

Oil and Gas Pipelines: Pushing Ukraine to the Brink

By Mike Whitney Global Research, July 10, 2014 CounterPunch 9 July 2014 Region: <u>Europe</u>, <u>Russia and FSU</u>, <u>USA</u> Theme: <u>Oil and Energy</u>, <u>US NATO War</u> <u>Agenda</u> In-depth Report: <u>UKRAINE REPORT</u>

"The unipolar world model has failed. People everywhere have shown their desire to choose their own destiny, preserve their own cultural identity, and oppose the West's attempts at military, financial, political and ideological domination."

- Vladimir Putin

"While the human politics of the crisis in Ukraine garner all the headlines, it is the gas politics that in many ways lies at the heart of the conflict."

- Eric Draitser, <u>Waging war against Russia, one pipeline at a time</u>, RT

What does a pipeline in Afghanistan have to do with the crisis in Ukraine?

Everything. It reveals the commercial interests that drive US policy. Just as the War in Afghanistan was largely fought to facilitate the transfer of natural gas from Turkmenistan to the Arabian Sea, so too, Washington engineered the bloody coup in Kiev to cut off energy supplies from Russia to Europe to facilitate the US pivot to Asia.

This is why policymakers in Washington are reasonably satisfied with the outcome of the war in Afghanistan despite the fact that none of the stated goals were achieved. Afghanistan is not a functioning democracy with a strong central government, drug trafficking has not been eradicated, women haven't been liberated, and the infrastructure and school systems are worse than they were before the war. By every objective standard the war was a failure. But, of course, the stated goals were just public relations blather anyway. They don't mean anything. What matters is gas, namely the vast untapped reserves in Turkmenistan that could be extracted by privately-owned US corporations who would use their authority to control the growth of US competitors or would-be rivals like China. That's what the war was all about. The gas is going to be transported via a pipeline from Turkmenistan, across Afghanistan, Pakistan and India to the Arabian sea, eschewing Russian and Iranian territory. The completion of the so called TAPI pipeline will undermine the development of an Iranian pipeline, thus sabotaging the efforts of a US adversary.

The TAPI pipeline illustrates how Washington is aggressively securing the assets it needs to maintain its dominance for the foreseeable future. Now, check this out from The Express Tribune, July 5:

"Officials of Pakistan, India, Afghanistan and Turkmenistan are set to meet in Ashgabat next week to push ahead with a planned transnational gas pipeline connecting the four countries and reach a settlement on the award of the multi-billion-dollar project to US companies.

"The US is pushing the four countries to grant the lucrative pipeline contract to its energy giants. Two US firms – Chevron and ExxonMobil – are in the race to become consortium leaders, win the project and finance the laying of the pipeline," a senior government official said while talking to The Express Tribune.

Washington has been lobbying for the gas supply project, called Turkmenistan, Afghanistan, Pakistan and India (Tapi) pipeline, terming it an ideal scheme to tackle energy shortages in Pakistan. On the other side, it pressed Islamabad to shelve the Iran-Pakistan gas pipeline because of a nuclear standoff with Tehran...

According to officials, Petroleum and Natural Resources Minister Shahid Khaqan Abbasi will lead a delegation at the meeting of the TAPI pipeline steering committee on July 8 in Ashgabat.

...At present, bid documents are being prepared in consultation with the Asian Development Bank, which is playing the role of transaction adviser. The documents will be given to the two companies only for taking part in the tender.

Chevron is lobbying in India, Pakistan and Afghanistan to clinch a deal, backed by the US State Department. However, other companies could also become part of the consortium that will be led either by Chevron or ExxonMobil." (<u>TAPI</u> <u>pipeline: Officials to finalise contract award in Ashgabat next week</u>, The Express Tribune)

So the pipeline plan is finally moving forward and, as the article notes, "The documents will be given to the two companies only for taking part in the tender."

Nice, eh? So the State Department applies a little muscle and "Voila", Chevron and Exxon clinch the deal. How's that for a free market?

And who do you think is going to protect that 1,000 mile stretch of pipeline through hostile Taliban-controlled Afghanistan?

Why US troops, of course, which is why US military bases are conveniently located up an down the pipeline route. Coincidence?

Not on your life. Operation "Enduring Freedom" is a bigger hoax than the threadbare war on terror.

So let's not kid ourselves. The war had nothing to do with liberating women or bringing democracy to the unwashed masses. It was all about power politics and geostrategic maneuvering; stealing resources, trouncing potential rivals, and beefing up profits for the voracious oil giants. Who doesn't know that already? Here's more background from the Wall Street Journal:

"Earlier this month, President Obama sent a letter to (Turkmenistan) President Berdimuhamedow emphasizing a common interest in helping develop Afghanistan and expressing Mr. Obama's support for TAPI and his desire for a major U.S. firm to construct it.

