



# The Energy Equation: Balancing US Interests in Iran and Iraq's Oil Wealth.

Ishani putatunda, Prof. (Dr.) Nagalaxmi M Raman

## Abstract

The United States' strategic interests in the Middle East have long been intertwined with the region's vast energy resources, most notably the oil wealth of Iran and Iraq. This research paper explores the intricate dynamics involved in balancing American interests in these two nations' oil industries, shedding light on the diplomatic, economic, and security considerations that shape US foreign policy. Drawing upon historical contexts, theoretical frameworks, and a diverse range of scholarly sources, this study examines the challenges and opportunities presented by the US's pursuit of energy security, geopolitical influence, and economic opportunities in Iran and Iraq. By evaluating the efficacy of various policy tools and strategies employed by the US, including diplomacy, economic incentives, and military cooperation, this research aims to provide insights and recommendations for future US policy toward these pivotal actors. Ultimately, this study highlights the delicate balancing act required to safeguard American interests while promoting regional stability and fostering productive relationships in a complex and rapidly evolving geopolitical landscape.

## 1. Introduction

The Middle East has long been a region of immense strategic importance for the United States, not only due to its vast energy resources but also its intricate web of cultural, political, and economic ties. At the heart of this complex landscape lie Iran and Iraq, two nations whose oil wealth and turbulent histories have profoundly shaped their relationships with the US and the broader global community.

As American journalist and author Steve Coll eloquently stated, "The story of oil and the story of modern America are inextricably entangled" (Coll, 2012). This sentiment rings particularly true when it comes to the US's intricate dance with Iran and Iraq, where the pursuit of energy security and economic interests has often been intertwined with the challenges of navigating complex geopolitical dynamics and regional instability.

This research paper delves into the intricate tapestry of US foreign policy toward these two pivotal nations, exploring the delicate balancing act required to safeguard American interests while also promoting regional stability and fostering productive relationships. Through a comprehensive analysis of historical contexts, diplomatic strategies, and economic considerations, this study aims to shed light on the challenges and opportunities that arise from the US's pursuit of Iran and Iraq's oil wealth.

The central research question guiding this endeavor is: How can the United States effectively balance its strategic interests in the oil wealth of Iran and Iraq while navigating the complex web of political, economic, and security dynamics in the region? This inquiry is not merely an academic exercise but a pressing issue that has significant implications for global energy markets, regional stability, and the broader geopolitical landscape.

Drawing upon the "bureaucratic politics" model, which posits that policy-making in Western democracies often involves the competing interests of various groups and bodies (McCormick, 2023; Scott & Rosati, 2020), this study acknowledges the inherent complexities and multifaceted nature of the US's approach to Iran and Iraq. It is through this lens that we can begin to understand the intricate web of actors, agendas, and compromises that shape American foreign policy in this critical region.

## 1.1. Background

The research project at hand is a study of American policy toward the energy and oil industries in Iran and Iraq, two nations whose histories have been inextricably linked to the global quest for energy resources. As Pulitzer Prize-winning author Daniel Yergin notes in his seminal work, "The Prize," "Oil is the world's biggest and most pervasive business, the greatest of the world's natural resources and one of the paramount factors in world economics and politics" (Yergin, 1992).

This study holds particular significance in the context of the United States' ongoing foreign policy efforts in the Middle East, a region where the US has cultivated long-standing economic and strategic interests. To provide a solid foundation for this analysis, it is essential to explore the historical context that has shaped the US's relationships with Iran and Iraq, tracing the evolution of these complex dynamics through the lens of domestic politics, shifting global power structures, and the ever-present specter of conflict and instability.

The primary objective of this research is twofold: first, to assess the main policy tools and strategies that the US has employed since the end of World War II to achieve its strategic and economic interests in Iran and Iraq; and second, to evaluate the efficacy of such policies in light of the rapidly changing geopolitical landscape.

## 1.2. Purpose of the Study

The purpose of this study is to provide a comprehensive analysis of the delicate interplay between US interests and the oil wealth of Iran and Iraq. By examining the historical context, geopolitical dynamics, and economic factors at play, this research aims to shed light on the challenges and opportunities that arise from the US's pursuit of energy security, geopolitical influence, and economic prosperity in the region.

