

850 230 004



How Secure Are Middle East Oil Supplies?

Bassam Fattouh

Oxford Institute for Energy Studies

WPM 33

September 2007

C 254549

Contents

1. Introduction.....	1
2. Oil Security and Dependency on Middle East Oil Supplies.....	6
3. Geopolitics, Energy Security and the Middle East.....	9
3.1 Wars and conflicts.....	9
3.2 Political instability, rise of Islamists and anti-colonial feelings.....	11
3.3 Terrorist attacks on oil facilities.....	12
3.4 Oil export restrictions: The oil weapon.....	13
3.5 Closure of oil transit choke points.....	15
3.6 Sanctions: The other oil weapon.....	17
3.7 Assessment of risks to Middle East oil supplies.....	17
4. Energy Security and Investment in Middle Eastern Oil Sectors.....	19
4.1 The underinvestment problem in the Middle East.....	19
4.2 Investment, spare capacity and the security margin.....	21
5. Oil Exporters' Policy.....	22
6. Concluding Remarks.....	23
References.....	25

Table 1. Global oil disruptions caused by events in the Middle East (1951–2004).....	2
Table 2. Global oil disruptions 2000–2007.....	3
Table 3. Assessment of event probability and impact on oil supply and productive capacity.....	17