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Playing chess in Eurasia

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Bets are off on which is the great story of 2011. Is it the Arab Spring(s)? Is it the Arab counter-revolution, unleashed by the House of Saud? Is it the "birth pangs" of the Greater Middle East remixed as serial regime changes? Is it R2P ("responsibility to protect") legitimizing "humanitarian" bombing? Is it the freeze out of the "reset" between the US and Russia? Is it the death of al-Qaeda? Is it the euro disaster? Is it the US announcing a Pacific century cum New Cold War against China? Is it the build up towards an attack on Iran? (well, this one started with Dubya, Dick and Rummy ages ago ...)

Underneath all these interlinked plots - and the accompanying hysteria of Cold War-style headlines - there's a never-ending thriller floating downstream: Pipelineistan. That's the chessboard where the half-hidden twin of the Pentagon's "long war" is played out. Virtually all current geopolitical developments are energy-related. So fasten your seat belts, it's time to revisit Dr Zbigniew Brzezinski's "grand chessboard" in Eurasia to find out who's winning the Pipelineistan wars.

Got tickets to the opera?

Let's start with Nabucco (the gas opera). Nabucco is above all a key, strategic Western powerplay; how to deliver Caspian Sea gas to Europe. Energy execs call it "opening the Southern Corridor" (of gas). The problem is this Open Sesame will only deliver if supplied by a tsunami of gas from two key "stans" - Turkmenistan and Azerbaijan.

The 3,900-kilometer Nabucco will hit five transit countries - Austria, Bulgaria, Hungary, Romania and Turkey - and it may end costing a staggering 26 billion euros (US$33.7 billion) [1].

Construction - endlessly delayed - might start by 2013. Essentially, everything is still a bloody mess. Nobody knows about prices, or the details of transit rights. Turkey is also eager to resell the gas on its own. Moreover, if Baku and Ankara decide to develop in tandem the Shah Deniz phase II [2] fields in Azerbaijan to feed the pipeline, they will need an extra $20 billion in investment.

Turkmenistan's president, the spectacularly named Gurbanguly Berdymukhamedov, sticks to his trademark wobbly script (Check him out singing his original hit "For You, My White Flower"). He always says the European Union's myriad proposals "would be studied" and cooperation with the Europeans is "a strategic priority" of his foreign policy. But the EU's Holy Grail - an ironclad agreement to get the gas - is ever more elusive. The Russians and even the Azeris bet this will never happen.

Our man Gurbanguly, savvy operator that he is, would prefer to hatch his eggs in a Chinese basket - rather than in those far-away euro-messy lands. That's why he wobbles - feigning he's open to any offer. He knows better than anybody that for the Europeans Nabucco is the key to be released (a bit) from the grip of Russia's Gazprom. At the same time he keeps in mind how to maximize his Chinese profits while not antagonizing Russia.

Every European bureaucracy (not) worth its name is behind Nabucco [3], and most of all an eager European Commission (EC), the EU's fat salary-infested executive branch. The EC's do-or-die strategic priority is to link the Turkmen port of Turkmenbashi to the Absheron Peninsula in Azerbaijan via a Trans-Caspian Gas pipeline (TCGP) [4]. It's a breeze; I did the trip on a vodka-infested Azeri cargo ship and it took me only 12 hours.

But how to pull it off? Moscow locked up all Azeri gas. Gazprom locked up all the surplus gas from Turkmenistan. The only option would be Iran. Now tell that to the US Senate - who has declared economic war [5] against Iran.

Let's go TAPI!

A detour to AfPak is in order. Not even the deities who lord over the Hindu Kush know if the $7.6 billion (and counting), 1,735-kilometer TAPI (Turkmenistan-Afghanistan-Pakistan-India) pipeline will ever be built.

For Turkmenistan's Oil and Gas Minister Bayramgeldy Nedirov, "There are no doubts that this [TAPI] project will be realized." [6] Pakistan and India - after infinite haggling - have finally agreed on pricing. Roughly a third of the pipeline's cost will be financed by the Philippines-based Asian Development Bank - since both Afghanistan and Pakistan are essentially broke.

Imagine a steel serpent entering western Afghanistan towards Herat, going south underground (to prevent terrorist bombing) parallel to the Herat-Kandahar road, then taking a detour via

Quetta - home of Taliban supremo Mullah Omar - to Multan in Pakistan and finally reaching Fazilka, on the Indian border.
To quote Sam Spade in The Maltese Falcon, "This is the stuff dreams are made of," since the Bill Clinton administration, way before 9/11 and the now virtually extinct GWOT ("global war on terror"). Cynics may read this as gas republic Turkmenistan - holder of the fourth-largest reserves in the world - doing better to promote economic development and security in Afghanistan than 100,000 US troops.

