

Will Biden Shoot Himself in the Foot to Impose Sanctions on Russia?

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Global Research, April 02, 2022

Region: [Russia and FSU](#), [USA](#)

Theme: [Global Economy](#), [Oil and Energy](#)

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On Thursday, President Joe Biden ordered the largest release ever from the US emergency oil reserve in a futile attempt to bring down gasoline prices that have soared to record levels following the Russo-Ukraine War. Starting in May, the United States will release 1 million barrels per day (bpd) of crude oil for six months from the Strategic Petroleum Reserve (SPR), amounting to 180 million barrels in total, which is equivalent to only two days of the global demand.

Invoking the fabled trope of American patriotism, Biden urged the consumers not to hesitate from paying twice the amount while filling gas tanks in order for the military-industrial complex to reap billions of dollars windfalls by providing anti-aircraft and anti-armor munitions to NATO’s proxies in Ukraine.

“This is a moment of consequence and peril for the world, and pain at the pump for American families. It’s also a moment of patriotism,” Biden [said at an event](#) at the White House.

The US announcement came a day before the International Energy Agency member countries were set to meet on Friday to discuss a further [emergency oil release](#) that would follow their March 1 agreement to release about 60 million barrels that would cover only two-third of a single day’s oil demand, as the global net oil consumption per day is over 90 million barrels. With over 10 million barrels daily oil production capacity, Russia, alongside Saudi Arabia, is the world’s largest oil producer accounting for providing over 10% of the world’s crude oil demand.

As far as military power is concerned, Russia with its enormous arsenal of conventional as well as nuclear weapons more or less equals the military power of the United States. But it’s the much more subtle and insidious tactic of economic warfare for which Russia seems to have no answer following the break-up of the Soviet Union in the nineties and consequent dismantling of the once-thriving communist bloc, spanning Eastern Europe, Latin America and many socialist states in Asia and Africa in the sixties.

The current global neocolonial order is being led by the United States and its West European clients since the signing of the Bretton Woods Accord in 1945 following the Second World War. Historically, any state, particularly those inclined to pursue socialist policies, that dared to challenge the Western monopoly over global trade and economic policies was internationally isolated and its national economy went bankrupt over a period of time. But for once, it appears Washington might shoot itself in the foot by going overboard in its relentless efforts to punish Russia for invading Ukraine.

On March 17, Nazanin Zaghari-Ratcliffe and Anoosheh Ashoori, two British-Iranian nationals held in Iran since 2016 and 2017, respectively, were unexpectedly set free and were [permitted to travel](#) to the United Kingdom. In return, the British government, in what gave the impression of a ransom payment, triumphantly announced it had settled a £400m debt owed to Iran from the seventies.

The thaw in the frosty relations between the Western powers and Iran signaled that a tentative understanding on reviving the Iran nuclear deal was also reached behind the scenes, particularly in the backdrop of the Ukraine crisis and the Western efforts to internationally isolate Russia. After sanctioning Russia's 10 million barrels daily crude oil output, the industrialized world is desperately in need of Iran's 5 million barrels oil production capacity to keep the already inflated oil price from causing further pain to consumers.

Last month, Venezuela [similarly released](#) two incarcerated US citizens in an apparent goodwill gesture toward the Biden administration following a visit to Caracas by a high-level US delegation, despite the fact that Washington still officially recognizes Nicolas Maduro's detractor Juan Guaido as Venezuela's "legitimate president." Nonetheless, Venezuela is one of Latin America's largest oil producers and opening the international market to its heavy crude might provide a welcome relief in the time of global oil crunch.

Niftily forestalling the likelihood of strengthening of mutually beneficial bonds between China and Russia when the latter is badly in need for economic relief, the United States preemptively accused China of pledging to sell military hardware to Russia, when the latter, itself one of the world's leading arms exporters, didn't even make any such request to China.

US National Security Adviser Jake Sullivan held an intense seven-hour meeting in Rome with his Chinese counterpart Yang Jiechi on March 15, and warned China of "grave consequences" of evading Western sanctions on Russia. Besides wielding the stick of economic sanctions, he must also have dangled the carrot of ending trade war against China initiated by the Trump administration and continued by the Biden administration until Russia invaded Ukraine in late February.

