



## Cheap Gasoline is Messing Up These 7 Anti-American Powers

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American drivers have enjoyed near historically low gas prices for months all while worldwide tensions, which would normally increase the price of oil dramatically, have increased.

America surpassed Russia early last year as the world's largest and fastest-growing producer of oil and natural gas. It utterly changed the global energy game and reduced the influence of unstable petrostates like Russia, Venezuela, Iran and Saudi Arabia.

As recently as 2011, comparatively minor political tensions in Libya caused the price of oil to pass \$120 a barrel, but during the much greater tensions from the rise of Islamic State as well as Saudi Arabia and three other Sunni nations cutting diplomatic ties with Iran, the price remains below \$30 a barrel.

“Less oil revenue coming into petrostates means less ability to spend on things like arms or military modernization, so if low revenues persist for a long time, it could weaken those states militarily,” Emma Ashford, an expert in oil politics at the libertarian Cato Institute, told The Daily Caller News Foundation. “But in the short-term, there’s also an incentive for these states to distract their populations from the poor economy with overseas interventions and shows of strength; both the Russian intervention in Syria and the Saudi war in Yemen fall into this category.”

Here’s a list of the countries which don’t like America very much that are getting hurt by low gas prices.

### **1: Russia**

Today’s low crude oil and gasoline prices and surging American energy production are making Russian foreign policy both desperate and even more aggressive.

“Low oil prices are almost certainly involved in Russia’s decision to get involved in Syria, since the impact of low prices combined with U.S. and E.U. sanctions is seriously hurting the Russian economy,” Ashford continued.

Russia has historically been dependent on the sale of large amounts of oil to America and Europe to fund its government and keep its economy going. In 2013, crude oil exports accounted for 68 percent of total export revenues, but low oil prices mean less revenue to fund the country’s domestic and foreign policy agenda.

## **2: Venezuela**

Venezuela is being forced to import American oil because it is on the verge of total economic and social collapse. Low oil prices have crippled the government’s main revenue-raising tool while corruption and chaos rule the country.

When the price of oil dropped, the country instantly faced serious problems due to the massive government spending it enjoyed when oil prices were high.

The rate of inflation in Venezuela is 808 percent, according to Forbes, but the country’s economic czar doesn’t even believe in inflation. Venezuela has the second highest murder rate in the world, is now essentially bankrupt and has massive shortages of essentially every product.

Venezuela maintains frosty diplomatic relations with the U.S. and frequently accuses the U.S. of plotting to overthrow its government. President Nicolas Maduro often accuses America of plotting to sabotage his government, yet despite this, the country is being forced to buy American oil.

## **3: Islamic State**

Cheap oil is slowing the terrorist group’s expansion and cutting off its funding.

ISIS makes \$50 million a month from selling crude oil and spends the money on a vast welfare state. The group sells crude oil to smugglers at around \$35 per barrel, which is much cheaper than the \$50 price available on international markets in the region. The group likely extracts up to 30,000 barrels of oil per day, which it then sells through Turkish middlemen to the world.

The U.S. and its allies have targeted its ability to transport, refine, and sell oil, but Islamic States remains on the offensive.

“We are distributing zakat [charity or alms] on the money we are gaining from oil. We know how catastrophic things are for our people in Raqqa [ISIS’ capital], and that poverty is on the rise. We are trying to give job opportunities to the unemployed, by employing them in the

administrations and institutions that the state established to serve Muslims,” said Abu Samer, the ISIS official in charge of redistribution in Raqqa.

#### **4: Iran**

Low oil prices are harming Iran immensely, as the country’s oil reserves are comparatively expensive to process and can’t be processed with a massive infusion of cash.

“Oil exports are a big deal for the Iranian economy,” John Allen Gay, an editorial staffer with The National Interest who covers Iranian issues, told TheDCNF. “However, they have a lot of economic problems to address which might be bigger than the country’s oil wealth. This is suppressed growth or recovery, not a new step forward. They need a lot of investment in the oil industry and in a whole lot of other economic sectors, which have been suffering for years, to really get their economy going.”

Iran hasn’t seriously invested in its oil sector for years, and restoring previous production levels is estimated to require a minimum \$150 billion of new investment. Restoration costs could be as high as \$500 billion over the next five years, according to reports by Iran’s state-run news agency. Finding enough cash to invest in Iran’s oil industry could be a huge problem due to low oil prices. Lifting sanctions will only give Iran between \$100 to \$150 billion.

#### **5: China**

China doesn’t produce much oil, but it buys an awful lot of it. Most of China’s foreign policy centers on attempts to acquire new energy resources, particularly oil, at a time when its own dependence on imported oil is increasing.

The Chinese were heavily invested in Iranian oil, according to The New York Times, and have been Iran’s largest trading partner for six years in a row. The damage low oil prices have done to Iran is also harming China’s interests. A study published in November even suggested that President Barack Obama’s policy of not exporting American oil could be responsible for China escalating its rhetoric and squaring off with the U.S. in the South China Sea.

#### **6: Saudi Arabia**

Saudi Arabia is at least partially responsible for low oil prices, as the country has boosted its production as a weapon in its conflict against Iran and to keep the price low enough that American fracking would be killed off. American fracking appeared on paper to only be profitable when the price of oil was high.

However, American fracking didn’t die off, and has actually expanded. Saudi Arabia and OPEC used to be able to largely control oil prices, but now Bank of America says OPEC is “effectively dissolved,” as members like Iraq and Kuwait have started undercutting Saudi Arabia.

“It is becoming apparent that non-OPEC producers are not as responsive to low oil prices as had been thought,” the Saudi central bank commented in a 2015 stability report.

Saudi oil export revenues dropped 46 percent in just the last year and the country is selling bonds for the first time since 2007. Oil accounts for 90 percent of the Saudi government’s revenue. It is now expecting a budget deficit of \$140 billion— roughly 20 percent of Saudi GDP. When compared to 2013’s surplus of \$48 billion, the fiscal outlook for the kingdom looks so dim that the International Monetary Fund (IMF) warned it could go through its fiscal reserves within five years.

#### **7: United Arab Emirates (UAE):**

The UAE represents many other Persian Gulf states in that it is being harmed by cheap oil. The country has admitted the only effective policy to deal with cheap gasoline is to let low prices force cuts from the highest-cost producers.