The gas for TAPI will come from the new South Yolotan-Osman field - which already supplies China (according to British auditor Gaffney, Cline & Associates this is the world's second-largest [7] gas field, after South Pars in Iran). Our man Gurbanguly, by the way, issued a decree changing the gas field's name to Galkynys - Turkmen for "Renaissance"; after all, Gurbanguly's reign has been baptized as "The Epoch of New Renaissance and Great Transformations". These "transformations" have nothing to do with the Arab Spring(s).

Here we find yet another clever gambit by our man Gurbanguly. He keeps an open door to Nabucco by freeing the gas from Dauletabad field in southeast Turkmenistan to flow via a domestic pipeline to the Caspian, and then to the oh so elusive TCGP. Even the (delicious) sturgeons in the Caspian know that without a TCGP, Nabucco is DOA.

At least for a year now our man Gurbanguly has been telling every diplomat and top oil exec in sight that he rejects Russia's interference over Turkmenistan's gas strategy. [8] But apparently he didn't inform the Russians.

Russian President Dmitri Medvedev did visit Ashgabat - the Las Vegas of Central Asia - to talk business [9]. And then, in a daring plot twist, suddenly Gazprom proclaimed its love of TAPI! Just imagine; the Americans have been dreaming of TAPI since 1996, just for rival Gazprom to barge in at overtime. No one knew what Medvedev offered to Gurbanguly so he wouldn't keep entertaining fancy Louis Vuitton ideas. Perhaps nothing. We'll come to that in a minute.

Ask the *babushkas*

TAPI's direct competition is IPI - the Iran-Pakistan-India pipeline (India, pressured by the US, has virtually dropped out; China is ready to pounce and turn it into IPC). Well, who else but Gazprom now wants to get into the IP groove as well [10], alongside China's CNPC? The Iranian stretch of the pipeline is virtually ready. The Pakistani stretch begins in early 2012. Still another Russian chess move - and Washington never saw it coming.

Even a wooden *babushka* knows what Moscow does not want; the Afghan chapter of the US Empire of Bases never going away. Then there's regime change in Syria (with the implicit end of the Russian Black Sea fleet using the port of Tartus). The North Atlantic Treaty Organization's (NATO's) advances in the Black Sea. The ever-expanding (at least rhetorically) US missile defense and the US's "New Silk Road" gambit to re-penetrate Central Asia [11].

It was Russia that authorized the Northern Distribution Network (NDN) to supply US and NATO troops in Afghanistan [12], an endless trek across Eurasia, including Uzbekistan - whose ghastly dictatorship US Secretary of State Hillary Clinton praised for its political "progress" - and Tajikistan. Pushing Moscow too far is not exactly a winning strategy.

Moscow also sees how Washington has antagonized virtually everyone in Pakistan - with the non-stop "war of the drones", the non-stop violations of territorial sovereignty, the non-stop threats to barge in and "take over your nuclear arsenal". Washington's priority is for Islamabad to attack the Pakistani Taliban in Balochistan and thus be dragged into a civil war against not only Pashtuns but also Balochis. As Moscow - and Beijing - survey the battlefield, all they have to do is bide their time while sipping green tea.

When former reds see red

The Russian-Chinese entente is not always a Bolshoi dance.

Russia wants to sell gas to China for $400 per 1,000 cubic meters (cm), the same price it charges Europe. The wily Turkmen charge the Chinese only $250. Beijing already spent $4 billion in South Yolotan (and counting); they want all the gas they can get to supply the hugely successful Turkmenistan-Uzbekistan-Kazakhstan-China pipeline (which they built), online for two years now [13]. Beijing is insatiable; oil major CNPC wants to import no less than 500% more gas from Central Asia by 2015 [14].

What this means is that for China the potentially $1 trillion-worth, 30-year gas deal with Russia may not be as imperative [15]. Gazprom's strategy boils down to two pipelines from Siberia to China. For Russia, this is absolutely essential in terms of making money out of Siberia.

Geopolitical ramifications are immense. A close Russia-China steel umbilical cord may be interpreted in Europe - a virtual hostage of Gazprom - as perhaps a signal that they need Iran more than ever. At the same time Russia remains extremely uncomfortable with China's energy onslaught all across Central Asia.

This is Beijing's take, in a nutshell. We won't pay European prices for Turkmen gas. And we don't want a TCGP to Europe. China, Russia, even Iran, no one outside NATO wants the TCGP [16].

So this is how it breaks down. The Turkmen may sell gas to China and Iran. They may even sell gas to South Asia via TAPI (after all Gazprom has joined the party). But forget about selling gas to Europe - where Gazprom rules. No one knows whether our man Gurbanguly got the message.

