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UNITED STATES ENERGY POLICY INTERESTS IN THE FOREIGN POLICIES OF THE PERSIAN GULF STATES

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Abstract

This paper examines the first step of oil discovery and its evolution in the economic industry. Oil has a growing impact on human development and technology. Express the evolution of the United States' energy policy and its strategic engagement in the global oil market from the 19th century to the present. Highlights the role of the U.S. as a leading oil producer. Shows the tendency of oil leading companies and explores U.S. foreign policy in the Persian Gulf countries and the impact of geopolitical events such as World Wars, Persian Gulf conflicts, and the political impacts on the reshaping of geopolitical strategy. Outlines the negotiation ways between Great Britain and the U.S. for the control of power in the Persian Gulf. U.S. administrations from Bush to Trump are analyzed in terms of strategies to secure energy supply, stabilize global oil prices, and balance relations with major producers. The research also addresses domestic energy policies, including efforts to reduce import dependence, promote renewable energy, and manage strategic reserves. Study considers the influence of U.S.-Saudi partnerships, OPEC decisions, and global market dynamics on energy security, production, and pricing, illustrating the ongoing intersection of energy resources, national security, and international diplomacy. Energy diplomacy refers to diplomatic and strategic efforts to manage and influence international production, distribution, consumption, and use of energy resources. Includes cooperation and competition between countries to achieve energy supply, market access, and national interests in the energy sector. The energy diplomacy of the Persian Gulf states is primarily aimed at ensuring a stable flow of hydrocarbon exports at prices that will support the fiscal budget, strategic economic growth, and national security. They do not support a path to a net-zero energy transition that would lead to a policy of phasing out fossil fuels, but instead use diplomacy to find that path, which will maintain the position of oil and gas in the energy sector.

Keywords: Oil history, Energy resources, U.S. foreign policy in Persian Gulf, Global oil prices, Oil reserves.

Introduction

Energy resources, particularly oil and natural gas, have long been central to economic development, national security, and global geopolitics. From the early petroleum discoveries of the 19th century, the United States has consistently sought to secure access to reliable energy supplies while balancing domestic needs with international strategic interests. The discovery and commercialization of petroleum not only transformed industrial economies but also established the foundation for the U.S. to emerge as a leading global oil producer.

Over time, the geopolitical importance of the Middle East, home to a significant portion of global oil reserves, has shaped U.S. foreign policy in the region, including the World Wars, the Persian Gulf conflicts,

and the ongoing Ukraine crisis, which have had profound effects on global oil markets and energy security. U.S. administrations, from George H.W. Bush to Trump, have employed a range of strategies, including military presence, alliances, economic sanctions, and energy policies, to protect national interests, stabilize prices, and secure supply.

At the same time, domestic energy policy has evolved to address import dependence, promote technological innovation, and encourage the development of renewable energy. The interplay between domestic production, global market dynamics, and diplomatic engagement highlights the complex role of oil in shaping U.S. economic and strategic priorities. The study explores the historical development of U.S. energy policy, its interactions with global oil producers, and the continuing challenges of ensuring energy security in an increasingly interconnected world.

United States Petroleum Policy

The history of oil starts in northwestern Pennsylvania, where petroleum deposits were long recognized in the region surrounding Oil Creek, where the substance naturally emerged at the surface. Observers noted that the oil frequently formed bubbles in the freshwater springs and as cended through the shafts of local salt wells. These occurrences were characteristic of the secluded, densely forested hills that defined the area geographically. Rock oil could be exploited in far larger quantities, processed into a fluid that could be burned as an illuminant in the lamps. This new illuminant would be highly competitive with the "coal-pills'' that were winning markets in the 1850s. This belief ultimately motivated early efforts to develop systematic methods of petroleum extraction and refinement, marking a pivotal shift in the energy economy. Growing reliance on petroleum was almost universally celebrated as a good symbol of human progress. Rock oil was also used for lubricating machinery, which further enhanced its practical value. This is the emergence of an entirely new era in human history – the oil age, which profoundly transformed technological and economic development.

The spread of kerosene in the United States faced two significant barriers: there was no substantial source of supply, and there was no cheap lamp well-suited to burning what kerosene was available. The lamp overcomes the problems of smoke and smell. A cheaper quality illuminating oil-kerosene has already been introduced into some homes. The techniques necessary for refining petroleum into kerosene have already been developed and commercialized through earlier work on coal-delivered oils. In 1859, at sixty-nine feet miters the drill dropped into a crevice and slid another six inches. It is the light of the age when Drake hit oil in Titusville, Florida. Meanwhile, more rock oil became available, and it did not take long for Pennsylvania rock oil to find its way to market.

