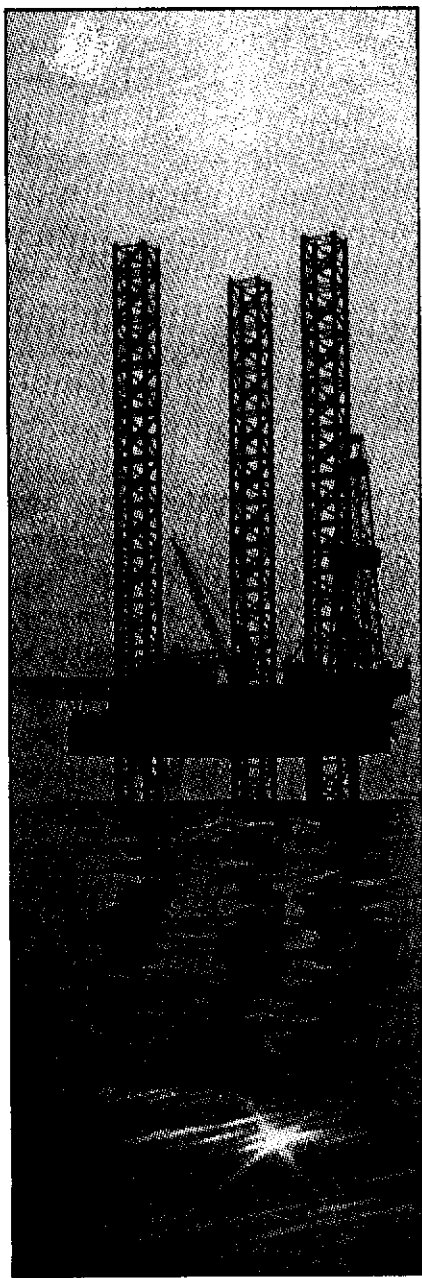


serious threat to unity of the Muslim world, an issue which would eventually benefit its opponents. Oil revenues were the most instrumental factor and opportunity for the economic development and industrial restructuring of the oil-rich third world muslim countries. Common oil goals and gains could provide the best ground of integration among the Islamic states. Meanwhile, oil posed the gravest threat to the same states. Such threats include:

A. Growing dependence of the



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oil-rich economies on oil proceeds has made them highly vulnerable in the political and economic fields.

B. Competition for winning a larger market share has fanned divisions among the oil-rich regions. Kuwait's quota-busting measures provided the Iraqi regime with the pretext of invading the tiny Persian Gulf state, and creating so much losses and dependence.

C. Ambition of acquiring further oil deposits for a higher regional and international power has sparked tensions and divisions among the OPEC member states. For instance, the Iraqi regime's impulse of invading the Iranian or Kuwaiti territories was to possess their oil-rich regions. The two deadly wars cost the oil-rich countries whatever income they had reaped during the last couple of decades as well as from the two oil shocks.

D. The critical need of the industrial world for oil is a great incentive driving the world's most powerful states towards the oil-rich region, so much so that the US has achieved immense military, political and economic influence in the region after the Oil War.

The OPEC summit should paint a clear picture of the relationship between oil and Islam, and hammer out solutions to intertwine the two critical factors to ensure international growth, welfare, peace and security. Nine out of 11 OPEC member states are entirely

Islamic nations. Nigeria has a Muslim majority. Venezuela is the only non-Muslim state of the oil grouping.

4. OPEC's Triangle of Oil, Balance and Productivity

In order for the international oil structure to witness maximum balance and productivity, the oil should be supplied at the appropriate price, quantity and time at the global markets.

Should the OPEC member states sell their oil at the appropriate price, they will be able to restructure their economies and infrastructures by the oil earnings. At the same time, they may use the oil revenue to expand their oil industries and meet consumer demands. The consumers and importers of oil are possibly in conformity with a certain range of price fluctuations.

OPEC holds 80 percent of the world's oil reserves and 45 percent of the production capacity. Yet, it accounts for only 33 percent of the global oil production. Such figures indicate the imbalance in the global oil structure, a potential ground of crisis.

The statistics also confirm the clash of interests and the imposition of political considerations on the adjustment of OPEC's quota.