Despite vowing to treat the Saudi kingdom as a "pariah" in the run-up to Nov. 2020 presidential elections, the [Wall Street Journal reported](#) last month the White House unsuccessfully tried to arrange calls between President Biden and the de facto leaders of Saudi Arabia and the United Arab Emirates as the US was working to build international support for Ukraine and contain a surge in oil prices.

"Saudi Crown Prince Mohammed bin Salman and the U.A.E.'s Sheikh Mohammed bin Zayed al Nahyan both declined U.S. requests to speak to Mr. Biden in recent weeks, the

officials said, as Saudi and Emirati officials have become more vocal in recent weeks in their criticism of American policy in the Gulf.

“‘There was some expectation of a phone call, but it didn’t happen,’ said a U.S. official of the planned discussion between the Saudi Prince Mohammed and Mr. Biden. ‘It was part of turning on the spigot [of Saudi oil].’

“But the Saudis and Emiratis have declined to pump more oil, saying they are sticking to a production plan approved by OPEC. Both Prince Mohammed and Sheikh Mohammed took phone calls from Russian President Vladimir Putin last week, after declining to speak with Mr. Biden.”

To add insult to the injury, Saudi Arabia has [reportedly invited](#) Chinese President Xi Jinping for an official visit to the kingdom that could happen as soon as May, and is also considering pegging its vast oil reserves in yuan, a move that could spell end to the petrodollar hegemony.

The United States and Britain were ramping up pressure on Saudi Arabia to pump more oil and join efforts to isolate Russia, while Riyadh had shown little readiness to respond and had revived a threat to ditch dollars in its oil sales to China, [Reuters reported](#) last month.

“If Saudi Arabia does that, it will change the dynamics of the forex market,” said a source with knowledge of the matter, adding that such a move—which the source said Beijing had long requested and which Riyadh threatened as far back as 2018—might prompt other buyers to follow.

Trump aptly observed: “Now Biden is crawling around the globe on his knees begging and pleading for mercy from Saudi Arabia, Iran and Venezuela.” It appears quite plausible that in its relentless efforts to internationally isolate Russia, the Biden administration is likely to unravel the whole neocolonial economic order imposed on the world after the signing of the Bretton Woods Accord following the Second World War in 1945.

In order to bring home the significance of the Persian Gulf’s oil in the energy-starved industrialized world, here are a few stats from the OPEC data: Saudi Arabia has the world’s largest proven crude oil reserves of 266 billion barrels and its daily oil production is 10 million barrels; Iran and Iraq each has 150 billion barrels reserves and has the capacity to produce 5 million barrels per day each; while UAE and Kuwait each has 100 billion barrels reserves and produces 3 million barrels per day each; thus, all the littoral states of the Persian Gulf, together, hold 788 billion barrels, over half of world’s 1477 billion barrels proven oil reserves.

In many ways, the current oil crunch caused by Washington’s unilateral decision to impose economic sanctions on Russia’s vital energy sector is similar to the oil crisis of 1973. The 1973 collective Arab oil embargo against the West following the Arab-Israel War lasted only for a short span of six months during which the price of oil quadrupled, but Washington became so paranoid after the embargo that it put in place a ban on the export of crude oil outside the US borders, and began keeping sixty-day stock of reserve fuel for strategic and military needs dubbed the Strategic Petroleum Reserve (SPR).

Regarding the reciprocal relationship between Washington and the Gulf’s autocrats, it bears mentioning that in April 2016, the Saudi foreign minister [threatened](#) that the Saudi kingdom

would sell up to \$750 billion in treasury securities and other assets if the US Congress passed a bill that would allow Americans to sue the Saudi government in the United States courts for its role in the September 11, 2001 terror attack – though the bill was eventually passed, Saudi authorities have not been held accountable for nurturing terrorism.

It's noteworthy that \$750 billion was only the Saudi investment in the United States, if we add its investment in the Western Europe and the investments of the oil-rich UAE, Kuwait and Qatar in the Western economies, the sum total would amount to trillions of dollars of Gulf's investments in the economies of North America and Western Europe.

Additionally, regarding the Western defense production industry's sales of arms to the Gulf Arab States, [a report](#) authored by William Hartung of the US-based Center for International Policy found that the Obama administration had offered Saudi Arabia more than \$115 billion in weapons, military equipment and training during its eight-year tenure.

