

- OPEC, created at Baghdad Conference on Sept. 10-14 1960, by Iran, Iraq, Kuwait, Saudi Arabia and Venezuela, later joined by Qatar, Indonesia, Libya, UAE, Algeria, Nigeria, Ecuador and Gabon
 - Coordinate and unify petroleum policies, most notably production
 - 1970s took major control in pricing of oil on world markets

The Gulf War

- 1990 Saddam charged Kuwait with exceeding the production levels allowed by OPEC, wanted them to pay a fee to Iraq because of this (resulted in lower oil prices)
- \$80 billion Iraqi debt due to Iran/Iraq War in the 1980s
- 40% of income spent on military and economic development to increase Iraq's power, inflation rose to 40%, made it hard for returning soldiers to live
- Hussein wanted to sell more oil, but oil had fallen to \$14/barrel (currently at \$90+/barrel)
- Decided to invade Kuwait, wanted total control over the shared Rumailah oil field, also wanted access to the Persian Gulf and a port facility
- Hussein saw himself as leader of the Arab world
- US ambassador told Hussein they had no opinion on a possible invasion
- Iraq invaded on Aug. 2, 1990
- UN security council imposed economic sanctions
- UN shutdown Iraqi oil trade, sent coalition troops and warships to the area = successful collective security, quickly and successfully shutting down aggressive nations
- War would be about protecting world oil supplies, not aggression

- The Saudis, Syrians and Egyptians felt threatened by Saddam and sided with the coalition
- Saddam said if war occurred, "Israel would end in flames"
- This stage known as Operation Desert Shield
- Next phase called Operation Desert Storm
- UN aims presented by George H.W. Bush were, Iraqi withdrawal from Kuwait, maintenance of stability in Persian Gulf region
- When war began Iraq fired Scud missiles at Israel, trying to lure them into war, if they entered the war the Arab members of the coalition would stop fighting (US needed Saudi Arabia for staging area)
- US convinced Israel to stay back
- Fighting was over in 4 days
- Hussein had to accept UN resolution 687 demanding a ceasefire, destruction of all chemical, biological and nuclear weapons and destruction of all ballistic missiles with a range of over 150km, 2 no fly zones in North and South Iraq.
- Afterwards = internal fighting, Shi'a forces in south and Kurds in North challenged Sunni authority, Hussein brutally suppressed them, UN forces stood back and watched = a major mistake, cause of current war and problems in Iraq
- Sanctions imposed by UN hurt the regular people in Iraq
- 1.1 billion litres of oil spilled in the Gulf and 550 oil well fires set by Saddam, took a year to put them out
- US now sheriff of the world.