there is no direct relationship between dependence on oil imports to meet energy needs and vulnerability to the effects of oil supply disruptions. Many of these effects, for example, could be prevented or mitigated by advance
planning and preparations for energy emergencies, government policies, and market-based adjustments.

Nonetheless, national perceptions that severe oil supply interruptions would have highly disruptive effects play a key role in shaping the national security policies of Western governments. More important, the United States has strategic and geopolitical interests in preserving the security of the Persian Gulf quite apart from the region’s importance as a major oil exporter. These include the security commitments it has with several countries in the region and on its periphery, including Israel and Turkey, and the imperative of preventing the region from falling under the domination of hostile anti-Western regimes that could use their control over Gulf oil production to harm Western interests or, as has happened in the past, change governments and borders in the region.

The baseline for assessing the adequacy of Western military capabilities to preserve the security of the Persian Gulf is to examine the threat of large-scale Iraqi aggression. This threat has remained a central planning tenet for U.S. forces through the three in-depth strategic reviews of U.S. force structure—the Base Force, the Bottom-Up Review, and the Quadrennial Defense Review (QDR)—and is likely to be validated in QDR 2001.¹ There are a number of reasons for maintaining vigilance against the Iraqi threat:

• There is no sign that Saddam Hussein has abandoned his ambition to be the region’s hegemon.

• Iraq retains weapons of mass destruction and could with little difficulty reconstitute its capability to threaten key Gulf states with ballistic missile attacks. The lifting of sanctions against Iraq would exacerbate these threats.

¹Some military and national security experts argue that the United States should abandon its military doctrine of preparing to fight two major theater wars (MTWs) simultaneously—the so-called “two-MTW strategy.” This is one of the major conclusions reached by the U.S. Commission on National Security/21st Century (also known as the Hart-Rudman Commission). Nonetheless, while some modifications may be made in this strategy, it is likely that the two-MTW structure will be maintained. See Tom Bowman, “Shift Urged on U.S. Forces,” Baltimore Sun, April 19, 2000; Andrea Stone, “Panel Labels Two-War Strategy Outdated,” USA Today, April 19, 2000; and Bryan Bender, “DoD Leaders to Approve Revised Long-Term Vision,” Jane’s Defence Weekly, May 10, 2000.
• Iraqi control over Gulf oil reserves and production capacity would have serious consequences for Western interests. Under these circumstances, it is possible that Saddam, ignoring economic self-interest, would use this control to punish, blackmail, or coerce the West and friendly pro-Western governments in the region. American security relationships with Gulf Arab states, the U.S. military presence in the region, and our access and influence would all be casualties of Iraqi hegemony over the region. A radicalization of the political landscape throughout the region would also be likely to occur.

• While the armed forces of Iraq have not recovered from their defeat in Desert Storm and the combined effects of sanctions and U.S./U.K. military attacks, they still enjoy superiority over Kuwaiti and Saudi forces. Twice since the conclusion of Desert Storm, Iraq has moved sizable ground forces to the Kuwaiti border to test American resolve.

The threat of an invasion of Kuwait is remote today largely because of the U.S. military deterrent in the region. However, as U.S. forces find themselves stretched increasingly thin by multiple commitments around the globe, this military posture will prove difficult to maintain. The consequences of not maintaining a credible deterrent to an Iraqi invasion would be serious.

While coping with the threat of large-scale Iraqi aggression is important, however, the threat to energy security in the Gulf must be seen in a broader context. Over the next decade, a number of smaller-scale crises could erupt in the Persian Gulf that would have an adverse impact on oil production or exports. These include (1) internal conflict or instability that interferes with oil production; (2) terrorist actions that damage oil production and infrastructure; and (3) limited conventional military attacks by regional states that disrupt oil operations or coerce producers into curtailing production.

**Large-Scale Iraqi or Iranian Conventional Attacks**

Although Iraqi and Iranian conventional military capabilities have been crippled by war, sanctions, and, at least until very recently, declining oil revenues, both countries are likely to make slow but steady progress over the next ten to fifteen years in improving their
power projection capabilities. More important, both Iran and Iraq are likely to possess a limited number of nonconventional warheads as well as the means to deliver these warheads with more accurate and longer-range ballistic missiles.

Efforts by both regimes to acquire these military capabilities are driven in large measure by their desire to attain regional hegemony, eliminate U.S. influence and presence from the region, and gain influence, especially over the oil production and price policies of the Gulf Arab states. Moreover, internal weaknesses in Saudi Arabia and the other Gulf states could provide opportunities for Iranian and Iraqi adventurism. In this environment, either Iran or Iraq could decide to mount large-scale cross-border attacks on the “reactionary,” pro-American regimes of Kuwait and Saudi Arabia. This case has two variants.