In 1854, the Pennsylvania Rock Oil Company was established. In 1959, investors established a new company known as Seneca Oil Company. Standard Oil Company was broken up into 39 independent companies with different boards of directors, the two largest being Standard Oil of New Jersey and Standard Oil of New York. Several of these companies were considered among the Seven Sisters.

The United States was the world's largest producer of petroleum each year from 1860 to 1914. During the First World War, the oil demand increased significantly, prompting the United States to introduce civilian fuel-conservation programs in response to petroleum shortages experienced by other countries.

After the end of WWI, the demand for energy resources increased, and petroleum became easier to use and transport, being employed in various types of machinery. According to as sessments, WWI was a conflict between humans and technology, much of which was powered by oil. In the context of energy transition, crude oil served as a key component of the United States' military arsenal. American politician Harold Ickes remarked, "If the Third World War were to occur, it would be over another country's oil resources as the United States would no longer have sufficient reserves for the future".

The center of gravity of world oil production is shifting from the Gulf-Caribbean area to the Middle East to the Persian Gulf Area. The United States was to produce almost 90 percent of the oil used by the Allies in WWII. The United States' heightened interest in oil can be attributed to five main factors: 1. American military strategy shifted, with the initiation of naval exercises due to increased military demand; 2. Oil-poor countries under the umbrella of NATO require security guarantees from the US; 3. The development of military technologies necessitated large quantities of oil; 4. Civilian consumption of petroleum grew with daily oil usage rising from 3.9 million barrels before WWII to 5.4 million barrels after 1945 5. Increasing oil consumption in Europe led to a supply deficit (Kelanic, 2020).

Against the backdrop of rising demand, the United States' energy interests were increasingly directed toward Saudi Arabia, as it was contemplating future strategies without establishing relations. In 1943,

DeGolyer said about Saudi Arabia: "The area we have been considering will be the most important oil producing region in the world within the next score of years". In early 1944, probable reserves of the region Iran, Iraq, Saudi Arabia, Kuwait, Bahrain, and Qatar amounted to about 25 billion barrels compared to 64 percent of the United States. However, the quality of the oil was significantly different from that of East Texas. In 1943 American article opened with the statement "We're running out of Oil".

In shaping its energy interests, the United States was primarily concerned with replacing Great Britain, whose position in the region was considerably stronger. Negotiations proved to be lengthy, and several options were considered: First was to acquire direct ownership in Middle Eastern Oil, on the model of the Anglo-Persian Oil company. Second, it was to negotiate some kind of settlement and system with the British. Third was to leave the whole matter in private hands. Socal and Texaco, the two partners in Casoc, were the only two private companies involved in Arabian oil. They made very large investments in and financial commitments to Saudi oil, and much more would be required while Saudi Arabia was only two decades old. The question was whether a state established two decades earlier could live up to expectations, given that Saudi Arabia still represented a long-term strategic consideration for the United States. Meanwhile, President Roosevelt offered King Ibn Saud Land Lease as sistance. The U.S. government was ready to buy the whole Casoc from Texaco and Socal, but for sure, none of the other companies wanted the government in the oil business. Another plan was to spend up $120 million to build a pipeline that would carry Saudi and Kuwaiti oil across the desert to the Mediterranean for transshipment into Europe. The US government was not going into the oil business in Saudi Arabia. Two governments had already begun probing each other's view's Roosevelt declared that the U.S. shares oil from Iraq and Kuwait, Saudi Arabia is ours, but the Persian Gulf is yours. On August 8, 1944, Anglo-American Petroleum Agreement was completed. The idea of agreement was the establishment of the eight-member International Petroleum Commission, which as sured equality to all countries. In 1928, the Red Line Agreement between the US, Great Britain, and France was signed; the Gulf became part of the American Group in the Turkish Petroleum Company and thus a signatory to the Red Line Agreement, which precluded any of the companies from operating independently in any area within the confines of the lines specified on the map. According to the Iranian consortium, the U.S. became the principal player in oil production, while European consumers remained reliant on American support. The U.S. acquired 60% of the Anglo-Iranian Oil Company for $90 million; Arab producers were also reluctant to invest in Iran, since neighboring partners had greater oil reserves in Saudi Arabia than what they would require for their future needs (Gates, 1968).

A 1987 report by the US Department of Energy stated that 63% of the world's proven oil reserves were in the Arabian Gulf, representing one-quarter of global production. The stability of the region was considered crucial for the economic well-being of the United States, as uncontrolled oil flows or its control by unfriendly powers could have been disastrous for the global economy and international trade (Yeregin, 1991).

