

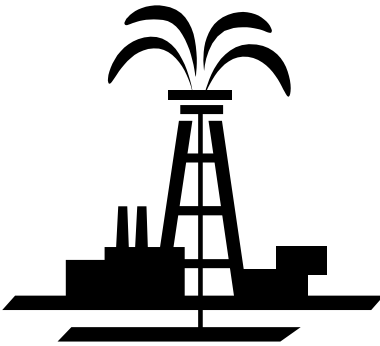
OIL IN SOUTHWEST ASIA (MIDDLE EAST)

Two of the most important **natural resources** found in Southwest Asia (Middle East) are **natural gas** and **oil**. Natural gas and oil bring wealth into the region because they are needed for much of the world's economy – cars, trucks, machines, and more. Over half of the world's known **oil reserves**, or supplies, are found in Southwest Asia. This has made some of the countries in the region extremely rich and has led them to have a lot of control over the global economy.



Deposits of underground oil and natural gas were discovered in Southwest Asia (Middle East) in the early 1900s. At first, companies from the United States and Europe controlled the drilling and refining of most of this oil, but now most of the oil operations are controlled by the countries themselves. In fact, in the 1960's several of these Southwest Asian countries joined with other oil-rich countries around the world to create the

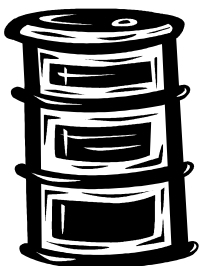
Organization of Petroleum Exporting Countries (OPEC). OPEC was created to control the supply and price of oil exported from OPEC countries. The first five countries to belong to OPEC were Kuwait, Iraq, Saudi Arabia, Iran, and Venezuela (in South America). These countries, along with Qatar, the U.A.E, and others who have joined since 1960, continue to decide how much oil they will produce and that determines the price of oil on the world market. The price and supply of oil have an indirect relationship. When OPEC produces less oil, the price on the world market goes up. When OPEC increases production, the price of oil on the world market goes down.



Another more drastic way OPEC has controlled oil in the past is through an **embargo**. An embargo is a when a country temporarily stops trading with another country. OPEC usually calls for an embargo in order to get political and economic agreements from other countries in the world. For example, during the Arab-Israeli War of 1973 OPEC refused to sell oil to the United States hoping to end U.S. support for the OPEC enemy of Israel. The OPEC embargo caused an oil crisis in the United States. As oil supplies shrank, gas station lines in the U.S. extended for miles, gas prices went up, and the U.S. government rationed (*limited*) when citizens could by gas. Although OPEC was using the oil embargo as a way to end U.S. support for an OPEC enemy, in the end the U.S. didn't give in to OPEC's demands.



While some countries in Southwest Asia have grown very rich due to their oil production, others have struggled to help their populations make a decent living. The Southwest Asian countries with the greatest reserves of natural gas and oil are Saudi Arabia, Iraq, Iran, and Kuwait. Some other countries have smaller reserves, especially those found around the Arabian Sea. These oil-rich countries have enjoyed tremendous growth in national wealth and an improved standard of living in the past fifty years. Citizens in these countries tend to have better education, housing, and health. However, those countries without oil reserves have had a much harder time improving living conditions for their populations. This difference in wealth in some Southwest Asian countries has led to conflicts among the nations. For example, in 1990 Iraq invaded Kuwait after Iraqi president, Saddam Hussein, accused Kuwait of secretly drilling Iraq's oil. Iraq then invaded Kuwait, beginning the first Persian Gulf War.



THE OIL-DRY NATIONS OF THE MIDDLE EAST

- Afghanistan
- Bahrain
- Israel
- Jordan
- Lebanon
- Turkey



THE OIL PRODUCERS OF THE MIDDLE EAST

*OPEC member

Rank	Country	Reserves (billions of barrels)
1	Saudi Arabia*	262.3
2	Iran*	136.3
3	Iraq*	115
4	Kuwait*	101
5	United Arab Emirates (U.A.E)*	97.8
6	Libya	41.5
7	Kazakhstan	30
8	Qatar*	15.2
9	Algeria	12.70
10	Azerbaijan	7
11	Oman	5.5
12	Sudan	5
13	Egypt	3.7
14	Yemen	3
15	Syria	2.5

