

POLICY BRIEF **04.27.17**

Carter Doctrine 3.0: Evolving U.S. Military Guarantees for Gulf Oil Security

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INTRODUCTION

In his 1980 State of the Union address, President Jimmy Carter introduced the now legendary “Carter Doctrine,” saying:

“Let our position be absolutely clear: An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.”¹

At the time, America was a significant importer of crude oil from the Gulf countries. The American public understood the need for U.S. military protection. Nowadays, however, U.S. military power underpins security for Gulf crude oil exports that increasingly flow to Asia. Indeed, the story told by physical oil flows is anything but Western-centric. Between 2000 and 2015, oil demand in North America and Europe grew by less than 0.2 million barrels per day (bpd), while East Asian demand grew by more than 52 times that amount. Unsurprisingly, Gulf Cooperation Council (GCC) oil exporters have re-oriented exports toward Asia. For instance, in 2005, roughly 50% of Saudi Aramco’s crude oil exports went to the Far East. By 2015, 65% of the company’s crude oil volumes headed east.²

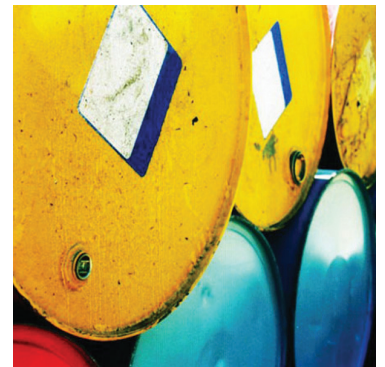
While Asian demand for Gulf crudes was growing rapidly, the shale boom helped

decrease U.S. reliance on imported crude from nearly 70% of the total supply in 2007 to just 35% by 2015 (Figure 1). Against this backdrop, some experts are now calling for Washington to reconsider the Carter Doctrine and America’s role as the preeminent military guarantor of Gulf oil exports.³

Yet hard security in the Gulf remains firmly in the hands of the U.S. military, and to a lesser extent, key regional and Western allies. This brief argues that, despite changes in trade relations, America retains an enduring interest in preserving political stability and securing oil flows from the Persian Gulf. Washington continues to invest in regional security so that Gulf oil can securely and predictably find its way to refiners and consumer markets worldwide, be they in Beijing, Inchon, Rotterdam, Shanghai, Singapore, Tokyo—or Houston.

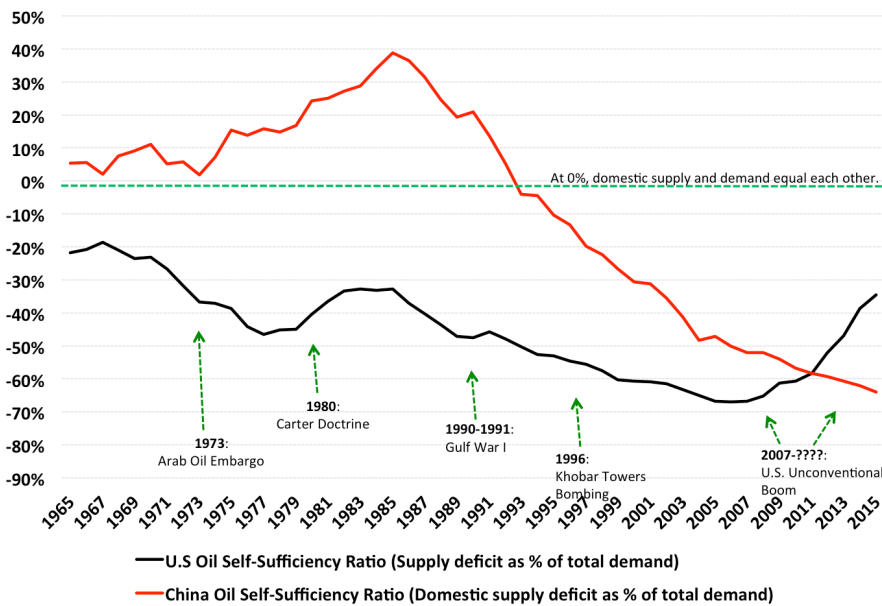
THE EVOLUTION OF THE CARTER DOCTRINE SINCE 1980