**Desert Storm II.** An Iraqi armored invasion of Kuwait could range in size from three to twelve divisions, although the nature and potential effects of such an attack are likely to differ from Desert Storm I in several fundamental ways. First and foremost, Iraq could engage in early use of nuclear, biological, and chemical (NBC) weapons to interfere with the U.S. force buildup or to dissuade the Saudis and other Gulf states from requesting or supporting U.S. military intervention. Under these circumstances, U.S. forces could face limits on access to bases in the region and might need to use other facilities for support operations. Second, Iraq could deprive the United States of time for mobilization and reinforcement, either by conducting a short-warning attack or by continuing its military drive into Saudi Arabia without interruption. In so doing, Iraq could destroy, damage, capture, or threaten critical oil infrastructure or close air and port facilities that would host U.S./Western military reinforcements.

**Iranian amphibious invasion.** For the foreseeable future, Iran will lack the amphibious capabilities to mount sizable military operations against its Gulf neighbors. Iran’s economic problems have led to considerable reductions in defense spending and to a corresponding decline in the size, readiness, and capabilities of its armed forces. In the longer term, however, sizable Iranian amphibious attacks against Kuwait and/or Saudi Arabia, including attacks on or seizure of critical oil facilities, cannot be ruled out. Further, in carrying out
such operations Iran might attempt to disrupt U.S. reinforcements by mining the Strait of Hormuz, conducting antiship missile and submarine attacks, or launching air or ballistic missile attacks against Saudi and other Gulf Cooperation Council (GCC) ports and airfields.

In these contingencies, three developments could cause a significant disruption in the flow of oil. First, the occupation or destruction of Kuwait’s oil facilities could remove 3 million barrels per day (mb/d) from the market. Second, the occupation and possible destruction of some of Saudi Arabia’s key oil facilities in the eastern provinces could reduce Saudi exports by as much as 8 mb/d if exports from Ras Tanura are completely cut off. Third, Iranian closure of the Strait of Hormuz could halt 85 percent of all Gulf oil exports.

The duration of the oil supply interruption in these contingencies would depend on several factors, principally the extent of damage to key oil facilities, the amount of time it would take for the United States to launch counteroffensive operations, and whether Iran or Iraq is the aggressor. It is unlikely, for example, that Iran could sustain a closure of the Strait of Hormuz for more than one week, although mine-clearing operations could take another two to three weeks before commercial shippers were assured of safe passage through the Strait. Likewise, Saudi Arabia would probably be able to restore precrisis levels of oil exports within three months and the smaller Gulf states within six months (unless WMD were used).

**Limited Military Strikes**

In the short to medium term, a more plausible scenario—albeit one with less serious consequences—is limited Iranian air, naval, and ground strikes in the southern Persian Gulf. Over the next decade, the West will face growing Iranian capabilities to interfere with Gulf oil supplies and to undermine the security of the Gulf states. As Michael Eisenstadt has noted in his excellent study on Iranian military power:

> The main conventional challenge from Iran . . . is in the naval arena. . . . Iran could use its mines, shore-based anti-ship missiles, and submarines to disrupt maritime traffic in the Persian Gulf. . . . And though the Gulf presents a significant barrier to major acts of aggression against the southern Gulf states, Iran could conduct lim-
ited amphibious operations to seize and hold lightly defended islands or offshore oil platforms in the Gulf, or use naval special forces to disrupt oil production and maritime traffic by sabotaging harbor facilities, oil platforms and terminals, and by attacking ships in port in the lower Persian Gulf.²

None of this should be construed to mean, however, that an Iranian military challenge in the Gulf is imminent. On the contrary, Iran depends on freedom of navigation through the Strait of Hormuz for most of its hard-currency earnings. In addition, Iran lacks the military capabilities to challenge the United States. In fact, Iran would stand to lose a great deal from a military confrontation with the United States or an effort to close the Strait of Hormuz. In the view of most observers, while Iran might be able to temporarily halt shipping through the Strait, it would be unable to sustain a blockage for any length of time. Nonetheless, Iran’s buildup is designed to bolster the credibility of Iranian threats to freedom of navigation. Further, there are circumstances in which Iran might be likely to take greater risks to halt oil traffic in the Gulf—for example, if Tehran perceived that Iran’s survival or other vital interests were at stake. In short, the Iranian threat to the Strait of Hormuz lies not in the denial of access to energy resources per se; given Iran’s capabilities, the longer-term effects of its action and the overall effect on supply should be minimal. Rather, Iran’s intent is to manipulate the threat to gain additional leverage to enhance its broader political ambitions in the region.³