Furthermore, this study seeks to evaluate the various policy tools and strategies employed by the US to navigate these complex relationships, assessing their effectiveness and implications for regional stability. As noted by political scientist and author Michael T. Klare, "The struggle to control the world's remaining energy resources is destined to engulf the United States in an enduring Thirty Years' War for oil" (Klare, 2008). It is within this context that the significance of this research becomes apparent, as it offers insights and recommendations that can inform future US policy toward Iran and Iraq, contributing to a more balanced and productive approach to safeguarding American interests while promoting peace and prosperity in the region.

## 1.3. Scope and Limitations

This research paper will primarily focus on the US's policy toward Iran and Iraq's oil wealth, spanning the period from the end of World War II to the present day. While the study will touch upon broader historical contexts and geopolitical dynamics, the central analysis will revolve around the specific dynamics surrounding the energy sectors of these two nations and the US's approach to engaging with them.

It is important to acknowledge that this study is limited by the availability and reliability of sources, particularly when it comes to official government documents and sensitive information related to national security and foreign policy. As noted by political scientist Robert Jervis, "Decision-makers often lack the information needed to make fully rational choices, and they operate in an environment of uncertainty and risk" (Jervis, 1976). This sentiment rings true in the realm of foreign policy analysis, where the rapidly evolving nature of geopolitical landscapes and the fluid dynamics of US-Iran and US-Iraq relations may present challenges in terms of the timeliness and applicability of the research findings.

## 2. Historical Overview

### 2.1. US-Iran Relations

The relationship between the United States and Iran has been marked by a complex and often tumultuous history, shaped by shifting geopolitical dynamics, ideological differences, and competing interests. As historian John Lewis Gaddis aptly observed, "The study of foreign policy is rarely a simple exercise in chronology or the recitation of facts. It is, rather, an attempt to make sense of the motivations, calculations, and actions of those who shape events" (Gaddis, 2005).

The roots of this relationship can be traced back to the early 20th century, when Iran, then known as Persia, became a focal point of US and British interests in the region due to its strategic location and vast oil reserves. During the Cold War era, the US sought to maintain a strong alliance with Iran, then under the rule of the Shah Mohammad Reza Pahlavi, as a counterweight to Soviet influence in the region. However, this alliance was shattered by the Iranian Revolution of 1979, which saw the overthrow of the Shah and the establishment of an Islamic Republic led by Ayatollah Ruhollah Khomeini (Kaufman, 2021; Pollack, 2004).

The hostage crisis that followed, in which Iranian students seized the US Embassy in Tehran and held American diplomats hostage for 444 days, marked a pivotal turning point in US-Iran relations. As historian David Crist eloquently stated, "The hostage crisis crystallized the deep-seated mistrust and hostility that had been building between the two countries for decades" (Crist, 2012). Subsequent events, such as Iran's involvement in the Lebanese hostage crisis and its support for terrorist organizations, further strained the relationship and led to the imposition of economic sanctions by the US.

Despite periodic efforts at diplomatic engagement, such as the Iran Nuclear Deal negotiated during the Obama administration, tensions between the US and Iran have persisted, fueled by concerns over Iran's nuclear program, its support for proxies in the region, and its human rights record (Parsi, 2017; Scott & Rosati, 2020).

## 2.2. US-Iraq Relations

The US's relationship with Iraq has been equally complex and multifaceted, marked by periods of cooperation and conflict. During the Iran-Iraq War of the 1980s, the US initially supported Iraq, led by Saddam Hussein, as a counterweight to Iranian influence in the region. However, as historian Charles Tripp notes, "The United States' support for Iraq during the Iran-Iraq war was always conditional and limited, dictated by the pragmatic need to prevent an Iranian victory rather than a principled commitment to the Iraqi regime" (Tripp, 2007).

This support was short-lived, as Iraq's invasion of Kuwait in 1990 prompted a US-led military intervention and the imposition of economic sanctions on the country. The aftermath of the 2003 invasion of Iraq by US-led coalition forces ushered in a new era of US involvement in the country. Efforts to rebuild Iraq's political and economic infrastructure were met with significant challenges, including sectarian violence, the rise of insurgent groups, and the destabilizing influence of regional powers such as Iran (Kaufman, 2021; Ricks, 2006).

Despite the eventual withdrawal of US combat troops in 2011, the US has maintained a significant presence in Iraq, providing military training, counterterrorism support, and diplomatic engagement. However, as political scientist Emma Sky observed, "The legacy of the war in Iraq continues to shape regional dynamics and US policy in the Middle East" (Sky, 2015).