The relationship between the United States and its Gulf allies has evolved in important ways since President Carter’s 1980 declaration of America’s “vital interests” in the Persian Gulf. The Carter Doctrine’s first phase, which we label Carter Doctrine 1.0, was prompted by the convulsive events of 1979–80, particularly the Soviet invasion of Afghanistan and the Iranian revolution. Although U.S. physical dependence on Gulf oil supplies steadily declined between



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FIGURE 1 — RELATIVE SHIFTS IN U.S. AND CHINESE DEPENDENCE ON CRUDE OIL IMPORTS



SOURCES BP Statistical Review of Energy 2016,⁴ authors' analysis

1980 and 1986 as non-OPEC oil production boomed, U.S. policymakers feared that Soviet penetration into the region would allow Moscow to use threats to oil supplies as a tool for coercing the United States and its allies. In practice, the doctrine resulted in an increase in forces in the region, but prior to Iraq's 1990 invasion of Kuwait, U.S. forces generally operated from afar, or "over the horizon."

Carter Doctrine 2.0 came about alongside the demise of the bipolar system of competitive international blocs and the rise of non-state threats manifested in the Sept. 11 attacks. Indeed, the U.S.-led Gulf War of 1990-91 marked the beginning of a larger, more permanent U.S. military presence in the region. Between 1991 and 1994, U.S. forces gained access to military bases in all six GCC countries.⁵ This more hegemonic phase involved forceful intrusion, first into Iraqi-occupied Kuwait in 1991, and a decade later, into Afghanistan and Iraq.

In the present-day version, Carter Doctrine 3.0, U.S. security policy remains focused on the Gulf region despite

decreasing import dependence, because Gulf oil is increasingly understood as an "economic good" that sustains the daily functioning of the global economy. As such, the risk posed by unfriendly or competitive forces in the region becomes all the more dangerous, since the globalized nature of oil market magnifies the effects of disruption. In addition, the same U.S. deployments that facilitate energy security are also indispensable for overseeing ongoing military campaigns in Iraq and Afghanistan, increasingly active counterterrorism actions in Yemen, Syria, and the Horn of Africa, and other security activities in the region. While the United States appears to be less interested in large-scale, long-term occupations, its interests—and those of the global economy—continue to depend heavily on stability in the Gulf.

As mentioned, U.S. oil production has reversed a nearly four-decade period of steady production declines and rising dependence on imports, while stimulating calls for a pullback from the Gulf. Even so, the United States still obtains more than 10% of its total oil supply from the region—mainly from Saudi Arabia, but also Kuwait and Iraq (Figure 2).

What might happen to U.S. fuel prices if the supply of oil from the Gulf were constrained? Global oil price benchmarks would quickly spike upward—and increased domestic production and the substitution of Canadian oil for OPEC imports would not insulate American consumers from the price spikes. This is because the global crude oil market now functions as a single pool. Changes in volume quickly translate into movements in price no matter where the outage takes place. In short, U.S. economic security remains tied to stability in the Persian Gulf, albeit less directly than in the past. Further, a complex web of global trade linkages closely ties U.S. economic activity to the financial and industrial health of the Asia-Pacific region. Since exports of Gulf oil are a key feedstock for East Asia's expansion, they effectively remain indirect catalysts to growth in the U.S. economy.