One particularly dangerous contingency is a severely weakened and increasingly desperate Iran that lashes out at the Gulf states for their support of U.S. policies aimed, in Iran’s view, at overthrowing the Iranian regime. Under these circumstances, where Iran might be willing to take greater risks, Tehran could try to create serious operational problems for U.S. forces by (1) conducting intense air and naval attacks with little or no warning and halting operations within 48 hours; (2) withholding the use of NBC weapons and sparing Gulf state populations from attacks; and (3) providing sanctuary to one or


³Ibid.
more Gulf states. If this were to happen, Iran could inflict significant
damage before U.S. forces could mobilize an effective response. By
sparing cities in the initial attack, refraining from WMD attacks, and
providing sanctuary, many of the Gulf states—including those that
were victims of the Iranian attack—would have a strong incentive to
deny access to Western forces.

The impact of such an attack on oil supplies would depend primarily
on the extent of damage inflicted on critical targets, such as pumping
stations and oil-loading terminals. The deployment of additional
U.S. forces to the region could calm the jittery nerves of shippers,
and insurance rates would likely return to normal within several
days. Hence, tanker traffic would resume quickly to any ports that
were not attacked. However, it could take several months or perhaps
longer to repair damage to high-value oil/gas targets in Saudi Arabia.
As noted previously, for example, if Ras Tanura were put out of
commission, several million barrels of oil per day would be lost to the
market until full operations were resumed. Under these conditions,
the Saudis and other Gulf states might want the United States to
maintain their augmented forces in the region until repair operations
were completed.

Nonconventional Attacks

The regimes in both Baghdad and Tehran attach very high priority to
acquiring the capability to deliver WMD with ballistic missiles. Over
the next decade, both countries are thus likely to pursue programs to
extend the range and improve the accuracy of these missiles. They
will then possess the capability to hold critical oil-related installa-
tions at risk. External attacks using weapons of mass destruction
could result from Iranian or Iraqi attempts to punish or coerce Saudi
Arabia or to expel the U.S. military presence from the region. It is
also possible, moreover, that domestic opposition groups could carry
out terrorist attacks employing WMD in support of Iranian or Iraqi
conventional military operations.

In all likelihood, the use of WMD would be concentrated in eastern
Saudi Arabia, where most of the Kingdom’s major oil production and
processing/exporting facilities are located. Disruption would be
caued by (1) destruction of facilities and materials, including
pipelines, refineries, storage tanks, export terminals (e.g., Ras
Tanura), and lines of communication/transportation; (2) contamination of materials and structures; and (3) the death or incapacitation of critical oil-industry personnel, widespread panic among such personnel, and the exodus of foreign workers from the country.

In this scenario, oil production would plummet dramatically and the ensuing chaos and economic deprivation would put severe strain on the Saudi government. The Saudis would no doubt make a concerted effort to repair damaged facilities and to restore preattack production levels as quickly as possible; however, the extent of the destruction and the threat of further attacks by terrorist groups could impede recovery. For example, if a nuclear blast destroyed the Ras Tanura complex, a minimum of 6 mb/d of export capacity could be removed from the market, and the entire Saudi oil production capability could be wiped out if large areas were contaminated by radioactive fallout. Even if the Saudis could restore a sense of calm, it could well take years before production and exports were restored to normal levels.

**Terrorism and Subversion**

Both Iran and, to a lesser extent, Iraq could also attempt to use subversion, political violence, or covert attacks (e.g., terrorism and sabotage) to coerce Gulf states into accepting their political, economic, and security demands. Such a campaign of intimidation could be carried out directly by Iran or Iraq or indirectly through use of domestic surrogates.\(^4\)

Control over oil revenues would be the major motivation for an Iranian or Iraqi campaign to intimidate the Gulf states.\(^5\) In the future, both countries will share a common interest in driving up oil prices, especially when Iraq makes a full return to the oil market.

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\(^4\)Turkey is also an important conduit for Gulf oil shipments by pipeline to the Mediterranean. There have been attacks by the Kurdistan Workers Party (PKK) on these lines in the past and there could be more in the future, raising the risk not only to Gulf oil but also to oil from the Caspian if the Baku-Ceyhan pipeline is built.