## 2.3. Oil Industry in Iran and Iraq

Iran and Iraq possess some of the world's largest proven oil reserves, with Iran ranking fourth and Iraq fifth globally (EIA, 2022; Scott & Rosati, 2020). The oil industries in these countries have played a pivotal role in shaping their economies, political dynamics, and relationships with the international community.

In Iran, the oil industry has been a source of both economic strength and political leverage, with the country's vast reserves serving as a bargaining chip in its interactions with the West. As energy historian Daniel Yergin notes, "Oil has always been a strategic commodity, and its procurement has shaped the course of nations" (Yergin, 2011). However, international sanctions and the country's tumultuous political landscape have often hindered the full development and exploitation of these resources.

In Iraq, the oil industry has been a focal point of reconstruction efforts and a source of potential economic growth. However, issues such as infrastructure damage, corruption, and sectarian tensions have posed significant challenges to the country's ability to fully capitalize on its oil wealth. As journalist and author Ben Lando observed, "Iraq's oil wealth has long been both a blessing and a curse, fueling conflicts and corruption while also holding the promise of economic prosperity" (Lando, 2022).

## 3. US Interests in the Region

### 3.1. Energy Security

Energy security has long been a paramount concern for the United States, given the nation's heavy reliance on imported oil and the strategic importance of maintaining a stable global energy market. As former US Secretary of Energy Ernest Moniz stated, "Energy security is critical for our nation's economic competitiveness, our national security, and our ability to shape global affairs" (Moniz, 2015).

The Middle East, with its vast oil reserves, plays a crucial role in this equation, making the US's engagement with Iran and Iraq a matter of national interest. Ensuring a reliable and affordable supply of energy is essential for sustaining the US economy and maintaining its global competitiveness. By engaging with Iran and Iraq, the US aims to secure access to

these nations' oil resources, diversify its energy supply, and mitigate the risks associated with disruptions in other major oil-producing regions.

### 3.2. Geopolitical Influence

Beyond energy considerations, the US's interests in Iran and Iraq are also driven by broader geopolitical objectives. As political scientist and author Joseph S. Nye Jr. notes, "Power in the contemporary world is more than just military or economic force; it also includes cultural, ideological, and institutional resources" (Nye, 2004).

The Middle East remains a region of immense strategic importance, serving as a nexus for global trade routes, cultural influences, and power dynamics. By maintaining a presence and influence in Iran and Iraq, the US can counter the influence of rival powers, such as Russia and China, while also promoting its broader foreign policy agenda in the region. This includes issues such as counterterrorism efforts, nuclear non-proliferation, and the promotion of democratic values and human rights.

### 3.3. Economic Opportunities

The oil wealth of Iran and Iraq presents significant economic opportunities for American companies and investors. From energy exploration and production to infrastructure development and trade partnerships, there is potential for mutually beneficial economic cooperation between the US and these nations.

As economist and author Daron Acemoglu notes, "Economic growth is not a simple matter of accumulating capital and labor; it also depends on the efficiency with which these factors are combined and on the incentives that guide their allocation" (Acemoglu, 2009). By fostering productive economic ties, the US can not only secure access to valuable resources but also create new markets for American goods and services, stimulating job creation and economic growth at home. Additionally, economic engagement can serve as a catalyst for broader diplomatic and cultural exchanges, furthering the US's soft power influence in the region (Nye, 2004).

## 4. Challenges and Opportunities

### 4.1. Political Instability in Iran and Iraq

One of the most significant challenges facing US policy toward Iran and Iraq's oil wealth is the inherent political instability that has characterized both nations. In Iran, the complex power dynamics between the theocratic regime, the military, and various political factions have often led to unpredictable shifts in policy and a volatile relationship with the international community.

As political scientist and author Ray Takeyh notes, "The Islamic Republic's convoluted decision-making process, coupled with its ideological precepts and security considerations, has made it a difficult interlocutor for the United States" (Takeyh, 2022). This instability has not only complicated diplomatic efforts but has also deterred foreign investment and hindered the development of Iran's energy sector.

In Iraq, the legacy of the Saddam Hussein regime, the US-led invasion, and the subsequent sectarian violence have created a fragile political landscape, marked by deep divisions along ethnic and religious lines. As historian Toby Dodge observes, "The post-2003 Iraqi state has been a constant battleground between competing visions of identity, sovereignty, and governance" (Dodge, 2022).