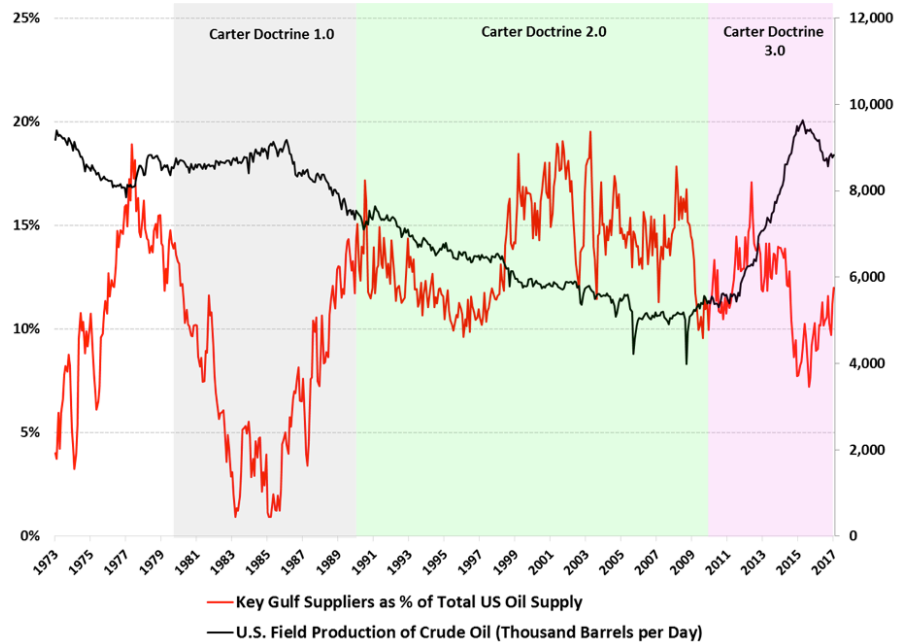
WHY WASHINGTON IS LIKELY TO CONTINUE UPHOLDING THE CARTER DOCTRINE

While the United States (and Europe) and Asia have traded places as the leading volumetric destinations for Gulf crude, at least six factors suggest that maintaining the Carter Doctrine remains very much in the U.S. national interest. First, Saudi Arabia remains the single largest supplier of oil to the world, providing about 13% of global supply between 1992 and 2015 (Figure 3). Moreover, the kingdom is the only producer in the world with the spare oil output capacity to cover the outage of a medium-sized supplier. And, as of today, no conceivable combination of producers could make up for a significant loss of Saudi oil in the short-run. An outage in the kingdom could trigger a globally destabilizing economic crisis.

Second, America’s growing oil self-sufficiency does not make it “independent” of the Middle East or the effects of an oil market disruption. Political stability in the Gulf will remain a determinant of U.S. oil and refined product prices no matter how little we import, as long as the Gulf states remain key exporters and as long as oil remains the dominant fuel for land, sea, and air transport. Because U.S. producers can now export crude oil, domestic prices would remain tightly linked to prices abroad even if the U.S. entirely ceased importing crude oil.

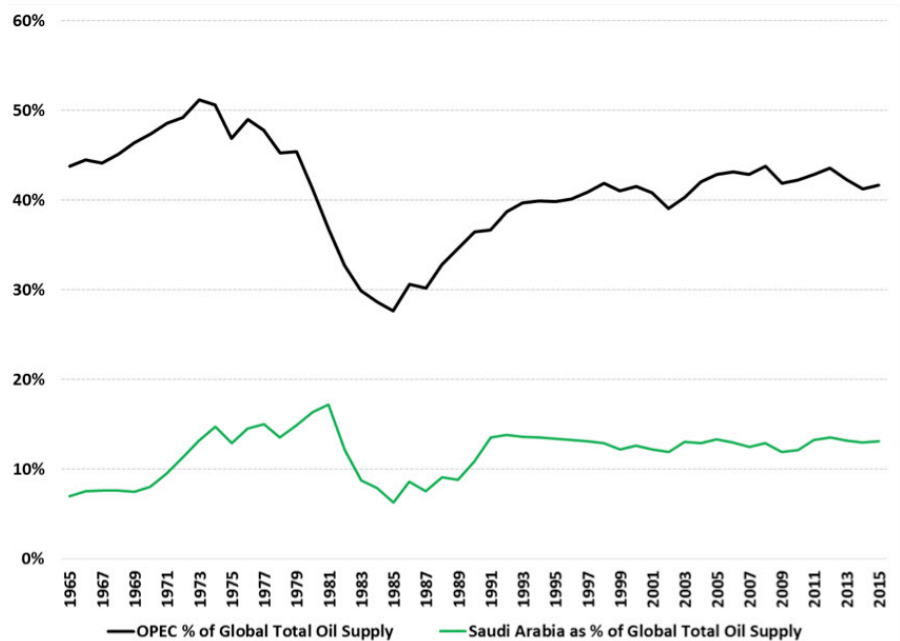
Third, having a dominant power overseeing the global maritime commons—a *Pax Americana*—fundamentally underpins the global trading system for oil and other goods.⁶ U.S. national security strategy has for 30 years consistently—and in a bipartisan manner—accorded high importance to ensuring the free flow of energy supplies into the global market. If anything, the U.S. view of its oil supply security role in the Gulf region has expanded over time. The Reagan administration’s 1987 National Security Strategy deemed ensuring “the United States and its allies and friends access to foreign energy and mineral resources” as a major objective. By 2015, President Barack Obama’s administration noted that “energy market

