

Chapter 24

Oil in Southwest Asia: How “Black Gold” Has Shaped a Region

24.1 Introduction

A lot can change in 50 years. Fifty years ago in the United States, there were no computers, no cell phones, and no Internet. Television was just starting to appear in American homes. But some parts of the world, like Southwest Asia, have changed even more dramatically.

Look at the two photographs of the port city of Dubai on the facing page. Dubai is one of seven states that make up the United Arab Emirates. Fifty years ago, it was a small town. Electricity had only recently been introduced. Bedouin nomads roamed the desert nearby. Today, Dubai is a modern city with one of the world’s largest human-made harbors.

Dubai, like much of Southwest Asia, has been transformed by oil. Southwest Asia has the world’s largest known oil reserves. This term refers to underground oil that has been discovered but remains unused. There are also large reserves of natural gas. This is gas within Earth’s crust, or outer layer. Money from the sale of oil and natural gas has been used to pave roads and construct modern buildings in Southwest Asia.

It has also provided medical care that helps people live longer.

In this chapter, you will learn how vast oil and natural gas reserves have affected Southwest Asia’s economic development. You will also discover how these resources have changed the lives of many people in the region.

Essential Question

How might having a valuable natural resource affect a region?

24.2 The Geographic Setting

Southwest Asia lies at the crossroads of three continents. Europe, Africa, and Asia all come together here. In ancient times, this location brought traders from distant lands to this region. Most traveled by land over dusty caravan routes. Traders from all over the world still come to Southwest Asia today. But now many arrive in huge tanker ships looking for only one product: oil.

Oil: Southwest Asia’s Hidden Treasure On the surface, Southwest Asia doesn’t look very welcoming. Much of it is hot and dry. The Arabian Desert is so barren that some people call it “the place where no one comes out.” But hidden beneath the region’s deserts are vast reserves of oil and natural gas.

More than half of the world’s proven crude oil reserves lie under Southwest Asia. Crude oil is another name for petroleum as it is found in the ground. Proven crude oil reserves are known deposits that can be pumped to the surface at a reasonable cost.

Worldwide demand is high for oil and natural gas. Developed countries depend on these fuels to meet most of their energy needs. Modern forms of transportation run mainly on oil. Power plants burn oil and natural gas to generate electricity. Oil is also a raw material for plastics, medicines, and other goods. Some countries in Southwest Asia have grown rich meeting the world’s ever-growing demand for oil.

Although Southwest Asia has large oil reserves, it lacks other resources. Fresh water, for example, is in short supply across the region. Moreover, oil is a nonrenewable resource. There's only a limited amount of it. Once it is used up, it can't be replaced.

When the oil is gone, the world will have to turn to renewable resources. These are resources that will not run out or that can be replaced. Renewable energy resources include sunlight, wind, and geothermal energy, or heat from the center of Earth. Waterpower and trees are other renewable resources.

Many Ethnic Groups, One Major Religion Most people in Southwest Asia are Arabs, or people who speak Arabic. Other major ethnic groups include Kurds and Persians. Kurds live in parts of Turkey, Syria, Iraq, and Iran. Persians are mostly in Iran.

Islam is the most important religion in Southwest Asia. Only one country in the region, Israel, does not have a Muslim majority. There are, however, several branches of Islam. Conflict among different ethnic and religious groups has led to unrest and violence.

In this chapter, you will look at how oil has shaped the development of 10 countries in Southwest Asia. These countries differ in area and population. But each has large oil reserves. And each has used oil in different ways to meet its people's needs. The countries are Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, and Yemen.

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Geoterms

crude oil: petroleum as it comes out of the ground and before it has been refined or processed into useful products

nonrenewable resource: a resource that takes so long to form that it can't be replaced. Oil, which takes millions of years to form, is such a resource.

oil reserves: oil that has been discovered but remains unused in the ground

renewable resource: a resource that can't be used up or that can be replaced quickly as it is used up. Sunlight is a renewable resource that cannot be used up. Wood is a renewable resource that can be replaced by planting more trees.

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24.3 The Geology and Geography of Oil

For most Americans, oil comes from a gas station. That's where they buy oil to lubricate car engines. They also buy gasoline made from oil to run those engines. In some parts of the country, people heat their homes by burning oil. The oil that Americans burn in their cars and homes took a long time to form. And more often than not, it has traveled a very long way to get to this country.

Oil Was Formed Millions of Years Ago The oil that is pumped out of the ground today was formed a very long time ago. It began as tiny plants and animals that lived and died in the oceans. After they died, these creatures sank to the ocean floor. Over time, most of their remains turned to rock. Layer after layer of rock was formed this way. But some of their remains did not turn to rock. The weight of the water, heat from Earth's core, and chemical changes combined to transform some of the remains into oil and natural gas.

Over time, the oil and natural gas seeped into pores, or tiny holes, in the rock. These pores may be too small to see. But they are big enough to hold oil and gas, much like a sponge holds water.

At times, some of this oil or gas rises to Earth's surface. But most remains trapped under a layer of impermeable rock. Impermeable means "preventing the passage of liquid or gas." Geologists call this layer a cap rock because it works like the cap on a container. This cap rock keeps most oil and natural gas contained deep inside the Earth.