To intimidate the Gulf states, both countries could conduct covert attacks against vulnerable littoral oil facilities or resort to subversion, assassination, and political violence. Iran in particular has long-standing ties to terrorist cells in the Gulf and, unlike Iraq, has been fairly sophisticated in manipulating extremist Islamic movements to further its own ends. Together, a successful effort to curb Gulf state oil production and attacks on oil facilities could reduce oil supplies on the global market. Over time, however, the market would adjust to lower production/exports and higher prices, and thus the effects of a sudden and substantial price increase, while especially serious for the developing world, are likely to be short-lived.

Internal Political Crisis in Saudi Arabia

Over the next decade, Saudi Arabia could become increasingly vulnerable to domestic unrest and perhaps civil strife. The Royal Family is beset by a host of political, social, and economic challenges that have triggered growing public disaffection—including rapid population growth, corruption, glaring economic disparities, lack of political accountability, and a dizzying pace of social and cultural change. Saudi rulers have shown little interest in political and economic reforms that over the long run might address these grievances.

As a result, many commentators have observed that the Saudi government faces a widening gap between popular expectations of improved living standards and its ability to guarantee these conditions for the mass of the Saudi population. If the Royal Family fails to close this gap, it could place at risk the “social compact” that has brought political and social harmony to the Kingdom in the modern era: Government largesse to provide increasing wealth and world-class social services to Saudi citizens in return for their loyalty and support.6

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If political, economic, and social conditions in Saudi Arabia were to deteriorate dramatically, a combination of developments could precipitate a major challenge to the rule of the Saudi Royal Family, an internal insurrection, and possibly an Islamist seizure of power. These include a violent power struggle over succession; the implosion of the Saudi armed forces; a challenge to the legitimacy of the al-Saud family by religious extremists; and a Shi’ite revolt in Saudi Arabia’s eastern province.7

A prolonged interruption in the flow of Saudi oil would have severe consequences for the United States and the global economy, particularly if emergency oil production elsewhere could not be brought on line quickly. Moreover, it is unlikely that Saudi oil production would remain immune to the effects of an internal war. The oil fields themselves—or the small number of critical and vulnerable processing sites—could suffer severe damage that could take months or even longer to repair if nonconventional weapons were used. Further, many skilled foreign workers, who are critical to Saudi oil production and the target of domestic resentment, could flee the country if the war unleashes a torrent of anti-Western or anti-American feelings. Together, these developments could slash oil production dramatically.

A Second Iran-Iraq War

Iran and Iraq have not abandoned pretensions to regional domination, and their competition for power and influence is exacerbated by deep-seated mistrust as well as by historical, ideological, and religious differences. Over the next decade, a number of internal developments in Iran or Iraq could thus precipitate a second Iran-Iraq military confrontation. Of these, the chief possibilities are (1) Iranian military intervention in an Iraqi civil war that threatens the dismemberment of the country along ethnic and sectarian lines; (2) fragmentation or large-scale unrest in Iran that tempts Iraq to conduct military operations against Iran, either to contain the spread of internal Iranian conflict or for territorial or political aggrandizement; and (3) the resurgence of a militarily powerful and revanchist Iraq bent on

reclaiming what Baghdad sees as its rightful status as the predominant regional power.

A second Iran-Iraq war could cause a major disruption in oil supplies. Iraq’s production could come to a complete halt, for example, if Iran gained control of the Shatt-al Arab waterway, a Kurdish rebellion in the north closed the Kirkuk-Ceyhan pipeline, and Syria closed pipelines connecting Kirkuk to terminals in Syria and Lebanon. If this were to happen, 3 mb/d would be removed from the market. In addition, Iranian mining, artillery, missile, and submarine attacks on shipping and on Gulf state oil facilities, carried out in retaliation for their support of Iraq, could disrupt Gulf Arab oil exports. Under worst-case circumstances, GCC oil production could decline by as much as 5 mb/d during the first few months of the war. Within several months, however, production and exports could return to prewar levels except at the most severely damaged facilities. Given the damage to oil production and export facilities in the Gulf, Iran, and Iraq, it could take up to two years to restore oil production to prewar levels in all these countries. However, if Saudi oil facilities are spared extensive damage in the war, increased Saudi oil production could return total Gulf oil production to prewar levels after six months.8

**Israeli-Iranian Military Confrontation**

Finally, it is not difficult to imagine circumstances over the next decade that could trigger an escalatory spiral of Israeli-Iranian military attacks resulting in significant disruption in Iranian oil exports and a closure of the Strait of Hormuz. For example, Israel could decide to launch a preemptive strike against Iranian NBC and missile facilities. In retaliation, Iran might sponsor terrorist attacks against Israel, precipitating an Israeli military strike on Iran’s export terminals at Kharg Island and Ganaveh. To bring maximum international pressure to bear on Israel, Iran might threaten to close the Strait of Hormuz, which would effectively shut it down owing to skyrocketing

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8We are not predicting that a second Iran-Iraq war would trigger a major decline in Gulf oil supplies but are simply noting it as a possibility. In this regard, it is important to remember that despite fears and concerted attacks on energy infrastructure during the "first" Iran-Iraq war, there was little effect on energy production or access. The infrastructure and, after an initial scare, the market proved resilient.
insurance rates for tankers, until Israel halts its attacks and agrees to negotiate a cease-fire.