FIGURE 2 — KEY GULF OIL SUPPLIERS (KUWAIT, IRAN, IRAQ, QATAR, SAUDI, UAE) AS % OF TOTAL U.S. CRUDE OIL SUPPLY



SOURCES U.S. Energy Information Administration, Baker Institute Center for Energy Studies

FIGURE 3 — SAUDI ARABIA’S (AND OPEC’S) SHARE OF GLOBAL OIL SUPPLY HAS REMAINED ROUGHLY CONSTANT SINCE 1991



SOURCE BP Statistical Review of World Energy

disruptions” were among the “top strategic risks” to U.S. national interests and that it was a high priority to “ensure the free flow of energy from the [Middle East and North Africa] region to the world.”⁷

Fourth, no nation-state can credibly replace America’s provision of external security in the Gulf and the strategic Strait of Hormuz, through which flows approximately 20% of globally traded oil and an even larger portion of global LNG supplies. Neither Russia nor China nor any combination of European powers has the force projection or logistics capacity to assume the task. China, in particular, could gain a greater sense of strategic security from overseeing its own oil trade. However, as we show in the next section, China is not physically prepared to carry out the mission.

Fifth, while the strength of once weak Gulf militaries has improved in the past decade and most have equipment that is interoperable with U.S. forces, these militaries are generally not structured to prevail in external conflicts. Rather, they are often deliberately structured so that they do not pose an internal threat to family-based rule. It is also uncertain as to whether the various Gulf states—including Iran—could form and maintain a coalition to maintain oil and gas supplies and transit security absent a major U.S. presence in the area.

Sixth, even if China or Russia—or some coalition—were capable of guaranteeing hard security for Gulf oil producers and the sea lanes used to bring their resources to market, it is doubtful that Washington would volunteer to relinquish its role. The United States accrues numerous strategic benefits from its military ties to Gulf regimes and maintaining U.S. forces on bases around the region. These include supporting U.S. ground forces, conducting counterterror raids and surveillance, and maintaining the aircraft and unmanned drones operating in the area.

Finally, the departure of the U.S. without a handoff to an allied power would potentially leave the region vulnerable to takeover by a hegemonic state or non-state actor. This could be a current power in the region, such as Iran, an external actor such as Russia, or a new regime created by the overthrow of an existing state.

IF WASHINGTON SCALED BACK, COULD CHINA STEP IN?

The election of Donald Trump and the subsequent unclear direction of U.S. foreign policy have generated uncertainty around Washington’s commitment to overseeing the global maritime commons. The uncertainty has given rise to questions about China’s capacity to stand in for the United States. Although China has bolstered its forces in the region, the evidence argues against a major Gulf security role for China anytime soon.

Current Chinese Military Presence and Recent Operations in the Region

In 2008, the Chinese navy dispatched its first anti-piracy task force to the seas off the Horn of Africa. By March 2017, China had rotated 25 escort task forces through the area.⁸ Since 2009, Chinese naval vessels involved in anti-piracy operations have made at least 79 port visits in and near the Gulf, mainly in Oman and Djibouti.

