

Pipeline Predicament: the Ukraine-Syria-Russia-U.S. gas nexus

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“The past five years have demonstrated that the U.S. president does not have any ethical dimension for his foreign policy - Syria is one example - let alone the question of intervening to uphold the principle of non-aggression against a sovereign state.”

—Marwan Kabalan, political analyst at the Doha Institute.¹

The recent U.S.-backed coup that toppled the former government in Ukraine has been couched in the noble rhetoric of democracy, humanitarian intervention and self-determination, but a closer examination reveals an ugly underside of realpolitik whose motive is energy dominance. Like Syria, Ukraine has one of the key gas pipeline corridors coveted by the U.S. and its NATO allies that is still under the influence of a so-called R&D (resistant and defiant) country such as Russia.

To understand what is happening in Ukraine and Syria, and how Qatar and Azerbaijan are involved, we must briefly look at regional energy developments following the dissolution of the former Soviet Union. While the Persian Gulf is well known for its abundant energy resources, the Caspian Sea Basin also has seen oil exploration and production since the early 1900s however the U.S. and the west had scant involvement there before the end of the Cold War. Since the breakup of the former Soviet Union, the United States and Russia have engaged in fierce competition to control the energy resources of the newly created Caspian Sea littoral states.²

Energy in the Caspian Sea Basin generally has been developed by consortiums composed of major international oil firms with participation of state-owned enterprises. The first appearance of such a consortium was in 1993 when Chevron invested \$20 billion in a joint venture named Tengizchevroil with the government of Kazakhstan to develop the Tengiz oil field. Since the Caspian region is landlocked, Tengizchevroil partnered with Russia's Lukoil to build a 900-mile long pipeline to transport the oil to the Black Sea port of Novorossiysk. Then in 1994, a group of oil companies including BP, Lukoil and Unocal partnered with the State Oil Company of Azerbaijan (SOCAR) to form a consortium called Azerbaijan International Operating Company to develop three offshore oil fields.

SOCAR has also collaborated with the National Iranian Oil Company (NIOC), Lukoil and BP Amoco in the Shah-Deniz gas project, which was established without U.S. participation due to the Iranian involvement.³ Discovered in 1999 and estimated to hold over 40 trillion cubic feet of gas condensate, the Shah-Deniz gas field turned out to be one of the largest fields in the world,⁴ but transporting the gas from the region proved to be problematic. The most logical route to export the gas product would be through Iran to the Persian Gulf, but this was ruled out by U.S. policy; the next best route would be through Chechnya to Black Sea ports via existing Russian pipelines, but political instability precluded this option.⁵ SOCAR's final choice of a pipeline route has had a major impact on the west's role in the Caspian Basin gas nexus and has contributed to the current U.S.-Russia standoff over Ukraine and Crimea, as we shall see.⁶

By 1971, energy explorers in the Persian Gulf region had discovered the South Pars / North Dome gas-condensate field, which began producing in 1989. Jointly owned by NIOC and Qatar Petroleum, the South Pars / North Dome field is the largest in the world with estimated reserves of 1,800 trillion cubic feet of gas.⁷ In 2009, Qatar proposed a gas pipeline from the capitol Doha to Istanbul, Turkey that would cross Syria and terminate on the Mediterranean, with the gas then being shipped to Europe. Two routes were proposed: one through Saudi Arabia, Kuwait and Iraq to Turkey, and the other through Saudi Arabia, Jordan and Syria to Turkey.⁸ When Iraq failed to endorse Qatar's proposal, the only route left for the pipeline was through Syria.

Unfortunately, in 2009 Syrian President Bashar Al-Assad also declined leaving Qatar, Saudi Arabia and its western "partners" no choice but to attempt regime change in Syria. It was precisely at that time when the U.S., Great Britain and their allies began to plan covert action to destabilize Syria, according to former French foreign minister Roland Dumas.⁹ Meanwhile, Iran, Iraq and Syria signed a deal in 2010 to build the "Friendship Pipeline," a 3,480-mile natural gas pipeline connecting Iran's South Pars field to European customers. Dubbed the "Islamic Pipeline" by the west, the project would run from Iran's South Pars gas field through Iraq, Syria and Southern Lebanon, and connect to Syrian ports for exporting gas to Europe.¹⁰

On August 16, 2011, Syrian Oil Minister Sufian Allawi announced the discovery of a significant gas field near the city of Homs in the Qalamun region at Qara in the Dau Basin, adding to the country's already substantial gas reserves of 10.3 trillion cubic feet.¹¹ Noting that the first wells drilled had a flow rate of over 14 million cubic feet per day, the Syrian Oil Minister commented, "This discovery opens new perspectives in the region of Qalamun and the Syrian company will continue its drilling." It is no coincidence that by this time, U.S. President Obama had begun calling for President Al-Assad to step down, and by November, the Arab league had suspended Syria's membership,¹² removing all obstacles to the Qatar-led and U.S.-backed regime change campaign. The announcement by the Arab League also coincided with the inauguration of Russia's Nord Stream gas pipeline, as we will see below.

