ISIS and Saudi Arabia’s Predicted Oil Crisis

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In recent years, everyone from Citigroup to the Brookings Institution and Wikileaks has predicted Saudi Arabia -- the world's biggest oil exporter -- will face an oil shortage by 2030. More recent estimates suggest this could happen by 2020. The reality is the country isn't even the world's biggest crude oil producer anymore (America took over the lead in 2014). Is Saudi Arabia prepared for its potential oil crisis and the significant social instability it will cause within its own borders? Yes and no -- and ISIS is standing ready to exploit this inconsistency. In fact, ISIS may even expedite this oil crisis in its ongoing quest to destabilize Saudi Arabia.

PREPARING FOR THE OIL CRISIS, SORT OF

Local energy demand has soared in part due to Saudi Arabia's population increase by 17 per cent in the past 10 years. The government has responded sensibly, exploring oil alternatives for domestic energy use. But will this preparation be sufficient if the oil crisis hits sooner than the 5-15 year estimate? Probably not. First, the reality is that the crisis could be expedited thanks to ISIS' growing presence in Saudi Arabia. ISIS' most recent attack came on August 6 with a suicide bombing on a police compound mosque and the extremist group has unsurprisingly vowed more. To further destabilize the country, it is plausible ISIS will attack oil facilities -- much like al Qaeda did in past years (note: in 2006, it attacked the Eastern province's Abqaiq oil processing facility).

Second, when the oil crisis hits, social instability will be significant. Let's not forget that Saudi Arabia currently derives over 45 percent of the country's GDP, 80 percent of its budget revenue and 90 percent of its export earnings from oil. With an ISIS-expedited oil crisis, the government will not be in a position to provide the same level of social welfare to its citizens that it has historically. This is a problem that will logically create bursts of unrest in a way the country has not yet experienced. And sensitive social groups — including certain unemployed youth, women and Shias --will be even more frustrated, likely feeling even more excluded from the government's policies and the country's diminishing wealth.

HOW TO PREP NOW FOR THIS EXPEDITED OIL CRISIS

Many have said it before, but let's spell it out again:

**Step 1: Diversify the Economy!** The good news is that Saudi Arabia's leaders are already clued in on this. There have been legitimate efforts to develop the private sector,
including telecommunications, entrepreneurship and power generation to reduce the economy's oil dependence. But will this be sufficient, especially if the oil crisis hits sooner than expected?

**Step 2: Create Non-Oil Sector Jobs** These new industries in the private sector will of course lead to new jobs. But the key will be to make sure they are being offered to unemployed youth, women and Shias. Remind them they are part of the country's new economic path.

**Step 3: Publicize these Policies** Any non-oil job creation strategies need to be actively publicised to these sensitive social groups. This communication will help reduce their likely sense of alienation from government policies. Educate all citizens about this notable shift in policy and economy away from oil dependence and towards new industries and entrepreneurship.