Whereas Iran holds 10 percent of the world's crude deposits, it controls a scant four percent of the global production. Meanwhile, the North Sea produces 10 percent of the world's oil output with only one percent of the global oil reserves.

Oil production should be at a level that would insure sustained deposits for the future generations, curtail environmental pollution and meet current consumer demands. Oil production should be adjusted in a way to ensure proper fulfilment of consumer demands as well as the financial needs of the exporters. ■

for over ten years.

C. Kuwait, Saudi Arabia, United Arab Emirates, Bahrain and Qatar view the US as their saviour. So, they have clinched wide-scale political, military, economic and security pacts with the US.

D. The five Arab states adjust their oil policies in a way that would not be, directly or indirectly, contradictory to America's oil interests and policies.

E. with the disintegration of the former Soviet Union, the United States broadened its military and political presence in the critical oil-rich region particularly during the Persian Gulf Oil War.

F. The United States had used the oil embargo as a political lever against Iran. In the aftermath of the Oil War in 1991, the US government slapped a ban on investments in Iran's oil and gas industry and boycotted purchase of Iran's energy.

G. After the weakening of OPEC, isolation of Iran, disintegration of the former Soviet Union, and the US domination of global oil industry, it seems the United States now will use the oil issue as a pressure lever to contain its emerging rivals such as Japan, China, South-East Asia and the European Union in the 21st century.

Any links between the new power blocs with Iran, the Persian Gulf oil producers or the OPEC will insure sustained development and independence for the two sides.

PART II

OPEC Summit: Topics of Research, Propaganda or Decision Making

Under the current circumstances, efforts for holding the second OPEC summit meeting have borne results. Presence of the Iranian President Mohammad Khatami at the summit can

the west's need for oil, in exchange for the technological quest of the oil-rich OPEC member states, the Third World countries and the Islamic world, is a potentially suitable topic to be discussed in the dialogue of civilisations

produce the following results:

1. Oil and Dialogue of Civilisations

The new Western civilisation is largely based on the use of modern sciences and technology. The western civilisation took its first major leap in the second half of the 19th century, based on coal and steam engines. The second great leap was taken in the 20th century, based on oil and internal combustion engines.

Hence, the Western world owes its power, growth, development and social welfare to oil, supplied chiefly from the Third World countries and the OPEC producers. So, the latter states too have every other right to have growth, welfare and development.

According to economic surveys, any one percent of economic growth hinges on consuming 0.5-1.5 percent of oil, an issue which confirms the Western civilisation's heavy reliance on oil. Thus, the west's need for oil, in exchange for the technological quest of the oil-rich OPEC member states, the Third World countries and the Islamic world, is a potentially suitable topic to be discussed in the dialogue of civilisations, in an attempt to guarantee international peace, growth and welfare.

2. Iran- The World's Energy Heart

The OPEC member states combined hold 80 percent of the world's

proven oil reserves, 45 percent of production capacity, 33 percent of global oil output and 70 percent of the world's oil exports. Thus, the oil grouping stands as the world's energy heart, whose regular beats insure sound international economics. So, the world has to pay OPEC its worthy price.

Nowadays, the world's energy hub stretches from the Caspian Sea to the Persian Gulf and is inhabited by Muslim populations. The hub's heart is Iran, whose territory spreads from the Caspian to the Persian Gulf. In the 21st century, the world's countries and superpowers are much willing to maintain their relationship with the oil-rich region, particularly its centre, to secure a suitable share of energy and sustained growth and welfare.

Such a state will entail opportunities -or threats- for Iran, its surrounding region and the OPEC. Therefore, the OPEC leaders are urged to research, advertise and decide the opportunities, oil threats, and other matters surrounding the energy heart of the world.