China’s forward military presence has allowed it to begin staging limited, albeit unprecedented, security operations. As Libya descended into political violence in the spring of 2011, the Chinese missile frigate Xuzhou left the Gulf of Aden anti-piracy task force and travelled through the Suez Canal to support the evacuation of Chinese nationals from Libya.⁹ The Chinese air force also sent IL-76 transport aircraft to evacuate Chinese nationals trapped in Libya’s interior.¹⁰

In 2014, the frigate Yanchang, also engaged in counter-piracy in the Gulf of Aden, headed to the Mediterranean to escort a shipment of Syrian chemical weapons bound for destruction under a multi-national deal.¹¹ In 2015, Chinese naval vessels also helped evacuate Chinese and other foreign residents threatened by civil war in Yemen.

These missions suggest China’s navy may maintain a presence near the Gulf. Perhaps the clearest sign comes from Beijing’s construction of a military base in Djibouti, where port facilities have played a central role in supporting the Gulf of Aden anti-piracy deployment.¹² The base marks a

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watershed moment in China's internal debate regarding the forward placement of military forces. Chinese interests and diplomatic confidence have expanded to the point where Beijing can maintain a permanent naval presence that need not be rationalized by Somali piracy.

Future Trajectory of China's Military Presence in the Region

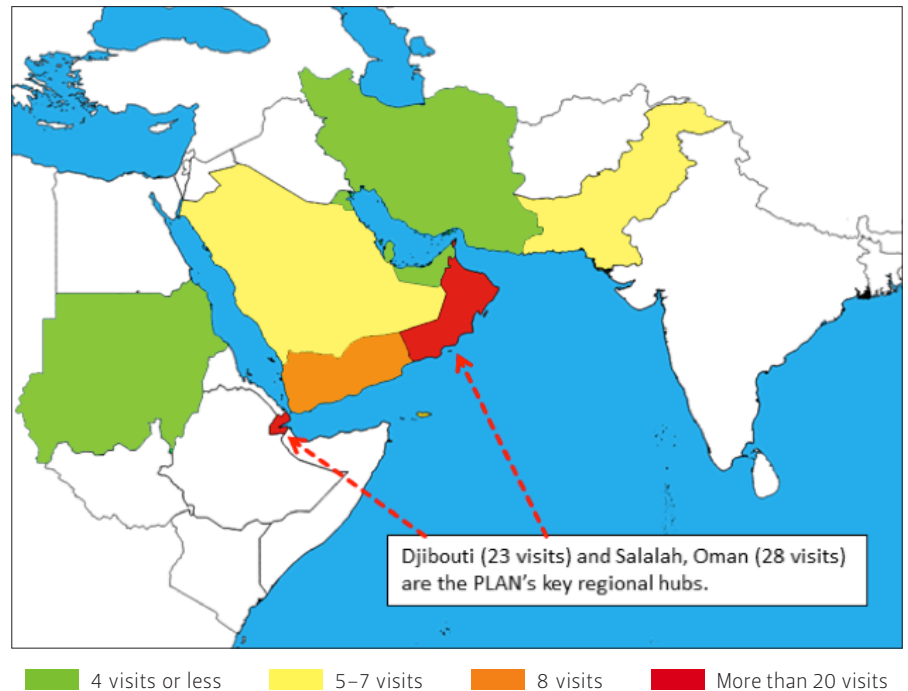
While it appears the Chinese presence in the region will endure, it is worth noting the following realities: First, China's primary area of strategic focus is the Gulf of Aden, which lies more than 1,000 miles from the Strait of Hormuz. Second, China's force level in the region does not begin to compare to the presence maintained by the U.S., which has access to at least 15 bases in and near the region, and which can sustain full-scale combat operations—and perhaps as importantly—has been granted authority by host nations to conduct combat operations from many of those bases. Indeed, China maintains just two or three vessels in the region.¹³

If China chose to assume a more proactive posture that moved beyond “showing the flag” and sought to supplant the U.S. Navy, it would face several constraints. Securing a key portion of the global commons is an expensive exercise that the Chinese defense budget might not be able to bear, especially given the high costs of Chinese domestic security and the recent slowdown in economic growth.¹⁴