By 1972, global energy consumption had increased by 179 %, outpacing population growth. Due to this high demand, it was not possible to produce the required quantities of oil. The outbreak of the Arab Israeli War triggered a rise in oil prices. OPEC artificially increased oil prices to exert pressure on Europe, Japan, and the US to influence the policies adopted during the conflict. The oil-producing countries unilaterally raised the price of oil from $ 3.01 to $ 5.11 per barrel, and later to $11.65 per barrel. There was a perceived threat of a military action against the Arab Gulf states by the US and Britain. Representatives of Kuwait and Saudi Arabia responded with reciprocal threats, warning that in the event of an attack, Western oil reserves would not remain unprotected and access to them would not remain unprotected. Following the signing of a ceasefire agreement between Israel, Egypt, and Syria, facilitated by U.S. involvement, the member countries of the organization decided to end the oil embargo.

Energy resources are indispensable for economic activity, which in turn improves living standards. The largest energy-consuming countries, the United States, Europe, China, India, and Japan, lack sufficient domestic energy supplies to support their growing economies and high standards of living. Energy resources are concentrated in the Middle East, primarily in the form of oil and natural gas. Energy security entails ensuring the availability of adequate resources at responsible prices (The 1979 "Oil Shock:" Legacy, Lessons, and Lasting Reverberations, 1979).

U.S. Energy Policy in the Persian Gulf

United States interests in the Persian Gulf remained consistent across administrations, beyond regional stability; oil was a key strategic factor, justifying military action in 1991 during President H.W. Bush's tenure. After Iraq invaded Kuwait, controlling 20% of global oil, the U.S. prioritized protecting Saudi Arabia and

maintaining influence in the Gulf. Energy measures were implemented to offset Iraq and Kuwait's oil losses and the international economic crisis.

In 1992, the Bush administration enacted the Energy Policy Act, aimed at reducing dependence on energy imports, promoting renewable energy production, and improving energy efficiency. In the mid-1980s, falling oil prices weakened the Soviet economy. Between 1989 and 1991, as Soviet control declined, George H.W. Bush faced new challenges, including chaotic privatization and increased oil and gas exports. In 1988, Congress held hearings on climate change, marking the first efforts to address greenhouse gas reduction. In 1992, the Energy Policy Act, as sociated with the president, aimed to reduce dependence on energy imports, strengthen renewable energy production, and improve energy efficiency. In the mid-1980s, declining oil prices undermined the Soviet economy, and between 1989 and 1991, as Soviet control weakened, Bush faced new challenges such as chaotic privatization, major oil and gas agreements with Western firms, nationalization processes, and increased oil and gas exports. During his vice-presidency, George H.W. Bush traveled to Saudi Arabia, as the record-low oil price $10 per barrel posed a threat to the U.S. oil industry and national security. If prices failed to rise, tariffs on imported oil would have produced significant consequences. (Mills, 2018).

During Bill Clinton's administration, it was believed that the country's growing dependence on oil constituted a significant threat to U.S. national security. The nation's reliance on imports endangered its security by increasing vulnerability to disruptions in oil supply. When all other sectors of the economy are functioning well, and energy prices remain low, the population feels stable. Fluctuating oil prices gradually shift energy dependence into the hands of foreign suppliers.

Beginning in 1997, the United States oversaw the closure of 136,000 oil wells, representing 25% of all wells and 57,000 gas wells. Since 1992, crude oil production has declined by 17%. The Clinton-Gore administration's misaligned arms policies contributed to Iran's estrangement and increased anxiety in Saudi Arabia. As a result, both states became controllers of 40% of OPEC's oil, which also directly affected the supply of domestic natural gas. Under President Clinton's "dual containment" strategy, several preventive measures were taken against the Islamic Republic of Iran, including an embargo on its oil and gas industry. For example, Congress drafted legislation imposing sanctions on any foreign corporation investing $40 million or more in Iran's oil and gas sector, a threshold that was reduced to $ 20 million the following year. The bill became known as the Iran-Libya Sanctions Act. Gulf States could influence global prices and trigger economic instability. The U.S. spent up to 50 billion dollars on regional defense. The dual-containment policy toward Iran proved ineffective, while Iraq remained a major concern due to the threat it posed to oil supplies. Under U.S. pressure, Azerbaijan removed Iran from an offshore oil consortium. President Clinton's executive order banned American companies from investing in Iran's oil sector, forcing Conoco to abandon a two-billion-dollar agreement (Mirhosseini, 2014).

Seven months after 9/11, the U.S. Defense Intelligence Agency prepared a report detailing Iraq's oil terminals, exploration zones, and American companies likely to pursue involvement. The report noted nine undeveloped oil blocks in southern Iraq. The United States aimed to control Iraq's national oil company after restoring damaged terminals and explored plans to restructure the oil sector to boost exports. At a secret London meeting, the Pentagon proposed selling Iraq's oil fields and initiated privatization efforts. Despite U.S. attempts to rehabilitate infrastructure, production once reached 2.5 million barrels per day. The U.S. pressured Iraq to adopt hydrocarbons laws keeping oil and gas under state control and creating a new oil company to distribute revenues per capita across provinces. By 2008, President Bush urged OPEC, especially Saudi Arabia, to increase production as U.S. gasoline prices neared $3 per gallon, but Saudi Arabia refused to change output. The U.S. also pushed for lowering global oil prices, which had reached $125 per barrel. After 2005, Saudi Arabia invested heavily and raised production to 8.509.2 million barrels per day (Hiro, 2007).