As a result of Israeli military actions, Iran could suffer a serious disruption in oil exports. Tanker loadings at Kharg would likely come to a halt as a result of Israeli mining of the site and Iran’s shortcomings in demining capabilities. In addition to mining, export operations at Kharg and the Ganaveh oil terminals would be crippled as a result of Israeli air attacks and special operations, and Israeli mining could impede repair work. In this situation, 1–2 mb/d of Iranian oil could be lost for up to one year.

THE CASPIAN BASIN

The development of energy resources in the Caspian Basin has sparked heightened interest in the region among some NATO allies. Turkey in particular has sought to carve out a larger role for itself in the region, given its growing energy needs as well as its long-standing historical, cultural, and ethnic ties to the largely Turkic population in the area. Ankara has cultivated its ties with key oil-producing states, especially Azerbaijan, and has a growing military and security relationship with Georgia, whose location along major oil pipeline routes makes it a key player in the pipeline politics of the region. Ankara plays a pivotal role in the construction of the Baku-Ceyhan pipeline, which Turkey along with the United States and others is pushing as the major outlet for the bulk of Azeri long-term oil exports.

Other European allies, while concerned about the potential for conflict and instability in the Caspian region and Central Asia, are more wary of deepening the Alliance’s involvement in the region. Although some support efforts to expand cooperation among regional states, especially in dealing with illegal trafficking of arms and drugs, allied support for expanding NATO’s Partnership for Peace (PFP) program and other military-to-military contacts has been lukewarm at best. NATO allies have shown no interest, moreover, in considering any of the Central Asian or Caspian countries for participation in the Alliance’s Membership Action Plan. In addition, none of the European allies shares Turkey’s interest in protecting oil pipelines in the region.
The arm’s-length attitude of most NATO allies toward the region reflects in large measure their desire to avoid antagonizing Russia. To some degree it also reflects a recognition that Caspian energy supplies will not make a significant contribution to the diversification of European energy supplies for the foreseeable future, given the numerous political, geographic, economic, and technical constraints on Caspian energy development. Indeed, the Caspian Basin by most projections is expected to export no more than 2–3 mb/d by 2010, thereby meeting only 2–3 percent of global energy demand—prompting one prominent energy analyst to conclude that while Caspian oil could play an important role at the margin by diversifying energy supplies, its role will not be pivotal.9 In contrast to the Persian Gulf, it is therefore unlikely that Caspian energy supplies will be disrupted over the next decade as a result of conventional military actions by regional states or decisions by national governments to reduce production and exports, as there is no country within or outside the region that has the political incentive or military capabilities to establish physical control over the region’s oil. Moreover, Azerbaijan and Kazakhstan, the two major oil producers, hope to produce as much oil as quickly as possible to maximize their revenues.

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Nonetheless, the Caspian, like the Persian Gulf, is a volatile region that is conflict-prone and vulnerable to instability. In addition to market and economic conditions, both Kazakhstan and Azerbaijan will face two serious challenges to their ability to bring their oil to the international market: first, conflict and instability along planned pipeline routes for delivery of their long-term oil, and second, internal tensions and instability that could disrupt oil production. In addition, both countries would be vulnerable to decisions by regional governments such as Russia, Turkey, and Iran to use control over pipeline routes to extract political and economic concessions. Such decisions could at least temporarily reduce the quantity of Caspian oil exports.

The Vulnerability of Caspian Pipelines

There is no easy way to export energy from the Caspian Basin. Azerbaijan and Kazakhstan are landlocked and must therefore rely on the cooperation of neighboring countries—and subnational groups—to transport their energy to market. All the major east-west and north-south pipelines under consideration pass through regions that are wracked by conflict and unrest. Any Azeri oil headed north toward Russia or west toward the Mediterranean, for example, would be vulnerable to secessionist struggles in Georgia, a resumption of hostilities between Armenia and Azerbaijan over Nagorno-Karabakh, continuing Kurdish unrest in southeastern Turkey, and armed conflict in the Russian provinces of Chechnya and Daghestan. Kazakh oil destined to link up with any of the major east-west pipelines under consideration would have to transit the same areas.

