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**RESEARCH REPORT**

**COMMITTEE: INTERNATIONAL SECURITY COUNCIL**

**ISSUE: CONFLICTS AND INSTABILITY CAUSED BY OIL**

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## INTRODUCTION

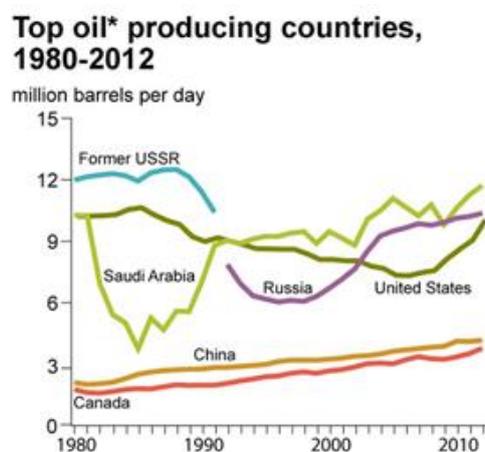
Like the United Nations, the International Security Council was created at the end of World War II with its main objective being to maintain peace around the world, in other words to succeed where the League of Nations had unfortunately failed. With security and international peace being its focus, it is in charge of international peacemaking operations, of imposing international sanctions in order to avoid clashes as well as allowing military action through the Security Council.

Oil is a cornerstone of today's economy due to the importance of the black gold in our world. It is therefore in the limelight of many conflicts and wars, often a pretext for conflict. With so many countries in the world depending on oil, especially in the Middle-East, it is a sought-after resource, the key to a successful economy, and it also fuels military power. With such importance and power given to petroleum could it be a founding factor of global instability? Does it generate conflict between different states trying to assert their dominance? Is it the source of daily painful and intense suffering experienced by millions around the world?

## KEY TERMS

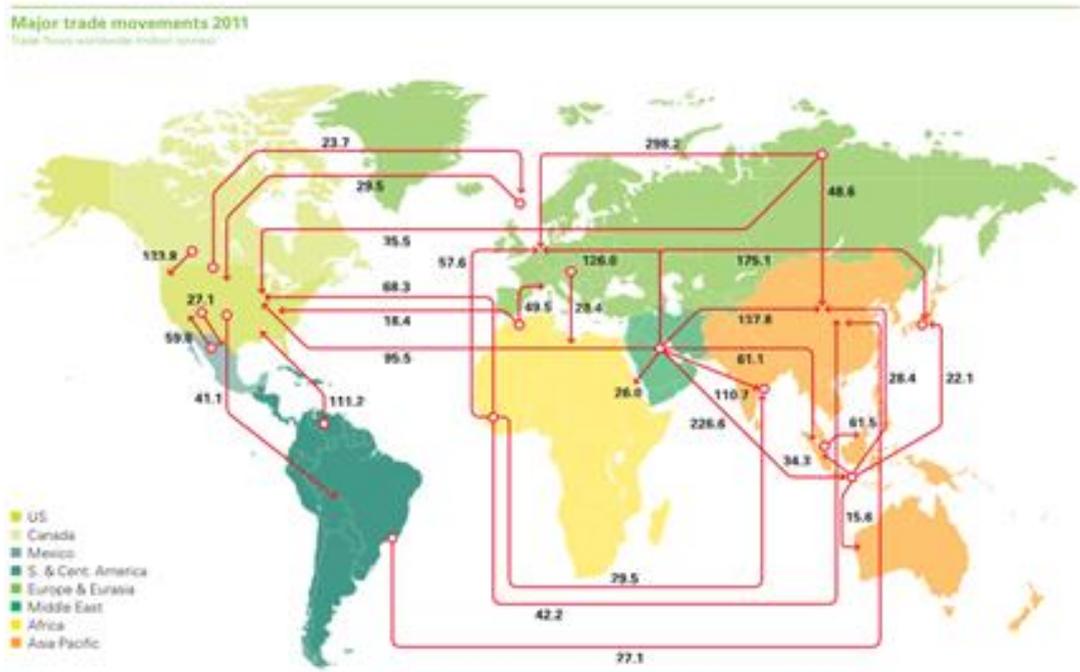
**PETROLEUM/OIL:** Also known as black gold, it is a fossil fuel key to today's industries. It is estimated that in 2011, the world consumed over 87 billion barrels of oil a day. Being such a crucial part of our economy, it is a resource sought by many to impose their dominance.