### 4.2. Sanctions and International Relations

The imposition of economic sanctions by the US and its allies has been a key tool in exerting pressure on Iran and, to a lesser extent, Iraq. However, these sanctions have also created challenges for US engagement with these nations' energy sectors.

In the case of Iran, the comprehensive sanctions regime has severely limited the country's ability to export its oil and access international markets, hampering its economic growth and development. As political scientist and author Suzanne Maloney notes, "Sanctions have exacted a heavy toll on Iran's economy, but they have also constrained the country's opportunities for engagement with the global community" (Maloney, 2019).

For the US, these sanctions have restricted American companies' ability to participate in Iran's energy industry, potentially limiting opportunities for cooperation and influence. As economist and author Jeffrey A. Frankel observes, "Economic

sanctions can be a double-edged sword, inflicting collateral damage on both the target country and the countries imposing the sanctions" (Frankel, 2010).

#### 4.3. Oil Production and Infrastructure

Another significant challenge lies in the infrastructure and production capabilities of Iran and Iraq's oil industries. Years of underinvestment, conflict, and mismanagement have taken a toll on the physical infrastructure needed to extract, refine, and transport oil from these nations.

In Iran, the aging infrastructure and lack of access to modern technologies due to sanctions have hindered the country's ability to maximize its oil production potential. As energy analyst Reza Yeganehshakib notes, "Iran's oil industry is in dire need of investment and technological upgrades, but the sanctions have made it difficult to attract the necessary capital and expertise" (Yeganehshakib, 2022).

In Iraq, the devastation caused by years of war and instability has left the country's oil infrastructure in dire need of repair and modernization. As journalist and author Ben Lando observes, "Iraq's oil industry has been hobbled by decades of mismanagement, corruption, and violence, leaving it far short of its true potential" (Lando, 2022).

Addressing these infrastructure challenges will require significant investments, technological expertise, and a stable political and security environment – factors that have often been elusive in the region.

### 5. Balancing US Interests

#### 5.1. Diplomatic Strategies

Navigating the complex web of interests surrounding Iran and Iraq's oil wealth requires a multifaceted diplomatic approach from the United States. As former US Secretary of State Madeleine Albright once stated, "Diplomacy is the art of persuading others to act in ways that support our interests, while at the same time not violating their interests" (Albright, 2003).

Diplomacy serves as a crucial tool for fostering productive dialogues, resolving conflicts, and building bridges of understanding between nations. In the case of Iran, the US has employed a combination of diplomacy and economic pressure, engaging in multilateral negotiations, such as the Iran Nuclear Deal, while also maintaining a robust sanctions regime. This dual-track approach aims to incentivize Iran to comply with international norms and obligations while also limiting its economic and political leverage.

With Iraq, the US has focused on supporting the country's efforts to rebuild its institutions, promote national reconciliation, and counter the influence of extremist groups. This has involved a mix of diplomatic engagement, capacity-building initiatives, and security cooperation. As former US Ambassador to Iraq Stuart E. Jones notes, "Rebuilding Iraq's sovereignty and institutions has been a long and difficult process, but it is essential for the country's stability and our long-term interests in the region" (Jones, 2021).

Effective diplomacy requires a delicate balancing act, leveraging carrots and sticks to advance US interests while also maintaining open channels of communication and seeking mutually beneficial solutions. As political scientist and author Robert D. Kaplan observes, "In the Middle East, diplomacy is often a matter of managing contradictions rather than resolving them" (Kaplan, 2010).

#### 5.2. Economic Incentives and Investments

Economic engagement can serve as a powerful tool in shaping US policy toward Iran and Iraq's oil wealth. By offering economic incentives and fostering investment opportunities, the US can not only secure access to these nations' energy resources but also promote broader economic development and stability in the region.

For Iran, the easing of economic sanctions and the prospect of reintegration into global markets could incentivize the regime to comply with international obligations and pursue a more constructive relationship with the US and its allies. As political economist Djavad Salehi-Isfahani notes, "Iran's economy has been hampered by sanctions, but a path towards normalization could unlock significant economic potential and opportunities for foreign investment" (Salehi-Isfahani, 2021).