An interdiction of Caspian Sea oil supplies resulting from terrorist or subnational attacks on oil pipelines and associated infrastructure would pose a serious challenge to the West and to Caspian oil-producing states. Even with the development of modern technologies to improve pipeline security, such as remote sensing, pipeline distribution systems remain vulnerable to military and cyber attack. If the pipeline is above ground, portions of it can be easily blown up using a variety of low-tech methods; even if the pipeline is buried, it is vulnerable to military and cyber attack at its exposed and usually undefended pumping stations, input terminals, river crossings, and intersystem connections. For instance, any one
of the many points on the trans-Arabian pipeline could, if damaged or destroyed, halt product movement. Destroying pumping stations may cripple the use of a pipeline for up to six months. The centralized, computerized control of pipeline systems that enables valves to be opened or closed and pumps to be started or stopped remotely is also vulnerable to attack. Natural gas pipelines are especially vulnerable to interdiction because they must maintain a constant flow of pressure.

Consequently, safeguarding pipeline distribution systems against sabotage in conflict-ridden regions poses an extremely difficult challenge. The isolated and rugged terrain surrounding Caspian pipelines is not hospitable to conventional military operations but is well suited to guerrilla and mountain warfare; Western ground forces would be vulnerable to hit-and-run attacks, harassment, and acts of terrorism. In addition, the region’s infrastructure to support pipeline defense operations is primitive, and Western military forces would be operating at the long end of a vulnerable logistics supply line. The use of combat aircraft or other airborne surveillance assets to patrol pipeline routes is not well suited to counter unconventional or guerrilla attacks. To be effective, therefore, the defense of pipelines would require a considerable commitment of forces that, at the very least, would exacerbate an already-serious operational tempo and readiness problem. Put simply, the use of force to ensure the protection of Caspian pipelines would not be an appropriate or effective response to a threat that, under the worst-case scenario, would affect only 2 percent of the world’s oil supply for the next several years. More important, Western military intervention in a Caspian conflict is unlikely given the risk of a Russian military response.

The Vulnerability of Caspian States

A second potential threat to the flow of Caspian oil arises from internal tensions and upheaval in Kazakhstan and/or Azerbaijan. Over the next ten to fifteen years, these countries could confront a variety of challenges to internal stability, including tribal, ethnic, and clan disputes; severe poverty and growing disparities in income distribution; political repression and the absence of constitutional mechanisms for the orderly transfer of power; rapid population growth; mass urbanization; conflict over natural resources (e.g., oil,
water, and land); and pervasive corruption, crime, and cronyism. In short, Kazakhstan and Azerbaijan display all the problems that can result in “failed states.” Internal cleavages in both countries could trigger upheaval that would interfere with oil production in several ways, including discouraging foreign investment in oil operations and driving foreign oil workers to flee the country. Even more worrisome, internal conflict could feature attempts by rival factions to gain control of oil production facilities, which might result in damage to these installations.

**Turmoil in Kazakhstan.** Over the next decade, there is a potential for conflict between the ethnic Kazakh and Russian populations of Kazakhstan. Tensions between these two groups have increased over the past several years, fueled by rising nationalist sentiment on both sides. Kazakhstan’s President Nursultan Nazarbayev has so far managed to keep a lid on virulent nationalism on both sides. Nonetheless, the presence of a large and increasingly disenchanted Russian minority in Kazakhstan’s northern region adjacent to Russia presents a potentially volatile problem. Nazarbayev’s eventual departure, the absence of a viable succession mechanism, and the rise of Kazakh nationalism portend a substantial risk of serious tensions with ethnic Russians, which could trigger civil war, the possible secession of Kazakhstan’s northern provinces, or even Russian occupation of part or all of the country.

In addition, there is a potential for internecine strife among different Kazakh groups. The concentration of power in the hands of Nazarbayev and his clan has led to political stability in the short run; however, it threatens long-term stability by inflaming tribal, political, and economic grievances. Among those most alienated are the majority of the urban population and minority groups in resource-rich western Kazakhstan.