**OIL PRODUCING COUNTRIES:** The main ones are the USA, Saudi Arabia, Russia as well as Iran. The USA's needs are far in excess of its production, making it dependent on imports despite its status as one of the main producers.



\*Crude oil and natural gas plant liquids (NGPL).  
Source: U.S. Energy Information Administrations,  
International Energy Statistics (as of 9/30/13), China does  
not include NGPL.

**OIL EXPORTING/IMPORTING COUNTRIES:** Countries that exchange or trade their own oil production around the world or chose to / are obliged to purchase petroleum products because they don't have enough resources themselves.



*Worldwide petroleum flow (millions of tons)*

**CRUDE PETROLEUM:** Natural, unrefined state of petroleum. In this state petroleum can be transformed into usable products such as gasoline, diesel as well as petrochemicals, as plastic.

**CONFLICT AND GLOBAL INSTABILITY:** Tensions, complications between states leading ultimately to war in the worst case scenarios.

**OPEC:** The Organization of Petroleum Exporting Countries is an organization founded in 1960 primarily at Iran and Venezuela's initiative. It is now composed of twelve oil producing countries: Algeria, Nigeria, the United Arab Emirates, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and Venezuela.

**OIL CRISIS:** A crisis generated by the increase in price of oil products due to the increase in world market prices.

## TIMELINE

**1973:** The first oil shock, the Arab countries as well as Egypt, Tunisia, Syria which were part of OPEC proclaimed an oil embargo until March 1974.

**October 6<sup>th</sup> 1973:** Beginning of Yom Kippur War: Syria and Egypt attacked Israel which was supported by the USA thus generating tensions

**October 26<sup>th</sup> 1973:** end of war, defeat of aggressors.

**1978-9:** Second oil shock: like its predecessor, related to issues in the middle East. The Iranian Revolution led to a decrease in Iranian oil output and caused an oil price peak.

**Iran-Iraq War 1980-1988:** the first Persian Gulf War that began with Iraq invading Iran by air and land. It was a war over oil fields in Southern Iran, claimed by Iraq.

**1990-1991 Kuwait war:** In 1990 Iraq suspected Kuwait of stealing Iraq's oil through slant drilling even though some Iraqi reports suggest that it was a pretext for the invasion.

**Iraq War 2003-2011:** The invasion of Iraq was led by US President George W. Bush to oppose Saddam Hussein's government. However, many believe that it was fought for oil. The USA withdrew from Iraq officially in 2011, but civil conflicts still continue. Consequently oil prices went up to a 100\$ a barrel but have now stabilized.

**Conflict in Niger Delta 2004-(ongoing),** this is a conflict due to Nigerian ethnic groups feeling that they have been exploited by foreign oil companies. Even though Nigeria is a democracy, oil exploitation has resulted in the militarization of this country and conjured an ongoing race to obtain oil wealth.

**Heglish conflict March-September 2012,** this was an armed conflict between Sudan and south Sudan in an oil rich territory located in between both countries. South Sudan briefly occupied a small part of Heglish border town, and small scale clashes persisted until an agreement was made on access to natural resources and boundaries were agreed.

**Russian military intervention in Ukraine 2014-(ongoing),** Russian troops had been active in Crimea directing a pro Russia movement to vote in a referendum for the annexation of Crimea, occupying gas centers and essentially gaining access to resources and cutting off Ukraine's resources

**March 2014:** EU sanctions Russia by cutting off their access to the European financial market.

**Military struggle against ISS 2014-(ongoing)**

**Interventions In Syria 2014-(ongoing)**, Syria is in the middle of a civil war, the fate of Syrian petroleum is therefore unknown. It is a constant struggle to gain access to this asset.

**12<sup>th</sup> February 2015:** Threats to international peace and security caused by terrorist acts

## MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

**Al Qaeda:** As early as 1996, al Qaeda leader Osama bin Laden declared his desire to destroy the economies of the United States and other Western countries as a tactic to force them to leave the Middle East. Al Qaeda and other terrorist groups inspired by it have carried out attacks on oil industry personnel and infrastructures, as oil is a cornerstone of today's global economy. In 2007, Al Qaeda broadened the target list to include all oil infrastructures that supplied the United States, including elements located in Canada, Mexico, and Venezuela. If it is able to achieve such objectives in the future, al Qaeda will wreak considerable damage on the global economy. Oil is the strongest link between Western economies and the Arab world. Attacking this link is seen by Al Qaeda as the best way to achieve their aim which is creating war conditions between the western world and the Islamic world.