3. Oil and Islam - Opportunities and Threats

An Islamic revolution rocked the world's energy heart 20 years ago. The immediate effect of the movement was the second global oil shock. The Islamic revolution strengthened bonds between oil and political Islam. Islam was a goal, whereas oil was a means to arrive at the revolutionary ideals. Thus, Islam and oil have created visible opportunities and threats at the national, regional and global levels. The motto of Islamic unity was an opportunity that could turn Muslims into a force to reckon with -and a grave threat- against the international system. The different versions of Islam, common at the national or regional levels, could pose a

inevitably be the first station for Iran's revolutionary train. Meanwhile, Iran's Islamic revolution provided Iraq with a granted opportunity:

a. Iran's new government had spurned its Western allies and had no supporter in the West.

b. Iran's new government had challenged the West and the East. Thus, Iraq could have the support of both the superpowers.

c. Iran was in a critical stage and had a vulnerable defence system.

d. Saddam felt hoaxed after the 1975 Algeria Accord and tried to make up for his embarrassing past.

e. Saddam attempted to capitalise on the power vacuum caused by Iran's absence, to lead the Arab world and dominate the Persian Gulf.

Chief among the Iraqi regime's pushes against Iran in those years include: take anti-Iranian political stances; establish contacts with the Iranian opposition groups; sabotage Iran's oil installations; expel tens of thousands of Iranian nationals from the Iraqi soil; and wage ground, sea and air attacks against Iran. The conglomeration of events threw up numerous problems for the fledgling Islamic government of Iran.

6. Iraqi Invasion of Iran Suspends 2nd summit

Under such circumstances, the OPEC member states were getting poised to hold the second summit of the organisation in Baghdad in September 1980, to celebrate the 20th anniversary of the oil grouping. The Iranian officials were hopeful they could settle their problems with the neighbouring Iraq and avert further tensions through diplomacy. Yet, Iraq waged a hasty war on the Iranian territory in September 1980 instead of hosting the OPEC summit. The invasion flared up an

The US government has been controlling the Iraqi oil production via the United Nations' oil embargo policy for over ten years

eight-year-long war between the two OPEC co-founder heavyweights. Ever since the start of the war, the Iraqi forces targeted the Iranian oil installations and fields. The Iraqi forces even took Iran's former oil minister hostage, as he was on an inspection tour of the Abadan refinery. With regard to the issue of oil, the Iraqi war could have the following incentives:

A. Damage Iran's oil installations to send down Iran's oil revenues the major export earner. The move was ultimately aimed at restricting the Islamic revolution.

B. Foment tensions within OPEC to curb Iran's influence over the organisation. With the end of the Iraqi-imposed war in summer 1988, the path was practically smoothed for the reintegration of OPEC. Thus, the oil organisation managed to reclaim its relative authority over the oil production and price.

7. End of War Restores Stability to OPEC

Two constructive strategies were being simultaneously shaped up at OPEC:

A. Dialogue and co-ordination between OPEC and non-OPEC oil producers.

B. Consumer-producer dialogue
Implementation of the above mentioned strategies could help

international peace through both upholding OPEC's power and creating a mutually beneficial relationship between the oil producers mainly the Third World states and the major consumers, the world's industrialised nations.

8. Iraqi Invasion of Kuwait Again Suspends 2nd Summit

as the OPEC member states were bracing to hold the second oil summit in September 1990,

to celebrate the 30th anniversary of the foundation of the oil-producing organisation, the Iraqi military invaded Kuwait. The Iraqi government alleged that Kuwait's quota-busting measures had triggered slump in oil prices, and that it overexploited the common Rumilleh oil basin.

Kuwait hoped to resolve the dispute and Iraqi threats at the OPEC summit. But the Iraqi government repeated the 1980 scenario and captured Kuwait. An expanded Iraq would hold over 20 percent of the world's oil reserves, and be capable of producing five million barrels of oil per day (bpd).

The Iraqi government assumed that its new oil production capacity would prompt the United States to attend the negotiating table with Baghdad, and that it can achieve what it failed to win during its war with Iran.

Yet, the US administration, backed by the United Nations, rallied more than 500 thousand troops from 37 world countries in less than three months to allegedly reopen the world's oil artery. The new war was dubbed the "Persian Gulf Oil War" by the world's media. The results of the war were as follows:

A. Weakening of OPEC and isolation of its members in the international oil forums.

B. The US government has been controlling the Iraqi oil production via the United Nations' oil embargo policy

curbing the sinking oil prices and the establishment of wider contacts and co-ordination among the oil producers.

The oil crisis of the early 1970s increased OPEC's power, prompting the world media to give wide-scale coverage to the OPEC news and views. Abandoning its relatively constant rate of the post-world War II era, the global oil price was gradually declining in the international markets.