Similarly, the top items in Trump's agenda for his maiden visit to Saudi Arabia in May 2017 were: firstly, he threw his weight behind the idea of the Saudi-led "Arab NATO" to counter Iran's influence in the region; and secondly, he announced an unprecedented arms package for Saudi Arabia.

The package included between \$98 billion and \$128 billion in arms sales and, over a period of 10 years, total sales could reach \$400 billion, as Donald Trump himself alluded to in [his conversations](#) with American journalist Bob Woodward described in the book "Rage."

President Donald Trump boasted that he protected Saudi Arabia's Crown Prince Mohammed bin Salman from congressional scrutiny after the brutal assassination of Saudi dissident Jamal Khashoggi, who was murdered at the Saudi consulate in Istanbul in October 2018.

"I saved his ass," Trump said in 2018, according to the book. "I was able to get Congress to leave him alone. I was able to get them to stop." When Woodward pressed Trump if he believed the Saudi crown prince ordered the assassination himself, Trump responded: "He says very strongly that he didn't do it. Bob, they spent \$400 billion over a fairly short period of time," Trump said.

"And you know, they're in the Middle East. You know, they're big. Because of their religious monuments, you know, they have the real power. They have the oil, but they also have the great monuments for religion. You know that, right? For that religion," Trump noted. "They wouldn't last a week if we're not there, and they know it," he added.

In this reciprocal relationship, the US provides security to the ruling families of the Gulf Arab States by providing weapons and troops; and in return, the Gulf's petro-sheikhs contribute substantial investments to the tune of hundreds of billions of dollars to the Western economies.

All the recent wars and conflicts aside, the unholy alliance between the Western powers and the Gulf's petro-monarchies is much older. The British Empire stirred uprising in Arabia by instigating the Sharifs of Mecca to rebel against the Ottoman rule during the First World War, as the Ottoman Empire had sided with Germany during the war.

After the Ottoman Empire collapsed following the war, the British Empire backed King Abdul Aziz (Ibn-e-Saud) in his violent insurgency against Sharif of Mecca Hussein bin Ali, because

the latter was demanding too much of a price for his loyalty, the unification of the whole of Arabian peninsula, including the Levant, Iraq and the Gulf Emirates, under his suzerainty as a bribe for stabbing the Ottoman Empire in the back during the First World War.

Consequently, the Western powers abandoned the Sharifs of Mecca, though the scions of the family were rewarded with kingdoms in Iraq and Jordan, imposed the Sykes-Picot Agreement of 1916 dividing Arabs into small states at loggerheads with each other, and lent their support to the nomadic Sauds of Najd.

King Abdul Aziz defeated the Sharifs and united his dominions into the Kingdom of Saudi Arabia in 1932 with the financial and military support of the British Empire. However, by then the tide of the British Imperialism was subsiding and the Americans inherited the former territorial possessions of the British Empire.

At the end of the Second World War on 14 February 1945, President Franklin D. Roosevelt held a historic meeting with King Abdul Aziz at Great Bitter Lake in the Suez Canal onboard USS Quincy, and laid the foundations of an enduring alliance which persists to this day. During the course of that momentous meeting, among other things, it was decided to set up the United States Military Training Mission (USMTM) to Saudi Arabia to “train, advise and assist” the Saudi Arabian Armed Forces.

Aside from USMTM, the US-based Vinnell Corporation, which is a private military company based in the US and a subsidiary of the Northrop Grumman, used over a thousand Vietnam War veterans to train and equip 125,000 strong Saudi Arabian National Guards (SANG) which is not under the authority of the Saudi Ministry of Defense and acts as the Praetorian Guards of the House of Saud.

In addition, the Critical Infrastructure Protection Force, whose strength is numbered in tens of thousands, is also being trained and equipped by the US to guard the critical Saudi oil infrastructure along its eastern Persian Gulf coast where 90% of 266 billion barrels Saudi oil reserves are located.

Currently, the US has deployed tens of thousands of American troops in aircraft carriers and numerous military bases in the Persian Gulf that include sprawling al-Dhafra airbase in Abu Dhabi, al-Udeid airbase in Qatar and a naval base in Bahrain where the Fifth Fleet of the US Navy is based.

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