**USA:** Contrary to the 2001 Iraq war decided by G. Bush, the 2003 Iraq war has been a controversial subject since then as many believe that the motive behind this war was to gain access to petroleum. This has increased terrorism not only in the USA but also in the entire world.

**The EU:** The European Union alike the USA is fighting against terrorist organizations such as Al Qaeda and Daesh (DAESH, the Islamic State in Iraq and as-Shām, commonly known as ISIS).

**ISIS:** (Islamic State of Iraq and the Levant) Rebel terrorist armed group, originally a branch of Al Qaeda in Irak led by Abu Bakr al-Baghdadi.



**Saudi Arabia** is one the world's main oil producers but an ongoing tension and lack of confidence exists between Saudi Arabia and Europe as some speculate that Saudi Arabia is using petroleum funds to fuel terrorism.

**Qatar** an oil producing country is also suspected of or seen as responsible for fueling terrorism with the wealth generated by their petroleum sales.

## African oil producing countries

- **Chad** is one of the world's poorest countries but in 1999 the money generated by petroleum was supposed to help the development of the country and to diminish poverty. Over a decade has passed and it remains one of the world's poorest countries. Most of the income generated by petroleum has been used to purchase guns. In 2011 over 7.1 % of the country's PIB went on military equipment and in 2008 the military purchases had been multiplied 7.8 times.
- **Nigeria** is also another African oil-producing country and the main one in Africa. Despite its large oil production and the income generated by it, over 66% of the population lives in poverty fed by contaminated water and food. The state is affected by corruption and if the inhabitants try to rebel, violence is used against them.

**The United Arab Emirates (UAE):** a federation of seven emirates relying mainly on its crude petroleum production to support its economy. It is a massive petroleum exporter as well as consumer and is part of The Organization of Petroleum Exporting Countries (OPEC)

**Iran:** A country proven to have many petroleum reserves. Iran also waged a disastrous war against Saddam Hussein Iraq in 1980 until 1988, when they went into extreme Islamic governance and were in opposition to USA interests, hence the international economic sanctions against this country. This situation created tension between Iran and the Western world leading to terrorist acts. Today Iran is fighting a war in Iraq against the Islamic State and is paradoxically fighting in the same camp as the Western world.

**Syria:** A country suffering from an ongoing civil war. Petroleum exports used to generate more than a quarter of Syria's economic output before the war but now the Syrian government and rebels are fighting to get access to oil, one of Syria's most important assets.

## PREVIOUS ATTEMPTS TO RESOLVE THE SITUATION

The US has already tried to pressure Iraqi Kurdistan's leaders to clamp down on smuggling (with limited success; oil still find its way to Turkey, sometimes via Syria.)

A United Nations panel have urged countries neighbouring Irak and Syria to seize any oil truck coming from ISIS-occupied territory

Coalition drones strike sensitive areas or regions known to be used for oil smuggling.

Kurdish forces have apparently tried to limit the help that the militant group were getting through their own armed forces.

## SOLUTIONS, THE FORESEEN FUTURE

Putting an end to conflicts emerging from oil is anything but an easy task. In order to do so, we must fight terrorism as much as we can with education for instance. The western world has to stop the struggle to acquire Arab petroleum and probably the best solution would be to find another resource, another way to generate the energy that petroleum generates. An alternative source would make conflicts to acquire petroleum irrelevant thus reducing the amount of tension generated by the black gold.

## CONCLUSION

Oil has turned into a financial means to fuel terrorism in some parts of the world. Petro-dollars directly and indirectly finance terrorism and weapons of mass destruction. Oil isn't the only factor though, globalization plays a great role in it as well. World demand for energy continues to increase, making it a geo-strategic tool of extreme importance and multiplying the Middle East's relevance in this matter.

Our civilization depends on oil, the black gold. Mastering the power of oil means controlling the world. It is therefore the core of all conflicts between nations wanting to impose their power.

## ADDITIONAL RELEVANT INFORMATION ABOUT ISIS

Islamic State, also known as ISIS have consolidated their grip on oil supplies in occupied territory. The extremist militant group now presides over a very sophisticated petroleum smuggling empire, illegal exports going to Jordan, Turkey and Iran.

This smuggling is said to yield millions of dollars a day for the group.