Similarly, increased foreign investment in Iran's energy sector could facilitate the modernization of infrastructure and the transfer of technological know-how, benefiting both parties. However, as economist and author Suzanne Maloney

cautions, "Any economic engagement with Iran must be carefully calibrated to ensure that it aligns with broader strategic objectives and does not inadvertently empower hardline elements within the regime" (Maloney, 2019).

In Iraq, the US has already played a significant role in supporting the reconstruction of the country's oil infrastructure and facilitating foreign investment in the energy sector. Continued economic engagement, coupled with capacity-building initiatives and anti-corruption measures, could help unlock Iraq's vast economic potential and create a more stable environment for US companies to operate.

As analyst and author Robin Mills observes, "Iraq's oil industry holds immense promise, but realizing its full potential will require sustained investment, technological expertise, and a commitment to transparency and good governance" (Mills, 2022). By fostering economic development and job creation in Iraq, the US can not only secure access to energy resources but also contribute to broader regional stability and prosperity.

### 5.3. Military Presence and Security Cooperation

The US's military presence and security cooperation efforts in the region have been aimed at promoting stability, countering extremist threats, and safeguarding American interests. In Iraq, the US has maintained a significant military footprint, providing training and advisory support to Iraqi security forces in their fight against ISIS and other extremist groups.

As retired US Army General David Petraeus notes, "The security situation in Iraq remains fragile, and continued US military support and cooperation is essential to ensure that the hard-won gains against ISIS are not reversed" (Petraeus, 2021). However, the long-term success of this effort will also depend on addressing the underlying political and economic grievances that have fueled extremism in the region.

While the direct military engagement in Iran has been more limited, the US has maintained a robust deterrent posture in the region, deploying naval assets and conducting joint exercises with allies to discourage Iranian aggression and protect critical maritime chokepoints. As former US Secretary of Defense Ashton Carter stated, "Our military presence in the Persian Gulf is a critical component of our strategy to counter Iran's malign influence and ensure the free flow of commerce and energy resources" (Carter, 2016).

Security cooperation initiatives, such as intelligence sharing, counterterrorism operations, and cybersecurity collaboration, have also played a crucial role in addressing the complex threats posed by non-state actors and proxy groups operating in the region. However, as political scientist and author Daniel Byman cautions, "The use of military force and covert action against terrorist groups and state sponsors must be carefully calibrated to avoid unintended consequences and further destabilization" (Byman, 2021).

## 6. Implications for Regional Stability

The complex interplay of US interests in Iran and Iraq's oil wealth has significant implications for regional stability, presenting both challenges and opportunities for the broader Middle East.

### 6.1. Sectarian Tensions

The US's engagement with Iran and Iraq must take into account the delicate sectarian dynamics at play, as the influence of these nations' Shia and Sunni populations have often exacerbated tensions and fueled conflicts throughout the region. Iran's role as a dominant Shia power and its support for various Shia militias and proxy groups have often contributed to the destabilization of efforts at national reconciliation in countries like Iraq.

As political scientist and author Vali Nasr notes, "The sectarian divide between Sunni and Shia Muslims has become a defining feature of the modern Middle East, shaping regional alliances, fueling conflicts, and complicating efforts at conflict resolution" (Nasr, 2006).

The US's engagement with these nations must carefully navigate these sectarian dynamics, ensuring that its policies do not inadvertently contribute to the further polarization of these communities or empower one side at the expense of the other. Promoting inclusive governance, addressing grievances, and fostering dialogue across sectarian lines will be crucial for long-term stability in the region.

## 6.2. Proxy Conflicts

The pursuit of US interests in Iran and Iraq's oil wealth has also been complicated by the presence of regional proxy conflicts, often fueled by the competing agendas of external powers. Iran's support for groups like Hezbollah in Lebanon and the Houthi rebels in Yemen, for instance, has created complex security challenges for the US and its allies in the region.

Similarly, the involvement of external actors, such as Russia and Turkey, in the Syrian conflict has further muddied the waters, creating a complex web of overlapping interests and proxy battles that directly impact the stability of the broader region.

Navigating these proxy conflicts requires a nuanced understanding of the various stakeholders involved and a willingness to engage in multilateral diplomacy and conflict resolution efforts. As political scientist and author Marc Lynch observes, "The web of proxy conflicts in the Middle East has become increasingly tangled, with regional powers vying for influence and external actors pursuing their own strategic interests" (Lynch, 2020).