**Upheaval in Azerbaijan.** In the early years of independence, the regime in Azerbaijan was highly unstable, experiencing three leadership changes and numerous coup attempts. Since 1993, President Heydar Aliyev has brought stability to the country, but the longer-term political outlook is uncertain. Azerbaijan is ridden by internal cleavages among various ethnic groups and tribes. In particular, there is a simmering dispute between ethnic Azeris and the Persian population of Azerbaijan that would take only a small spark to ignite.
Such a conflict could spill over into northern Iran, which is inhabited by 20 million Azeris—twice as many as live in Azerbaijan. A full-scale civil war in Azerbaijan, with one faction supported by Tehran, could also provoke Iranian military intervention. Hence, internal conflict could not only disrupt oil production but also threaten a conflict between Azerbaijan and Iran that could lead to the military involvement of Turkey, Armenia, and Russia.

NORTH AFRICA

North Africa is likely to loom larger in the European energy picture in the years ahead and could shape broader perceptions of security requirements. The Maghreb is a leading exporter of natural gas to Western Europe, and Spain, Italy, and France are dependent on these supplies to meet a large portion of their energy requirements. Their substantial and growing imports of North African gas has spurred substantial investments in the expansion of production and transport infrastructure, including new regional and trans-Mediterranean pipelines (most notably the trans-Maghreb line from Algeria to Spain via Morocco and the expansion of the trans-Mediterranean line to Italy via Tunisia). As a result, energy trade is becoming a more central part of the security environment as seen from both sides of the Mediterranean. Indeed, the perception that a prolonged cutoff of North African natural gas supplies would have serious implications for the security of southern members of the Alliance has sparked heightened interest among these countries in making plans and preparations to respond to potential energy emergencies to the south. A central element in the energy nexus between Southern Europe and North Africa is the relative inflexibility of gas supply relationships. Unlike oil, gas is a regional rather than a global commodity. Expensive delivery infrastructure, once in place, creates a pattern of dependence among producers, transshipment states, and consumers that is structural. Therefore, it is not surprising that NATO’s southern allies are increasingly concerned about energy security. Evidence of this can be seen in the extent to which gas-

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For Western Europe as a whole, energy imports from North Africa represent less than 20 percent of total consumption. For Southern Europe, however, the dependence is far higher, with Portugal 90 percent, Spain 70 percent, and Italy 50 percent dependent on Algeria for gas needs alone.
related issues now dominate European perceptions of internal developments in Algeria.

Scenarios threatening the security of access to North African oil and gas could arise from internal, regional, or extraregional developments.

Internal Risks

It is most unlikely that regime change in North Africa—even the advent of radical anti-Western leaderships (as once feared in Algeria)—would lead to cutoffs of supply given the extraordinary importance of energy exports to the Algerian and Libyan economies. In Algeria, high levels of violence have thus far had only a marginal effect on energy operations, and it has not stopped investment in new energy projects. The remoteness of the oil and gas fields provides a buffer against terrorist attack, and the Algerian government devotes considerable resources to maintaining the security of energy-related infrastructure. Nonetheless, chaos and anarchy could threaten production or give rise to short-term strategies of disruption, including terrorist attacks on production facilities and pipelines. Under other circumstances, energy infrastructure could be a target of more organized and systematic attacks.

Regional Risks

A second class of scenarios flows from regional conflicts in which energy could be a direct or indirect target. Morocco and Algeria have a history of competition, outright conflict (e.g., the “War of the Sandsi” in the 1960s), and proxy war in the Western Sahara. The advent of a radical Islamist or, more likely, a nationalist regime in Algiers, or the renewal of Algerian intervention in the Western Sahara, could spark a new conflict that threatens the security of the trans-Maghreb pipeline. In the absence of radical agendas in Algiers or Rabat, however, the existence of the pipeline link may serve to dampen rather than inflame this bilateral competition, as both Moroccan and Algerian revenues would be at stake.

This scenario is mirrored to some extent in the eastern Maghreb in relations between Libya and Tunisia. There have been cross-border
incidents in the past, and the Libyan threat is a continuing concern of Tunisian defense planners. Like Morocco, Tunisia is an important transit state for Algerian and Libyan energy exports.

There is continuing potential for conflict over the control of the Spanish enclaves of Ceuta and Melilla on the Moroccan coast opposite Gibraltar. The post-Hassan regime in Morocco could use the enclaves as a nationalist rallying point, and Madrid is committed to their defense (they are outside the NATO area but within the Western European Union [WEU] sphere of responsibility). Any military confrontation over the enclaves poses a risk of escalation, and gas flow across the Strait of Gibraltar could thus be disrupted. More seriously, the very large tanker traffic through the region could be affected by military operations or mining. This could have global implications for energy markets.\textsuperscript{11}

**Extraregional Risks**

During the Gulf War, there was considerable concern in Europe that public sympathy for Baghdad across North Africa, coupled with the unpredictability of the Libyan leadership, could produce a north-south confrontation in the Mediterranean. Future instances of Western (including Israeli) intervention in the Gulf or elsewhere in the Middle East could raise similar risks. Against a backdrop of regime changes or the use of southern European bases for Western power projection, such risks could become tangible, with energy exports as the principal stake. Thus, the energy security outlook in North Africa is linked in important ways to developments in other regions, especially the Gulf.