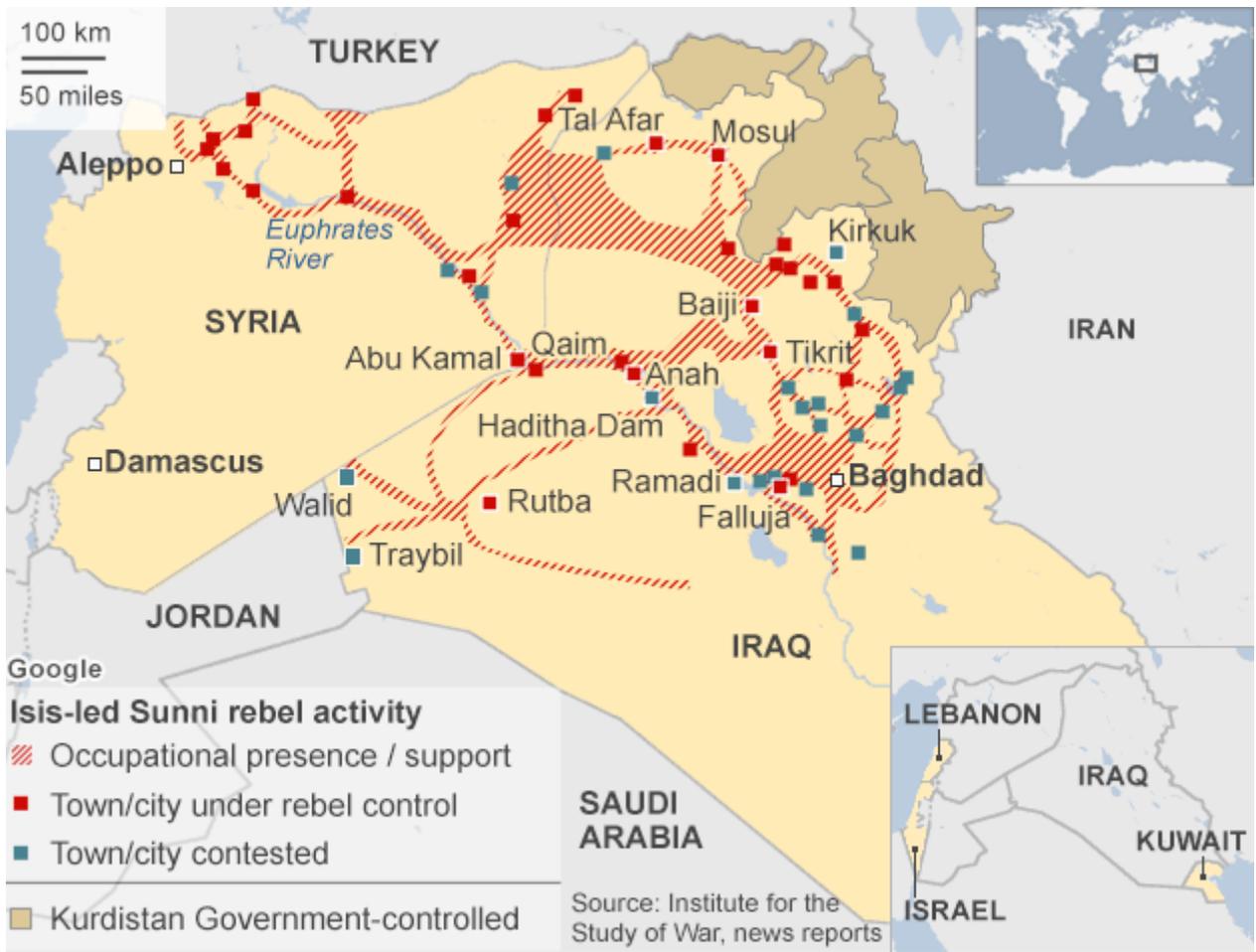
The Islamic State of Iraq and the Levant (ISIS) recently declared the establishment of a caliphate and has changed its name to simply the Islamic State. This declaration came after a series of military successes on the part of ISIS and its affiliates against the Iraqi military in the country's north and west.

ISIS's continued success is at least partially due to its seizure of military equipment from fleeing Iraqi soldiers. When ISIS overran Mosul, they captured weaponry that allowed them a conventional army, rather than a ragtag insurgency. This weaponry also helps them consolidate their control over seized oil fields.