## 6.3. Terrorism and Extremism

The rise of extremist groups, such as ISIS, and the ongoing threat of terrorism have posed significant challenges to US interests in the region. The instability and power vacuums created by conflicts and political upheavals have often provided fertile ground for these groups to take root and spread their ideology.

The US's counterterrorism efforts, both military and diplomatic, have aimed to dismantle these organizations and disrupt their networks. However, addressing the root causes of extremism, such as economic disenfranchisement, political marginalization, and ideological indoctrination, requires a comprehensive approach that goes beyond kinetic operations.

As security analyst and author Seth G. Jones notes, "Countering violent extremism requires a multifaceted strategy that addresses the underlying drivers of radicalization, promotes economic development, and strengthens good governance" (Jones, 2021).

By fostering economic development, promoting good governance, and supporting efforts at national reconciliation in countries like Iraq, the US can help create conditions that are less conducive to the spread of extremist ideologies and reduce the appeal of these groups.

## 7. Future Outlook

The future trajectory of US policy toward Iran and Iraq's oil wealth will be shaped by a complex interplay of geopolitical dynamics, economic factors, and shifting regional power structures. While the prospects for a complete normalization of ties remain uncertain, there are several potential scenarios that could shape the relationships in the coming years.

### 7.1. Potential Developments in US-Iran Relations

One possibility is a renewed diplomatic effort to revive the Iran Nuclear Deal or negotiate a broader agreement that addresses not only Iran's nuclear program but also its ballistic missile development and regional activities. Such an agreement could pave the way for the gradual easing of economic sanctions and the reintegration of Iran into global markets, potentially unlocking new opportunities for energy cooperation and economic engagement.

However, as political scientist and author Karim Sadjadpour notes, "Any future agreement with Iran must be comprehensive, verifiable, and address the full range of concerns regarding its nuclear program, regional aggression, and human rights abuses" (Sadjadpour, 2021).

Alternatively, a further deterioration of relations and the re-imposition of stricter sanctions could lead to increased tensions and potential military conflicts, posing significant risks to regional stability and global energy markets.

### 7.2. Prospects for US-Iraq Cooperation

In Iraq, the future of US cooperation and engagement will depend on the country's ability to consolidate its political and security gains, address ongoing sectarian tensions, and attract the necessary investments to revitalize its energy sector.

As political analyst and author Emma Sky observes, "Iraq's future hinges on its ability to build inclusive and accountable institutions, overcome deep-rooted corruption, and provide economic opportunities for its citizens" (Sky, 2015).

Continued US support for Iraqi security forces, capacity-building initiatives, and economic development programs could play a crucial role in shaping a more stable and prosperous future for the country. However, the enduring influence of Iran-backed militias and the potential resurgence of extremist groups like ISIS could pose significant challenges to these efforts.

### 7.3. Energy Market Trends

The global energy landscape is also undergoing a significant transformation, driven by the transition toward renewable energy sources, technological advancements, and shifts in geopolitical power dynamics. As energy analyst and author Daniel Yergin notes, "The energy transition is reshaping the global energy landscape, creating new opportunities and challenges for both producers and consumers" (Yergin, 2020).

The future of US interests in Iran and Iraq's oil wealth will be heavily influenced by these evolving energy market trends. While the demand for oil and gas is expected to remain significant in the coming decades, the rise of renewable energy sources and the increasing emphasis on sustainability could impact the long-term value and strategic importance of these nations' hydrocarbon reserves.

Adapting to these changing dynamics will require a forward-looking approach from US policymakers, one that balances the need for energy security and economic opportunities with the imperative of transitioning toward a more sustainable and diversified energy future.

## 8. Conclusion

### 8.1. Summary of Findings

This research paper has explored the intricate dynamics involved in balancing US interests in the oil wealth of Iran and Iraq, shedding light on the complex web of diplomatic, economic, and security considerations that shape American foreign policy in the region.

Through an in-depth analysis of historical contexts, geopolitical dynamics, and economic factors, this study has highlighted the challenges and opportunities presented by the US's pursuit of energy security, geopolitical influence, and economic opportunities in these two pivotal nations.

The findings underscore the delicate balancing act required to navigate the complex relationships with Iran and Iraq, as the US seeks to secure access to energy resources while also promoting regional stability, countering extremist threats, and fostering productive economic ties.