Finally, North Africa contains one leading proliferator, Libya, and a potential proliferator, Algeria.\textsuperscript{12} This increases the potential for confrontations over WMD production (e.g., the Libyan chemical facilities) that could spill over to affect energy security. As in the Gulf,


it also complicates any U.S. or European intervention to secure access to the region’s energy resources.

Obviously, these internal, regional, and extraregional scenarios are not mutually exclusive; rather, they are parallel and potentially reinforcing. Unlike the Gulf and the Caspian, where vulnerable producers are distant from the Euro-Atlantic area, North Africa is on NATO’s doorstep. Europe’s relatively strong energy stake and the Maghreb’s proximity to southern Europe make this an area where NATO’s southern members could be motivated to request NATO assistance in an energy-related crisis, for example, to provide military assistance to protect key installations in response to a request from a local government. Proximity and the likelihood of smaller-scale contingencies also suggest that European forces could play the primary role, with support from key U.S. command, control, and communications (C³), transport, and surveillance assets.

CONCLUSION

Over the next ten to fifteen years, a variety of threats could interfere with Western access to energy supplies from the Persian Gulf, the Caspian Basin, and North Africa. They include:

- military aggression in which critical oil production and transportation facilities are seized by Iraq or Iran;
- civil wars, coups, internal upheaval, and terrorism that would shut down the flow of energy from major energy-producing regions for a prolonged period;
- regional and domestic conflicts that would reduce but not halt energy supplies; and
- decisions by national governments that could curtail oil production and exports, thus affecting geopolitical alignments in critical regions.

These distinctions are important because they would affect perceptions of energy security and hence decisions by allied governments to use force to ensure access to energy supplies. The first threat, invasion with a view toward controlling key oil-producing installations, remains a key focus of U.S. defense planning. The consequences of
these facilities’ falling under the control of a government hostile to Western interests merit continued vigilance on the part of the West to ensure that such an invasion continues to be deterred or, if it happens, that the invasion could be halted before achieving its goal.

Second, would-be regional hegemons might take actions that threaten the external security of key energy-producing states, but not necessarily the unrestricted flow of oil.

Third, threats to the security of moderate, pro-Western Gulf Arab oil producers could fall well short of outright aggression or larger-scale conventional military operations. These threats could include the "coercive" use of force ranging from threatening force deployments and the demonstrative use of force to terrorism, sabotage, subversion, unconventional military operations, and limited seizure of territory or assets.

Fourth, many of these contingencies do not lend themselves as readily to a classical military response as cross-border invasion. Nonetheless, they are quite plausible and could have serious consequences for American interests and Western security. This is particularly true for internal instability or civil war in Saudi Arabia—the one scenario, given likely conditions in the world oil market over the next decade, that could have a profoundly negative effect on the global economy.

The foregoing discussion points to several implications. For at least the next five years and probably longer, the primary threat posed by both Iran and Iraq to Western interests in the Gulf are WMD, terrorism, and limited military operations, rather than large-scale invasion of a Gulf state. Clearly, the effects of a successful invasion could be so far-reaching that it cannot be ignored, and plans should continue to focus on deterring an invasion. But the United States should also seek allied military contributions across the full spectrum of contingencies that could disrupt oil flows. In many of these scenarios, allies may have specialized capabilities that could be effective in dealing with the conflict at hand, especially if U.S. forces are preoccupied with major military commitments elsewhere.

In weighing their own decisions to commit forces to secure energy supplies, most allies will consider whether the stakes are physical access to oil or other U.S. geopolitical interests that they may not nec-
necessarily share. For instance, even though the United States might feel compelled to use military force in the Persian Gulf to prevent the rise of a regional hegemon or to punish terrorist acts or NBC use, the European allies may be less inclined to join the United States in these military operations if secure access to oil is not at stake.

Many potential future threats to the flow of Persian Gulf and North African energy are internal, stemming from deep-seated political, economic, and social grievances. Because many challenges to the security of existing regimes may emanate from subnational actors, these threats, while important, fall outside of the set of challenges that can be addressed by external military action. The same is true, of course, for political decisions to increase oil prices by reducing oil production.