At present, China reaps the benefits of making maritime security deployments while drafting in the substantial wake of the U.S. Navy. If China were to try and fill the vacuum created by a U.S. pullback, it would bear huge costs. As Barry Posen of MIT notes in his seminal work on the military aspects of the global commons:

The specific weapons and platforms needed to secure and exploit command of the commons are expensive. They depend on a huge scientific and industrial base for their design and production ... The development of new weapons and tactics depends on decades of expensively accumulated

FIGURE 4 — CHINESE NAVY PORT VISITS IN THE GULF AND KEY ADJACENT REGIONS SINCE FEBRUARY 2009



SOURCES China Military Online, *The National* (UAE), Xinhua News Agency

technological and tactical experience embodied in the institutional memory of public and private military research and development organizations. Finally, the military personnel needed to run these systems are among the most highly skilled and highly trained in the world. The barriers to entry to a state seeking the military capabilities to fight for the commons are very high.¹⁵

Further, assuming the lead position as the guarantor of Gulf oil security could provoke opposition from the same groups—including Islamist factions—unhappy with the U.S. presence. Chinese investment in parts of Africa has triggered violent reactions in multiple countries. Military deployments could be more inflammatory.

The missions Chinese naval and air forces have conducted in the Gulf region to date are those in which their involvement consists primarily of “showing up.” Suppressing piracy, evacuating

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citizens, and escorting shipments of chemical weapons being removed from Syria are low-complexity missions with a disproportionately large diplomatic payoff. Missions that might be required of a dominant power—such as suppressing non-state actors using anti-ship missiles near a strategic strait—are more complicated and carry higher risks.¹⁶

Japanese and South Korean Regional Naval Operations

What about the other East Asian powers? Japan and South Korea have both deployed vessels to Combined Task Force 151, the multinational anti-piracy mission off Somalia. Japan's vessels have conducted hundreds of escort missions involving more than 3,000 ships.¹⁷ These U.S. allies could take a limited role in overseeing oil shipments through the Strait of Hormuz.

However, Japan and South Korea are likely to remain reluctant to do so unless they are either part of a multinational task force or operating in conjunction with the U.S. Navy. In addition, Washington probably prefers that Japan and South Korea, both U.S. treaty allies, keep their interoperable naval forces in the East Asian region to act as a strategic force multiplier in case of a conflict there.

CONCLUSION

The circumstances that gave rise to the 1980 Carter Doctrine have changed substantially. The Cold War threat embodied by Soviet encroachment has dissipated. U.S. imports of Gulf oil have waned, while those of East Asia have grown dominant. Through all these changes, however, Gulf oil has retained its strategic importance. Threats to stable oil flows may have evolved, but they persist. We argue that, while some aspects of current circumstances might augur for a scaling back of U.S. commitments, a future crisis could force the U.S. and its allies to reconstruct security architecture at a cost likely much greater than that of maintaining and adapting the existing framework.

While other countries, including China, have begun to assume small roles in securing parts of the energy transit sea lanes, the United States remains the sole nation-state with sufficient military force-projection and logistics capacity to both underpin the broader regional security structures and ensure safe passage of maritime trade. America will likely strive to remain the region's preeminent military power because of the vital importance of oil and gas to the world economy and a stable system of global trade.

Accordingly, U.S. policymakers should redouble efforts to ensure that American voters and their elected representatives understand the importance of continued engagement in the Gulf. The U.S. economy remains highly exposed to events in the region that would be transmitted through changes in oil supply and pricing. Looked at another way, by ensuring the continued stability of a small but critical portion of the globe, the U.S. security umbrella pays disproportionate dividends in helping provide steady energy flows to underwrite continued U.S. and global prosperity.

The uncertainty and populist rhetoric now coloring U.S. politics and foreign policy have led observers to question the continuity of the U.S. presence in the Gulf. We believe that the lack of a single threatening strategic competitor makes justifying the expense of the Carter Doctrine more difficult for U.S. policymakers, but the benefits of the policy are more widespread, mirroring the globalization process that has linked American economic security to that of the rest of the world. The Carter Doctrine may have entered a new 3.0 phase, but it remains as compelling now as in 1980.

ENDNOTES

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