... Progress on TAPI will also jump-start many of the other trans-Afghan

transport projects—including roads and railroads—that are at the heart of America's "New Silk Road Strategy" for the Afghan economy.

The White House should understand that if TAPI isn't built, neither U.S. nor U.N. sanctions will prevent Pakistan from building a pipeline from Iran." (<u>The Pipeline That Could Keep the Peace in Afghanistan</u>, Wall Street Journal)

Can you see what's going on? Afghanistan, which is central to Washington's pivot strategy, is going to be used for military bases, resource extraction and transportation. That's it. There's not going to be any reconstruction or nation building. The US doesn't do that anymore. This is the stripped-down, no-frills, 21st century imperialism. "No nation for you, buddy. Just give us your gas and off we'll go." That's how the system works now. It's alot like Iraq -the biggest hellhole on earth-where "oil production has surged to its highest level in over 30 years". (according to the Wall Street Journal) And who's raking in the profits on that oil windfall?

Why the oil giants, of course. (ExxonMobil, BP and Shell) Maybe that's why you never read about what a terrible mistake the war was. Because for the people who count, it really wasn't a mistake at all. In fact, it all worked out pretty well.

Of course, the US will support the appearance of democracy in Kabul, but the government won't have any real power beyond the capital. It never did anyway. (Locals jokingly called Karzai the "mayor of Kabul") As for the rest of the country; it will be ruled by warlords as it has been since the invasion in 2001. (Remember the Northern Alliance? Hate to break the news, but they're all bloodthirsty, misogynist warlords who were reinstated by Rumsfeld and Co.)

This is the new anarchic "Mad Max" template Washington is applying wherever it intervenes. The intention is to dissolve the nation-state in order to remove any obstacle to resource extraction, which is why failed states are popping up wherever the US sticks its big nose. It's all by design. Chaos is the objective. Simply put: It's easier to steal whatever one wants when there's no center of power to resist.

This is why political leaders in Europe are so worried, because they don't like the idea of sharing a border with Somalia, which is exactly what Ukraine is going to look like when the US is done with it.

In Ukraine, the US is using a divide and conquer strategy to pit the EU against trading partner Moscow. The State Department and CIA helped to topple Ukraine's elected President Viktor Yanukovych and install a US stooge in Kiev who was ordered to cut off the flow of Russian gas to the EU and lure Putin into a protracted guerilla war in Ukraine. The bigwigs in Washington figured that, with some provocation, Putin would react the same way he did when Georgia invaded South Ossetia in 2006. But, so far, Putin has resisted the temptation to get involved which is why new puppet president Petro Poroshenko has gone all "Jackie Chan" and stepped up the provocations by pummeling east Ukraine mercilessly. It's just a way of goading Putin into sending in the tanks.

But here's the odd part: Washington doesn't have a back-up plan. It's obvious by the way Poroshenko keeps doing the same thing over and over again expecting a different result. That demonstrates that there's no Plan B. Either Poroshenko lures Putin across the border and into the conflict, or the neocon plan falls apart, which it will if they can't demonize Putin as a "dangerous aggressor" who can't be trusted as a business partner.

So all Putin has to do is sit-tight and he wins, mainly because the EU needs Moscow's gas. If energy supplies are terminated or drastically reduced, prices will rise, the EU will slide back into recession, and Washington will take the blame. So Washington has a very small window to draw Putin into the fray, which is why we should expect another false flag incident on a much larger scale than the fire in Odessa. Washington is going to have to do something really big and make it look like it was Moscow's doing. Otherwise, their pivot plan is going to hit a brick wall. Here's a tidbit readers might have missed in the Sofia News Agency's novinite site:

"Ukraine's Parliament adopted .. a bill under which up to 49% of the country's gas pipeline network could be sold to foreign investors. This could pave the way for US or EU companies, which have eyed Ukrainian gas transportation system over the last months.

...Prime Minister Arseniy Yatsenyuk was earlier quoted as saying that the bill would allow Kiev to "attract European and American partners to the exploitation and modernization of Ukraine's gas transportation," in a situation on Ukraine's energy market he described as "super-critical". Critics of the bill have repeatedly pointed the West has long been interest in Ukraine's pipelines, with some seeing in the Ukrainian revolution a means to get access to the system. (Ukraine allowed to sell up to 49% of gas pipeline system, novinite.com)

Boy, you got to hand it to the Obama throng. They really know how to pick their coupleaders, don't they? These puppets have only been in office for a couple months and they're already giving away the farm.

And, such a deal! US corporations will be able to buy up nearly half of a pipeline that moves 60 percent of the gas that flows from Russia to Europe. That's what you call a tollbooth, my friend; and US companies will be in just the right spot to gouge Moscow for every drop of natural gas that transits those pipelines. And gouge they will too, you can bet on it.

