The Haves and Have-Nots: Oil in the Middle East

The sweet smell over northern Iraq does not come from the wildflowers that are blooming on the plains in spring. It is the smell of oil and it is everywhere, rising to the sky at the wellheads, spilling from the tanker trucks that bump up potholed roads to backyard refineries in the Kurdish hills, and again rising to the sky as fumes from their chimneys. Nor is this the oiliest part of Iraq. That lies in the deserts to the south where it actually seeps from the ground. In fact the whole of Iraq sits atop seams and pockets of the sticky stuff. There is plenty to go around, if only the Iraqis could agree to stop shooting each other.

There is plenty for other Arabs, too. Taken together, their 19 countries hold some 46% of the world’s total proven oil reserves (as well as a quarter of its natural-gas reserves). The ones with the most have it doubly easy. Saudis or Kuwaitis spend just $3 to tap a barrel from their most accessible wells. In America they spend much, much, more to get oil with their modern drilling techniques.

The Arab world’s oil is unevenly shared. Saudi Arabia alone holds the most of all reserves. Just eight Arab countries have actually grown rich from energy exports, though some of them spectacularly so: in the tiny emirate of Qatar some 14% of households are dollar millionaires, a higher proportion than in any other country in the world. Divided among its 250,000 citizens (the other 85% of Qatar’s population of 2.1 million are foreign workers and are not counted because they are not citizens), the tiny country’s Gross Domestic Product (the value of all the goods and services Qatar produces) comes to $700,000 per person. In Jordan, which does not have oil the GDP per person is $4,945.13 (2012).

This may change. Poorer Arab states are not about to become new Qatars, but many, such as Yemen, Tunisia, Sudan and Egypt, already export oil or gas, and the some energy paupers are doing better too. Morocco, for example, until now completely reliant on imports, pins high hopes on offshore exploration that is just getting under way.