Barack Obama's presidency began amid energy challenges, with a strong focus on green policies. U.S. policy aimed to promote global energy transition, replacing fossil fuels with renewable energy. Between 2008 and 2014, oil imports declined, and due to stagnant demand and increased domestic production, daily output reached four million barrels-exceeding total production in Iran or Iraq. In 2011, when gas prices surpassed $4 per gallon, Obama acknowledged that escaping these energy problems was not possible. He sought to subsidize alternative energy sources. However, technological innovation and free-market forces demonstrated that his vision was not fully realized, and the United States became the world's largest crude oil producer, surpassing even Saudi Arabia and Russia. By May 2011, U.S. monthly production reached 174 million barrels. Gulf States had risen to 33% of U.S. oil imports, including 29% from Saudi Arabia.

The Obama administration showed limited interest in reducing this dependence, believing that in the event of crises, strategic oil reserves could be used to manage supply disruptions (Samuelsohn, 2012).

During Joseph Biden's presidency, U.S. naval forces were deployed to the Persian Gulf to protect strategic waters through which a quarter of the world's oil passes annually and to secure the Strait of Hormuz from Iranian aggression. Iranian actions affected oil markets while the Biden administration aimed to maintain low tariff prices. The U.S. seized a portion of Iran's oil reserves and released them to the market, prompting Iran to respond by halting tankers in the Gulf. After Biden hinted at a possible strike on Iran's oil industry, prices rose 5%. The administration cut reserves by 43% to stabilize global markets and limited cooperation with Saudi Arabia to balance relations with Iran. Aimed the war in Ukraine, oil prices have exceeded $130 per barrel, raising the prospect of broader sanctions on Russian oil and gas. Washington's hotline remains unresponsive to major producers. Biden's policies toward oil producers have reduced domestic oil and gas production, contributing to rising prices, while the Federal Reserve seeks to curb inflation and protect the U.S.'s economic standing (Luck, 2022).

Donald Trump maintained close ties with Gulf states, urging increased oil production to lower prices. Low prices, however, threaten Saudi revenues. During his presidency, Saudi Arabia pledged $600 billion in U.S. investments, but high domestic spending and low oil prices have widened its budget deficit, prompting expectations of financial support from the U.S. Saudi Arabia and the United States signed 34 agreements worth an average of $90 billion. These include the annual purchase of 1.2 million tons of liquefied natural gas over 20 years by the American company "Next Decade" and other new deals. Bilateral investments are expected to strengthen the two countries' relations. Trump aimed for lower oil prices to $60 per barrel and accelerate drilling, but daily production remains at 13 million barrels, making higher output impossible. The average price of $65 per barrel exceeded his target. Saudi Arabia can currently increase supply by 3 million barrels per day, previously deferred, and urges the U.S. to use this oil to regain lost market share. The Strategic partnership also includes selling oil in U.S. dollars (Krane, 2024).

Conclusion

The history of U.S. energy policy illustrates the critical intersection of domestic energy needs, global oil markets, and international diplomacy. From the early commercialization of petroleum to the contemporary challenges of geopolitical instability and fluctuating oil prices, the United States has consistently sought to secure reliable access to energy resources. U.S. foreign policy in the Middle East, including engagement with Saudi Arabia, Iraq, Iran, and other Gulf states, has been shaped by the dual imperatives of maintaining energy security and protecting strategic economic and political interests.

The shale revolution-driven by advances in hydraulic fracturing and horizontal drilling-has allowed the U.S. to dramatically increase oil and gas production, particularly from tight oil formations that now account for 36% of total U.S. oil output. This has strengthened the U.S. economy and reduced dependence on foreign oil. As global energy markets shift, Gulf countries will face growing pressure to adapt to the new landscape and compete within an era increasingly influenced by America's shale boom.

Domestic initiatives, including efforts to reduce import dependence, promote alternative energy, and manage strategic reserves, have complemented foreign policy strategies, although global market forces and geopolitical crises have often constrained their effectiveness. The experiences of successive administrations from Bush to Trump demonstrate the ongoing challenge of balancing energy production, market stability, and international cooperation.

Ultimately, the U.S. case underscores the enduring significance of oil as both an economic and strategic resource. The country's ability to adapt to technological innovations, market fluctuations, and geopolitical pressures will continue to define its energy, security, and global influence in the decades to come.

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