A large quantity of the weapons that ISIS seized from Mosul were supplied by the U.S. to the Iraqi Army. ISIS also fields weapons produced in Russia, China, the Balkans, and Iran. (see weaponry for more)

Coalition air strikes against oil tankers and refineries held by ISIS have merely dented, rather than halted the process of oil exportation.

The militants, along with vast swaths of territory, are believed to have control over half a dozen oil-producing fields. Islamic State has taken oil fields from Western-backed Syrian rebels and the government in recent months and is believed to control hundreds of wells, depriving Assad's government of a major source of income.



Damascus says Syria's production fell to an average of 28,000 barrels per day (bpd) in 2013 from 164,000 bpd in 2012. Oil sales made up nearly a quarter of state revenues before the war. The government says it has lost \$3.8 billion in stolen oil because of the conflict.

Boosted by arms seized in neighboring Iraq, Islamic State has consolidated its grip on the eastern oil-producing area of Deir al-Zor in recent months, coming closer to the north east, where the largest oil wells are controlled by Kurdish militias.

It is estimated to have taken control of hundreds of small wells in Deir al-Zor that produced around 130,000 bpd (barrels per day) of mostly light crude, according to a senior oil engineer now working in Damascus.

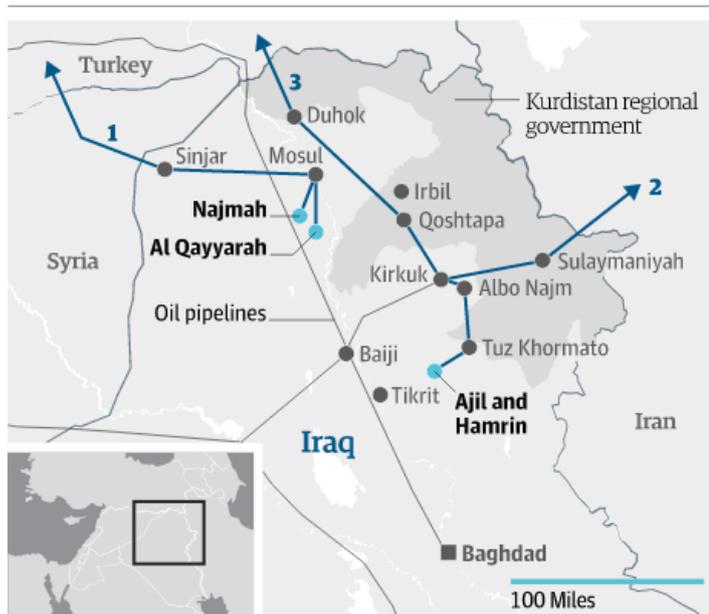
Half of Syria's estimated pre-war production of 380,000 bpd in 2011 was located in Hasaka province, which the Kurds took control of in mid-2012 as Assad's forces relocated westwards to fight Sunni Muslim rebels in Aleppo. If Hasaka were eventually to fall to Islamic State, the group will have control of nearly all of the country's installations.



However, the group has yet to fully exploit the fields it already holds due to a lack of technical expertise. The main fields it controls - Shadad, al Omar, Tenak and Ward - were once mostly operated by international oil companies. From early July 2014 until late October most of the oil went to Kurdistan, the group sold it to Kurdish traders at major discounts. Then on, the oil was resold to Turkish and Iranian traders. All previous attempts to halt this massive smuggling were unproductive, Islamic state deftly switching from one market to another.

## How Isis hijacked oil leaves Iraq

Key | ● Oil fields under Isis control — Route of hijacked oil



**1** The oil from **Qayyarah** oil field goes to **Mosul** and on to the **Sinjar** area. From here it enters **Syria** and onto **Turkey**

**2** From **Ajil and Hamrin** fields, the oil goes to **Tuz Khormato, Albo Najm** and into **Kirkuk**. From Kirkuk it can go to **Sulaymaniyah** and onto to Iranian dealers

**3** It can also go to **Qoshtapa**. When the Isis oil gets here it is either used by local Kurdish oil refineries or could cross the border into **Turkey via Duhok**

GUARDIAN GRAPHIC

SOURCE: STOCKHOUSE

Oil smugglers say that they usually buy an oil Tanker that carries around 28 tonnes for a price of 4.200 USD.

They manage to sell the truck for 15.000 in Jordan, more than three times the price they bought it for, after paying corrupt border patrol officers about 650 to pass through each checkpoint.

This bargained black gold encourages the smugglers to turn a blind eye on the actions of the jihadist group and to what extent the money they pay supports terrible actions carried out by the terrorists.