Oil Is Found in Pockets Deep in the Earth A lot of the world's oil lies buried under Southwest Asia. One reason for this is that millions of years ago, this area was under water. The sea that covered the region contained the tiny plants and animals that began the process of making oil. Another reason that oil formed under Southwest Asia has to do with the movement of Earth's crust. You read in Chapter 17 that

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Earth's crust is broken into giant sections called tectonic plates. The plates drift very slowly over the surface of Earth. When two plates collide, they may create pockets where oil can form. This is what happened in Southwest Asia very long ago. The Iranian Plate and the Arabian Plate bumped up against each other, creating spaces where oil and gas were formed and trapped.

It takes a lot of work to get oil out of underground pores and pockets. Oil companies drill through the cap rock to get at the oil underneath. Then they pump the oil up to the surface. However, sometimes pumping doesn't work. When that happens, petroleum engineers inject water or gases into the well. The added pressure forces oil out of the rocks.

The oil that reaches Earth's surface doesn't look much like the product people see at their local gas station. Crude oil is usually combined with water and natural gas when it comes out of the ground.

Oil companies have to refine this crude oil to make it into gasoline and other useful products. Some petroleum products are asphalt, plastics, and the wax used to make candles.

Oil Is Not Distributed Equally Very specific conditions were necessary for the creation of oil. So it is not surprising that these conditions existed in some places and not in others. Southwest Asia was one of the regions where a great deal of oil formed long ago.

Within Southwest Asia, however, the distribution of oil is uneven. Saudi Arabia is the largest country in this region. It also has the most oil. About one quarter of the world's proven oil reserves lie under its desert sand. Kuwait, in contrast, is a tiny country. Saudi Arabia could hold 125 Kuwaits and still have space left over. But little Kuwait holds almost a tenth of the world's known oil reserves. Other countries in the region, such as Syria and Yemen, have less oil. But they still have more oil than most other countries in the world.

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24.4 Oil Wealth and People's Well-Being

Oil has made Saudi Arabia's royal family very rich. Consider their 2002 vacation. King Fahd and 3,000 guests visited the town of Marbella in Spain. The royal family spent \$185 million getting the Marbella palace ready for the vacation. After the king arrived, he had flowers delivered daily. Each day's flowers cost about \$1,500. Not many people in Saudi Arabia live like the royal family. Just as some countries have more oil reserves than others, some people living in oil-rich countries have more wealth than others.

Oil Has Made Many People Better Off In general, oil money has improved the lives of many people in Southwest Asia. In 2002, researchers from the United Nations studied changes in the region over the past 30 years. They found that life expectancy has increased by 15 years. They also found that the number of infants who die in their first year of life has dropped by two thirds.

Oil has made some countries rich. But just how rich? There are two common ways to measure a country's wealth. The first is to look at a country's gross domestic product. As you read in Chapter 8, GDP is a measure of the goods and services produced by a country each year. The second is to look at the per capita GDP of a country. Per capita GDP measures the average income of the people in a country. To get this per-person figure, divide the total GDP by the number of people in the country.

Per capita GDP varies from country to country for many reasons. The United Arab Emirates and Kuwait, for example, both have a high GDP from selling oil. Both also have small populations. So each has a per capita

GDP that is relatively high. Countries with larger populations, such as Saudi Arabia and Iran, have to divide their GDP among many more people. The result is a lower per capita GDP.

Bahrain, in contrast, has far smaller oil reserves than the other oil-rich countries of Southwest Asia. But its per capita GDP is quite high. This is because Bahrain earns much of its GDP by processing, instead of pumping, crude oil. It has also become an international banking center.

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Per Capita GDP Does Not Tell the Whole Story Per capita

GDP is an average. It assumes that a country's wealth is divided equally among its citizens. In reality, some people may be very rich and others quite poor. So per capita GDP doesn't always reflect people's well-being. Another way to measure how well people are living is the United Nations' Human Development Index (HDI). As you read in Chapter 9, the HDI looks at a country's per capita GDP along with other factors that reflect quality of life. One of these factors is life expectancy. Another is education. How many people are literate, or know how

to read? How many children receive a high school education? When these numbers are added up, countries are ranked from best to worst, with 1 being best.

Based on the HDI, Bahrain leads Southwest Asia in terms of living well. This is true even though Bahrain does not have the most oil or the highest per capita GDP. It does, however, use its wealth to educate its population. Almost all of its young people, both boys and girls, attend school. It also invests in health care. The infant mortality rate in Bahrain is one of the lowest in Southwest Asia. The infant mortality rate is the number of deaths of babies under age one per 1,000 births in a year.

Oil Has Not Improved Life for All Oil money hasn't ended poverty in Southwest Asia. Yemen, for example, is one of the 20 poorest countries in the world. Its population is about 80 percent as large as Saudi Arabia's. But its oil reserves are about 1 percent the size of those in Saudi Arabia. The amount of oil produced by Yemen each year has not been enough to pull its people out of poverty.