All hail the gas Czar

Any way you look at it, there's this inescapable feeling the Czar of Pipelineistan is Vladimir Putin (and just like the Terminator, he will be back, next March, as president, whatever his current predicament). After all, Russia produces more oil than Saudi Arabia (at least until 2015 [17]) and has the world's largest known reserves of natural gas. Around 40% of all Russian state funds come from oil and gas.

Putin's plan is deceptively simple; Gazprom "takes over" Western Europe and thus neutralizes the North Atlantic Treaty Organization (NATO).

Exhibit 1 is the Nord Stream, a $12 billion, twin 1224-km pipeline, respecting extraordinary complex environmental guidelines, launched last September. That's gas from Siberia delivered under the Baltic Sea, bypassing problematic Ukraine, straight to Germany, Britain, the Netherlands, France, Belgium, Denmark and the Czech republic (10% of the entire EU annual gas consumption, or one third of China's entire current gas consumption). Former German chancellor Gerhard Schroeder heads the Nord Stream consortium.

Exhibit 2 is the South Stream (the shareholder agreement is already signed between Russia, Germany, France and Italy). That's Russian gas delivered under the Black Sea to the southern part of the EU, through Bulgaria, Serbia, Hungary and Slovakia. Instrumental in the deal was the quality time Putin spent with his close pal, former Italian prime minister Silvio "bunga bunga" Berlusconi.

Nord Stream drove Washington nuts. Not only it redesigned Europe's energy configuration; it forged an unbreakable German-Russian strategic link. Putin, better than anyone, knows how pipelines hardwire governments. South Stream is driving Washington nuts because it beats Nabucco hands down, and it's way cheaper. Talk about a geopolitical - and geoeconomic - battle.

Washington - alarmed at what the Germans deliciously dubbed the "modernization partnership" with Russia - is left to promote European "resistance" to Gazprom's onslaught, as if Germany was Zucotti Park and Russia was the NYPD. Again here's Pipelineistan infused with political reverberations. For instance, Germany and Italy are totally against NATO expansion. The reason? Nord and South Stream. The formidable German export machine is fueled by Russian energy; the motto might be "Put a Gazprom in my Audi".

As William Engdahl, author of the seminal *A Century of War: Anglo-American Oil Politics in the New World Order*, has observed, the "Nord Stream and South Stream are poised to leap out of the world of energy security and choreograph an altogether new power dynamic in the heart of Europe." [18]

Putin's roadmap is his paper, "A new integration project for Eurasia: The future in the making", published by Izvestia in early October [19]. It may be dismissed as megalomania, but it may also be read as an *ippon* - Putin loves judo - against NATO, the International Monetary Fund and neo-liberalism.

True, President Nursultan Nazarbayev of "snow leopard" Kazakhstan was already talking about a Eurasian Union way back in 1994. Putin, though, makes it clear this wouldn't be Back In The USSR territory, but a "modern economic and currency union" stretching all across Central Asia.

For Putin, Syria is just a detail; the real thing is Eurasian integration. No wonder Atlanticists started freaking out with this suggestion of "a powerful supranational union that can become one of the poles of today's world while being an efficient connecting link between Europe and the dynamic Asia-Pacific Region". Compare it with US President Barack Obama and Hillary's Pacific doctrine [20].

You integrate when I say so

Everything is up for grabs at the crucial intersection of hardcore geopolitics and Pipelineistan. Washington's New Silk Road dream is not exactly a success. [21]

Moscow, for its part, now wants Pakistan to be a full member of the Shanghai Cooperation Organization (SCO) [22]. That also applies to China in relation to Iran. Imagine Russia, China, Pakistan and Iran coordinating their mutual security inside a strengthened SCO, whose motto is "non-alignment, non-confrontation and non-interference in the affairs of other countries". R2P it ain't.

Snags abound. For China the SCO is above all about economics and trade [23]. For Russia it's above all a security bloc [24], which must absolutely find a regional solution to Afghanistan that keeps the Taliban under control and at the same time gets rid of the Afghan chapter of the US Empire of Bases.

As Pipelineistan goes, with Russia, Central Asia and Iran controlling 50% of world's gas reserves, and with Iran and Pakistan as virtual SCO members, the name of the game becomes Asian integration - if not Eurasian. China and Russia now coordinate foreign policy in extreme detail. The trick is to connect China and Central Asia with South Asia and the Gulf - with the SCO developing as an economic/security powerhouse. In parallel, Pipelineistan may accelerate the full integration of the SCO as a counterpunch to NATO.

In realpolitik terms, that makes much more sense than a New Silk Road invented in Washington. But tell that to the Pentagon, or to a possible bomb Iran, scare China, neo-con-remote-controlled next president of the United States.

Notes

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