

## FORUM: HISTORICAL SECURITY COUNCIL

## ISSUE: The 1970 petrol crisis

Alexandra Heras



## Introduction

In October of 1973, Arab countries in the Organization of the Petroleum Exporting Countries (OPEC) as well as Egypt, Syria, and Tunisia first announced their decision to “raise the posted price of oil by 70%, to \$5.11 a barrel.” This was done as a consequence for any nation that had supported Israel in the Yom Kippur War of October 1973. The following day they declared an oil embargo on the United States as well as the countries supporting the Israelis in the war; this included the Netherlands, Portugal, and South Africa. Because of the vital importance oil plays in maintaining a great number of aspects of the economy, the demand for oil did not fall; however, the rise in the price of oil led to a petrol crisis worldwide. This energy crisis saw the end of cheap gasoline and from this the New York Stock Exchange dropped by 97 billion dollars, in turn ushering a large scale recession.

## Definition of key terms

**Embargo:** an order that comes from the government which “restricts commerce or exchange with a specified country.” Embargos are most commonly created because of the “unfavorable political or economic circumstances between nations.”

**Joint communiqué:** defined as , “An international term denoting official information made public by governments of two or more States and treated as an official document.”

**Petrol:** “a liquid obtained from petroleum, used especially as a fuel for cars and other vehicles.”

## Background Information

### Founding of the OAPC:

The Organization of the Petroleum Exporting Countries was created on September 14th, 1960. It consisted of twelve members, all of which were the world’s major oil-exporting countries, including Iran, Iraq, Kuwait, Saudi Arabia and Venezuela. OPEC's objective was to “coordinate and unify petroleum policies among Member Countries, in order to secure fair and stable prices for petroleum producers; an efficient, economic and regular supply of petroleum to consuming nations; and a fair return on capital to those investing in the industry.”

### End of the Bretton Woods Agreement:

On August 15, 1971 the United States left the Bretton Woods Accord, a system that is “commonly understood to refer to the international monetary regime that prevailed from the end of World War II until the early 1970s” and in doing so they were no longer on the Gold Exchange Standard. After the United States left the accords, the industrialized nations within the agreement did the same; this “fluctuated the currencies as they stabilized against each other.”

## Major countries and organizations involved

- Egypt
- Iraq
- Kuwait
- Saudi Arabia
- South Africa
- Syria
- Tunisia
- United States of America

## Timeline of events

**August 15, 1971:** The United States is no longer in the Bretton Woods Accord



**September 1971:** The Organization of Arab Petroleum Exporting Countries (OPEC) issue a communiqué that states that from there onwards, oil will be priced for a fixed amount of gold

**October 6, 1973:** The Yom Kippur War

**October 12, 1973:** The United States delivers weapons and supplies to Israel

**October 16, 1973:** OPEC announces the rise of the posted price of oil by 70%, to \$5.11 a barrel.

**October 1973:** The Arab countries in OPEC as well as other major Arab oil exporters declare the oil embargo.

## Relevant UN Treaties:

None at this time due to the fact that this issue will be debated as if this was a current issue

## Possible Solutions

Delegates may want to come up with a solution to not only the immediate economic effects but also the more long term effects. Keep in mind that petrol is always in high demand so rationing and price controls will be essential but details of how rationing and price controls will be executed is needed. How can growth and industry be encouraged during this time? Is a search for alternative forms of energy needed? How will this petrol crisis affect international relations and what can be done to prevent this?

## Bibliography and Appendices

"In Pictures: The 20th Century in Britain." *The Telegraph*. Telegraph Media Group. Web. 11 Aug. 2015.

<http://www.telegraph.co.uk/news/picturegalleries/uknews/3400824/In-pictures-the-20th-Century-in-Britain.html?image=22>.

"Embargo Definition | Investopedia." *Investopedia*. N.p., 17 June 2007. Web. 25 Aug. 2015. <http://www.investopedia.com/terms/e/embargo.asp>.

"Oil Embargo, 1973–1974." N.p., n.d. Web. 25 Aug. 2015. <https://history.state.gov/milestones/1969-1976/oil-embargo>.

"Energy Crisis (1970s)." *History.com*. A&E Television Networks, n.d. Web. 25 Aug. 2015. <http://www.history.com/topics/energy-crisis>.



"Oil Production Decline." N.p., n.d. Web. 26 Aug. 2015.

<http://informatica.pvanhorne.nl/~stijn.c/data/pages/wikiPage.php?page=1973+oil+crisis&ion=2&lang=en>>.

International Affairs Division Attorney General's Chambers. *Joint Statements / Joint Communique*. (2013) Web. 26 Aug. 2015.

<<http://www.agc.gov.my/pdf/agcprofile/int/workshopJuly2013/%5BS3%5DWRITE%20UP%20ON%20JOINT%20STATEMENTS%20AND%20COMMUNIQUE.pdf>>.

1973 Oil Crisis (n.d.): n. pag. Web. 26 Aug. 2015.

<<http://www.basfeijen.nl/system/docs/Wikipedia%20-%201973%20oil%20crisis.pdf>>.

"Organization Of Petroleum Exporting Countries (OPEC) Definition | Investopedia." *Investopedia*. N.p., 24 Nov. 2003. Web. 27 Aug. 2015.

<<http://www.investopedia.com/terms/o/opec.asp>>.

"Benjamin J. Cohen, Bretton Woods System." *Benjamin J. Cohen, Bretton Woods System*. N.p., n.d. Web. 27 Aug. 2015.

<<http://www.polsci.ucsb.edu/faculty/cohen/inpress/bretton.html>>.

"The 1973 Oil Embargo: Its History, Motives, and Consequences." *Oil and Gas Journal*. N.p., n.d. Web. 27 Aug. 2015.

<<http%3A%2F%2Fwww.ogj.com%2Farticles%2Fprint%2Fvolume-103%2Fissue-17%2Fgeneral-interest%2Fthe-1973-oil-embargo-its-history-motives-and-consequences.html>>.

"OPEC States Declare Oil Embargo." *History.com*. A&E Television Networks, n.d. Web. 22 Oct. 2015.