With the world's largest proven natural gas reserves of 1,580 trillion cubic feet,¹³ Russia has come to be the dominant supplier of fossil fuels to the European Union, providing 25 percent of both its gas and oil needs. Conversely, most of Russia's foreign currency reserves are replenished and 40 percent of its federal revenue comes from EU energy transactions, making the relationship between the EU and Russia one of interdependency.¹⁴ The U.S. has attempted to exploit this apparent Russian vulnerability, however, by bypassing the Russian gas supply chain to the European markets with the construction of the Nabucco Pipeline.

Billed as an opportunity for the EU to break free of its Russian energy dependence, the 2,060-mile Nabucco Pipeline was to run from Erzurum, Turkey, through Bulgaria, Romania and Hungary, to Baumgarten an der March, Austria. Backed by the U.S. and the EU at an estimated cost of \$10 billion, the Nabucco Pipeline was announced in February 2002 and scheduled for completion in June 2017. However, the project was aborted after Azerbaijan's SOCAR and the Shah-Deniz consortium announced on June 28, 2013 that it had decided to go with the Trans-Adriatic Pipeline (TAP) to ship its gas exports instead.¹⁵ Starting at Kipoi, Greece, TAP would traverse Albania and under the Adriatic Sea, then come ashore in southern Italy at San Foca, and

on to European markets. Originally proposed in 2003 with construction to begin in 2015, TAP is scheduled to deliver initial gas shipments to Georgia and Turkey in late 2018.¹⁶

Russia, of course, has not stood idly by while the west has made numerous attempts to carve up the Caspian Sea Basin's energy resources. In response to the west's attempts to find alternative gas sources for the EU, such as the ill-fated Nabucco Pipeline, Russia built the Nord Stream Pipeline, which has been in operation since November 2011 delivering gas from Vyborg, Russia to Lubmin near Greifswald, Germany via a route under the Baltic Sea.¹⁷ In addition, another pipeline named South Stream, whose route is to start from Anapa, Russia near Novorossiysk, then run beneath the Black Sea surfacing at Varna Bulgaria and on to Serbia, Hungary and terminate at Baumgarten,¹⁸ was proposed in 2007 with completion scheduled for 2015.¹⁹

While the South Stream route will completely bypass Ukraine and Crimea, the pipelines through Ukraine remain an important link in Russia's gas distribution system.²⁰ What we are seeing with the current U.S. policy in Ukraine is another attempt to reinstall an anti-Russian and pro-EU regime much like the Orange Government after the 2004 U.S.-instigated Color Revolution. The U.S. aim is to install a government in Ukraine that will favor joining NATO, something which ousted President Viktor Yanukovich was against as are a majority of the Ukraine people.²¹

The Washington-initiated overthrow of Ukraine's government along with the referendum in Crimea to join Russia has already forced U.S. oil firms to place their plans on hold. At a cost of \$735 million, Exxon and Royal Dutch Shell had planned to drill two wells in the Black Sea some 80 kilometers from Crimea's southwest coast however, due to unrest in Ukraine and the uncertain status of Crimea, the exploration licenses acquired by the oil giants now have dubious legality. While the drilling was to be off the coast of Crimea, it was the former Ukrainian government of Viktor Yanukovich that granted the licenses to explore in an area, which soon may no longer be under Ukrainian jurisdiction.²²

U.S.-NATO control of Ukraine and the pipelines that supply the EU with much of its gas from Russia is merely a step to weaken Russia. The next objective is the removal of the Russian Naval Fleet from the Black Sea, effectively making it into a NATO lake. The final U.S. goal is to encircle Russia with anti-missile batteries, which could down any Russian missile, thus allowing the possibility of a NATO nuclear first-strike.²³ And for those who still believe U.S. leaders have concern for anyone but themselves, a moment's reflection on Assistant Secretary of State Victoria Nuland's recent expletives concerning the EU²⁴ should dispel any such notion.

However, like the Nabucco Pipeline fiasco, the best U.S. efforts to achieve its goals may backfire, especially if Washington applies sanctions to Russia. "If Putin now faces the same techniques from Treasury as Tehran has suffered from, he may well start protecting Iran at the UNSC [UN Security Council] and allowing Russian banks to do more open business there," wrote University of Michigan professor of history Juan Cole. Moreover, he speculated, "Russia and possibly China together could begin working on an alternative to the U.S. stranglehold over global finance."²⁵ We can only hope that it will be soon, insha'Allah (God willing).

Endnotes

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