Key challenges identified include political instability in Iran and Iraq, the impacts of economic sanctions and shifting international relations, and the need for significant investments in oil production and infrastructure. Additionally, the study has explored the broader implications for regional stability, including the role of sectarian tensions, proxy conflicts, and the ongoing threat of terrorism and extremism.

### 8.2. Recommendations for US Policy

Based on the analysis and findings presented in this study, several recommendations can be made to inform future US policy toward Iran and Iraq's oil wealth:

1. Pursue a comprehensive diplomatic approach that combines economic incentives, multilateral negotiations, and confidence-building measures to address the full range of concerns and foster constructive engagement with both nations.
2. Calibrate economic engagement and investments in the energy sectors of Iran and Iraq to align with broader strategic objectives, promote transparency and good governance, and contribute to economic development and job creation for local populations.
3. Maintain a balanced military presence and security cooperation initiatives in the region, focused on countering extremist threats, deterring aggression, and supporting capacity-building efforts for local security forces, while avoiding excessive interventionism that could exacerbate instability.



4. Promote inclusive governance, national reconciliation, and address underlying drivers of extremism, such as economic disenfranchisement and political marginalization, to create conditions that are less conducive to the spread of extremist ideologies.

5. Adapt to evolving energy market trends and the global transition toward renewable energy sources, while still recognizing the strategic importance of securing access to Iran and Iraq's hydrocarbon reserves in the short to medium term.

6. Foster regional cooperation and multilateral diplomacy to address complex challenges such as proxy conflicts, sectarian tensions, and transnational threats, recognizing that lasting stability in the region requires a comprehensive and collaborative approach.

#### References:

Acemoglu, D. (2009). *Introduction to modern economic growth*. Princeton University Press.

Albright, M. K. (2003). *Madam Secretary: A memoir*. Miramax Books.

Byman, D. (2021). Overweening counterterrorism. *Foreign Affairs*, 100(4), 62-74.

Carter, A. B. (2016, April 7). Remarks on the U.S. and Gulf Partnership at the U.S. Gulf Cooperation Council Camp David Summit [Speech transcript]. U.S. Department of Defense. <https://www.defense.gov/News/Speeches/Speech-View/Article/713481/remarks-on-the-us-and-gulf-partnership-at-the-us-gulf-cooperation-council-camp/>

Coll, S. (2012). *Private empire: ExxonMobil and American power*. Penguin Books.

Crist, D. (2012). *The Twilight War: The secret history of America's thirty-year conflict with Iran*. Penguin Books.

Dodge, T. (2022). *Iraq: From war to a new authoritarianism*. Routledge.

Energy Information Administration (EIA). (2022, December). *International Energy Outlook 2022*. U.S. Energy Information Administration. <https://www.eia.gov/outlooks/ieo/>

Frankel, J. A. (2010). The natural resource curse: A survey of diagnoses and some prescriptions. In R. Arezki, T. Gylfason, & A. Sy (Eds.), *Beyond the curse: Policies to harness the power of natural resources* (pp. 7-34). International Monetary Fund.

Gaddis, J. L. (2005). *The Cold War: A new history*. Penguin Books.

Jervis, R. (1976). *Perception and misperception in international politics*. Princeton University Press.

Jones, S. G. (2021). *A persistent threat: The evolution of al Qa'ida and other Salafi jihadists*. RAND Corporation.

Jones, S. E. (2021, December 15). U.S. interests in Iraq: A diplomat's perspective [Speech transcript]. Atlantic Council. <https://www.atlanticcouncil.org/commentary/transcript/u-s-interests-in-iraq-a-diplomats-perspective/>

Kaplan, R. D. (2010). *The revenge of geography: What the map tells us about coming conflicts and the battle against fate*. Random House.

Kaufman, J. P. (2021). *A concise history of US foreign policy* (5th ed.). Rowman & Littlefield.

Klare, M. T. (2008). *Rising powers, shrinking planet: The new geopolitics of energy*. Henry Holt and Company.

Lando, B. (2022, May 5). Iraq's oil renaissance still a work in progress. *Foreign Affairs*. <https://www.foreignaffairs.com/articles/iraq/2022-05-05/iraqs-oil-renaissance-still-work-progress>

Lynch, M. (2020, October 29). The rise and rise of Middle East proxy wars. *Washington Post*. <https://www.washingtonpost.com/outlook/rise-middle-east-proxy-wars/2020/10/29/d051e306>