As a result of the energy crisis and OPEC's collective efforts, the oil price surged from two dollars per barrel to 11 dollars. The astounding rise, which triggered hike in oil production and consumption, earned the OPEC oil producers mammoth amounts of income. Iran's oil revenue, which stood below ten billion dollars in the 1950s, for instance, rose by more than 100 billion dollars from 1972 to 1978. Mounting oil demand by the industrial bloc, along with the huge oil earnings of the OPEC member countries- which were mainly from the Third World bloc and the Islamic world- made the world's public opinion believe that a new power bloc is emerging in the world.

2. The First Summit

The first summit meeting of the OPEC heads of state and government was convened in March 1975 in Algeria. The main characteristics of the summit were as follows:

A. The participants delivered predominantly ambitious speeches.

B. With the mediation of the then Algerian President Boumedienne, Iran's former Shah and Iraqi President Saddam Hussein met on the sidelines of the summit. The meeting paved the way for the settlement of several years of territorial dispute between the two Islamic states and the signing of the 1975 Algeria Accord.

C. An OPEC fund was set up to

The oil crisis of the early 1970s increased OPEC's power, prompting the world media to give wide-scale coverage to the OPEC news and views

extend loans to the developing countries.

3. Iran-Iraq Accord

Iran's former monarch was a close ally of the West, whereas Iraq had teamed up with the former Soviet Union. The territorial disputes between Iran, Turkey and Iraq had by then been mostly settled with the help of big powers. Therefore, the surprise resolution of the spat at a summit of the Third World countries verified the growing power and efficiency of OPEC in the political arena.

The bipolar world was naturally opposed to such high capacity and efficiency. Only three months after returning from the OPEC summit, the Saudi King Faisal was killed by his nephew, who had just returned from the United States. Later on in 1975, the terrorist Carlos band stormed into the OPEC secretariat in Vienna, the site of the ministerial conference, and took the oil ministers hostage. The congregation of events was set to weaken the oil grouping and disorganise the members.

4. Iran's Islamic Revolution

The sweeping strike of Iran's oil workers in support of the Islamic revolution and the collapse of the Shah regime sent a second shock wave through the oil markets across the world. In the meantime, OPEC

reinstated its former power; the oil prices bumped a record 37 dollars per barrel against 13 dollars a year earlier. In the free market, a barrel of oil was traded even at 45 dollars. The oil's crucial role in the political developments of the world such as the downfall of the Shah and the threats issued by his foreign supporters posed two scenarios for the future:

A. The domino effects of the Islamic revolution could affect all the oil rich Muslim

states, giving the revolutionary Iranian government full control of oil production and export in the strategic region as a political tool. The oil lever could help Iran export its Islamic revolution.

B. Iran's new government could become the OPEC linchpin, to impose its radical and revolutionary political policies on the OPEC member states and the whole world.