Other Southwest Asian countries have made a lot of money from oil. But they have not used that money to improve people's lives. Iraq, for example, has the second-largest oil reserves in the region. But from 1979 to 2003, a dictator named Saddam Hussein controlled Iraq's oil income. He spent most of Iraq's oil money building an army, buying weapons, and fighting wars. Very little money went to make life better for ordinary Iraqis.

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24.5 The Price and Flow of Oil

Thick black smoke filled the sky, darkening what had been a bright, sunny day. Kuwait's oil fields were on fire. The year was 1991. Iraq had invaded Kuwait, hoping to take over its oil reserves. This invasion led to a conflict known as the Persian Gulf War. When the war ended, retreating Iraqi troops torched some of Kuwait's oil wells.

The Persian Gulf War was one of many conflicts over oil in Southwest Asia. These conflicts have involved both oil-exporting countries and oil-importing countries.

Oil-Exporting Countries: Working to Control the Price of Oil Most oil-exporting countries depend on oil sales to support their economies. Their goal is to have a steady supply of oil flowing out of their countries. For their oil, they expect a steady flow of money to come back into their countries.

To meet that goal, several oil-exporting countries formed the Organization of the Petroleum Exporting Countries (OPEC) in 1960. Today, OPEC has 11 members. Six are Southwest Asian countries. But OPEC also includes oil producers outside the region. Venezuela, Algeria, Nigeria, Libya, and Indonesia are all OPEC members. In addition, not all Southwest Asian oil producers belong to OPEC. Bahrain, Yemen, Oman, and Syria have not joined.

OPEC wants oil prices to be steady—not too high or too low. If too much oil is offered for sale, there will be less competition among buyers to get what they need. As a result, prices will drop too low. If too little oil is offered for sale, there will be more competition between buyers. Then prices will rise too high. To keep prices steady, OPEC members agree to regulate how much oil they will sell.

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However, two realities limit OPEC's ability to control oil prices. First, OPEC cannot control all of the world's oil sales. Its members export less than half of the world's crude oil. The rest comes from non-OPEC countries such as Russia and Mexico. Second, even OPEC members don't always act as a group. Sometimes some members refuse to follow OPEC decisions on how much oil to sell.

Oil-Importing Countries: Working to Protect the Flow of Oil Other countries depend on the flow of oil from Southwest Asia to fuel their economies. The United States, Japan, and many countries in Europe are big oil importers. They have a strong interest in protecting the flow of oil around the world. As you have read, in 1990 Saddam Hussein, the dictator of Iraq, ordered his military to invade Kuwait. This gave him control of Kuwait's oil fields. Fears grew that he would target Saudi Arabia next. If Iraq took over that country, Saddam would control much of the world's oil supply. If he decided to cut off oil sales, many oil-importing countries would suffer severe energy shortages. The United States and many other countries formed a coalition, or alliance, to drive Iraq out of Kuwait. Some members of the coalition were oil-importing countries. They did not want their oil supplies threatened by Iraq. Others were oil-exporting countries. They feared losing control of their oil reserves to Iraq. The coalition went to war in 1991 to drive Iraqi forces out of Kuwait. The Persian Gulf War lasted just a few weeks. In that time, Kuwait was freed from Iraqi control. The coalition victory sent the world a clear message. As long as oil is the world's main source of energy, countries that import oil will work to keep it flowing.

24.6 Beginning to Think Globally

In this chapter, you learned that crude oil forms deep in the Earth. Much of Earth's oil lies under Southwest Asia. But oil reserves are not distributed evenly among the region's countries. Nor is oil wealth distributed evenly among the citizens of oil-rich countries.

You also learned that oil is a nonrenewable resource. Eventually the world will run out of oil. Some countries are already meeting some of their energy needs with renewable resources. One example is solar energy. This is energy from the sun that can be converted into heat or electricity. As oil runs out, other countries will have to follow their example. Think about this as you look at the map of solar energy in the next section.

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24.7 Global Connections

This map shows the distribution of one renewable energy resource, sunlight. The graphs show energy produced by renewable and nonrenewable resources in two different years. Renewable resources include sunlight, wind, and waterpower. They also include plants that can become fuel. Corn, for example, is used to make a fuel called ethanol.

What energy sources is the world using to meet most of its energy needs? What do they have in common? The world is relying mainly on nonrenewable resources to meet its energy needs. All of these energy sources will someday run out.

Why isn't the world getting more of its energy from renewable resources? In the past, generating energy from renewable resources cost more than burning oil or gas. Hydroelectric power was the only renewable resource that could compete with fossil fuels. But building hydroelectric dams on rivers is costly and can harm the environment. Recently, the cost of generating electricity from wind has dropped. As a result, many countries now use wind power to meet some of their energy needs.

How might having renewable energy resources affect a region in the future? In the future, sunlight and wind may become key resources. Regions with daily sunshine or steady winds could become major energy producers. Deserts in the U.S. Southwest are already home to solar power plants. Wind farms are sprouting up across the breezy Great Plains. On these farms, large windmills generate electricity as their blades spin in the wind.