Iraqi intelligence officials confirm that Isis uses Anbar province, which shares a border with Jordan, as a major smuggling area. Isis controls three major oilfields in Iraq – Ajeel, north of Tikrit, Qayara, and Himrin.

One official, based in Kurdish-controlled Kirkuk, said 435 tonnes of crude oil from the Ajeel oilfield in Salahuddin province was recently transported to Anbar. From there it went to Amman. Iraq's oil ministry spokesman, Asim Jihad, said he was not aware of oil being smuggled to Jordan, but conceded that Isis was still managing to export crude to Turkey via Syria. "We are pressing Turkey to stop this trade because it strengthens Isis," Jihad said.

In June 2014 , US reconnaissance drones flying above northern Iraq spotted large numbers of oil tankers crossing unhindered from Isis areas into the Kurdistan region. At the time, Kurdish peshmerga fighters were facing off against Isis on a new and fragile frontline. American commanders presented Kurdish officials with satellite imagery and pressured them to crack down. US planes destroyed seven tankers, with Iraqi aircraft hitting similar targets. The US as warned that "middlemen, traders, refiners, transport companies, and anyone else "handling ISIS's oil would be identified, stopped and sanctioned".

Before Isis captured them, the oil fields might produce 400,000 to 500,000 barrels of oil a day, according to an official in Iraq's state-run North Oil Company, which oversaw all the fields in the area before the militants took control. One trader said that at its height, 3,000 tonnes of crude oil (25,350 barrels a day) were going to Kurdistan.

From there the oil vanished into Turkey and Iran.



International scrutiny has restricted these volumes. But one Kurdish parliamentarian admitted it hadn't been shut down altogether. "I would say the illegal trade has decreased by 50%. We have detained several people who were involved in buying oil from Da'esh [Isis]. The same people provided Isis with petrol and over 250 pick-up trucks," Mahmoud Haji Omar said.

Contacts in oil sector of Mosul told that ISIS had brought in two oil engineers from Syria to get the oil-field up and running. This rapidly made the fields operational.

ISIS also have a "high wage" policy for the people who agree to transport their crude oil : they are paid as much as 300 USD when treating with smugglers affiliated with ISIS, against around 120-150 before recent events changed oil suppliers. The oil was then resold to Turkish and Iranian traders after the transporter had passed the checkpoints, often held by kurd peshmerga forces.

While the overwhelming majority of Kurdish peshmerga are battling Isis on a long frontline in northern Iraq, some corrupt commanders within the force have facilitated the oil-smuggling from Isis territory.

Kurdish regional government officials claim they have detained several individuals who dealt in the oil coming from Isis and are working with American officials to put a stop to the trade. Ahmad Askari, a member of the security committee of the Kirkuk provincial council, said those who had bought oil from Isis would be charged under the anti-terror law, punishable by death. But some security officials say that superiors had not taken any action against Kurds involved in the trade initially because they didn't want to tarnish the image of the peshmerga.

The United States, which has been bombing Islamic State positions in Iraq, has said it is prepared to extend the campaign into Syria, which has been racked by civil war for more than three years, and has said it will train more than 5,000 Syrian rebel fighters to counter the advancing group.

But oil sales mean Islamic State, an al Qaeda splinter group, can rely less on foreign donations and attract more recruits and supporters with its newfound wealth, something that is likely to make the group harder to stamp out in Syria.

On February 15, the United Nations Security Council unanimously passed a resolution aimed at undermining ISIS's oil funding, as well as other al-Qaida-linked groups. The resolution was co-sponsored by more than 35 countries, and it targets the three key areas of revenue for militants ( oil, antiquities and ransom from kidnappings. )

The resolution is a show of force by member nations to fight militants by going after them where it hurts - their cash. That includes oil, a huge moneymaker for the Islamic State. This resolution calls for sanctions on individuals and companies trading oil produced by the Islamic State, also known as ISIL.

## ADDITIONAL FINANCIAL FACTS ABOUT ISIS

- Paying the fighters wages (about 500 USD a month)
- Paying high ranked military commanders (about 1.200 USD a month)
- Purchasing high efficiency weaponry that they do not already have
- Seized from defeated Iraqi and Syrian troops (tanks, light armored vehicles, AA turrets and guns, rockets, missiles, hand guns and light machines-guns...)
- Buying vehicles and troop carriers.
- Maintain their operations by providing food, water and ammunitions to fighters on the front line

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