5. Iran-Iraq War

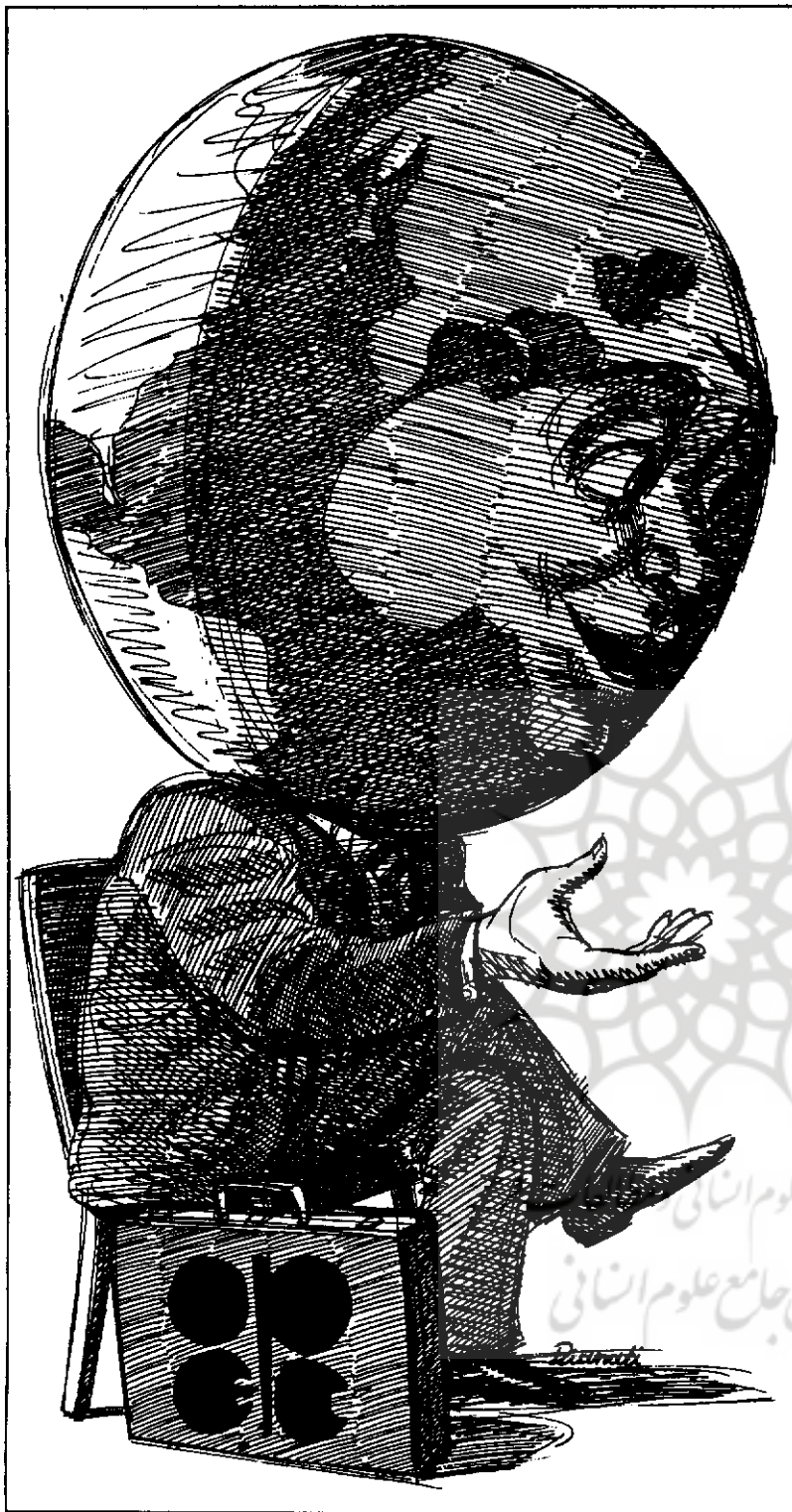
Iraq's war of the 1980s on Iran could bog down the above-mentioned scenarios. The Iraqi government blew up victory of the Islamic revolution of Iran as a threat, so as to violate the 1975 Algeria Accord between the two states. Why was Iran viewed as a natural threat to the Iraqi regime?

A. Founder of the Islamic republic of Iran, Imam Khomeini had been living in exile in Najaf, Iraq, for years. He was widely revered as the top authority of the Shiites by the Iraqi Muslims.

B. The Iraqi regime expelled Imam Khomeini in October 1978, in a move seen to please the Shah.

C. The holy imams of the world's Shiites lie entombed in the Iraqi towns.

D. The Iraqi people were predominantly Shiite Muslims and had almost no share in the state administration. Taking into account the above-mentioned points, Iraq could



OPEC Summit Choices and Decisions

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27th November 1999

Part 1

Preparations and Developments: In mid-November last year, Venezuela's Oil Minister Ali Rodriguez extended an invitation to the Iranian President Mohammad Khatami to take part in the summit meeting of the Organisation of

Petroleum Exporting Countries (OPEC) in March 2000. The summit is considered a granted opportunity for Iran and OPEC. In order to make the maximum use of the meeting, we need to draw briefly on the OPEC's history and its previous meetings.

1. OPEC's History

The Organisation of Petroleum Exporting Countries, or OPEC, was set up by co-founders Iran, Iraq, Kuwait, Saudi Arabia and Venezuela at a meeting in Baghdad, Iraq, in September 1960. The oil grouping was aimed at