Is that why the State Department cooked up this loony putsch, so their fatcat, freeloading friends could rake in more dough?

This also explains why the Obama crowd is trying to torpedo Russia's other big pipeline project called Southstream. Southstream is a good deal for Europe and Russia. On the one hand, it would greatly enhance the EU's energy security, and on the other, it will provide needed revenues for Russia so they can continue to modernize, upgrade their dilapidated infrastructure, and improve standards of living. But "the proposed pipeline (which) would snake about 2,400 kilometers, or roughly 1,500 miles, from southern Russia via the Black Sea to Bulgaria, Serbia, Hungary and ultimately Austria. (and) could handle about 60 billion cubic meters of natural gas a year, enough to allow Russian exports to Europe to largely bypass Ukraine" (New York Times) The proposed pipeline further undermines Washington's pivot strategy, so Obama, the State Department and powerful US senators (Ron Johnson, John McCain, and Chris Murphy) are doing everything in their power to torpedo the project.

"What gives Vladimir Putin his power and control is his oil and gas reserves and West and Eastern Europe's dependence on them," Senator Johnson said in an interview. "We need to break up his stranglehold on energy supplies. We need to bust up that monopoly." (New

York Times)

What a bunch of baloney. Putin doesn't have a monopoly on gas. Russia only provides 30 percent of the gas the EU uses every year. And Putin isn't blackmailing anyone either. Countries in the EU can either buy Russian gas or not buy it. It's up to them. No one has a gun to their heads. And Gazprom's prices are competitive too, sometimes well-below market rates which has been the case for Ukraine for years, until crackpot politicians started sticking their thumb in Putin's eye at every opportunity; until they decided that that they didn't have to pay their bills anymore because, well, because Washington told them not to pay their bills. That's why.

Ukraine is in the mess it's in today for one reason, because they decided to follow Washington's advice and shoot themselves in both feet. Their leaders thought that was a good idea. So now the country is broken, penniless and riven by social unrest. Regrettably, there's no cure for stupidity.

The neocon geniuses apparently believe that if they sabotage Southstream and nail down 49 percent ownership of Ukraine's pipeline infrastructure, then the vast majority of Russian gas will have to flow through Ukrainian pipelines. They think that this will give them greater control over Moscow. But there's a glitch to this plan which analyst Jeffrey Mankoff pointed out in an article titled "Can Ukraine Use Its Gas Pipelines to Threaten Russia?". Here's what he said:

"The biggest problem with this approach is a cut in gas supplies creates real risks for the European economy... In fact, Kyiv's efforts to siphon off Russian gas destined to Europe to offset the impact of a Russian cutoff in January 2009 provide a window onto why manipulating gas supplies is a risky strategy for Ukraine. Moscow responded to the siphoning by halting all gas sales through Ukraine for a couple of weeks, leaving much of eastern and southern Europe literally out in the cold. European leaders reacted angrily, blaming both Moscow and Kyiv for the disruption and demanding that they sort out their problems. While the EU response would likely be somewhat more sympathetic to Ukraine today, Kyiv's very vulnerability and need for outside financial support makes incurring European anger by manipulating gas supplies very risky." (Can Ukraine Use Its Gas Pipelines to Threaten Russia, two paragraphs)

The funny thing about gas is that, when you stop paying the bills, they turn the heat off. Is that hard to understand?

So, yes, the State Department crystal-gazers and their corporate-racketeer friends might think they have Putin by the shorthairs by buying up Ukraine's pipelines, but the guy who owns the gas (Gazprom) is still in the drivers seat. And he's going to do what's in the best interests of himself and his shareholders. Someone should explain to John Kerry that that's just how capitalism works.

Washington's policy in Ukraine is such a mess, it really makes one wonder about the competence of the people who come up with these wacko ideas. Did the brainiacs who concocted this plan really think they'd be able to set up camp between two major trading partners, turn off the gas, reduce a vital transit country into an Iraq-type basketcase, and start calling the shots for everyone in the region?

Europe and Russia are a perfect fit. Europe needs gas to heat its homes and run its machinery. Russia has gas to sell and needs the money to strengthen its economy. It's a win-win situation. What Europe and Russia don't need is the United States. In fact, the US is the problem. As long as US meddling persists, there's going to be social unrest, division, and war. It's that simple. So the goal should be to undermine Washington's ability to conduct these destabilizing operations and force US policymakers to mind their own freaking business. That means there should be a concerted effort to abandon the dollar, ditch US Treasuries, jettison the petrodollar system, and force the US to become a responsible citizen that complies with International law.

It won't happen overnight, but it will happen, mainly because everyone is sick and tired of all the troublemaking.

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