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## Oil Wars: China, Russia scores big against US in Central Asia

By: fromPortugal on: 20.12.2005 [16:12 ] (691 reads)



...On December 15, the state-owned China National Petroleum Corp (CNPC) inaugurated an oil pipeline running from Kazakhstan to northwest China. The pipeline will undercut the geopolitical significance of the Washington-backed Baku-Tbilisi-Ceyhan (BTC) oil pipeline which opened this past summer amid big fanfare and support from Washington...

...That means closer China Kazakhstan-Russia energy cooperation - the nightmare scenario of Washington...

...The United States stands to lose major leverage over the entire strategic Eurasian region with the latest developments...

...The new China pipeline runs 962 kilometers (598 miles) and will take China a third of the way to Kashagan in the Caspian Sea, one of the world's largest accessible oil reserves...

'...'China will for the first time have secured a source of imported energy not vulnerable to US aircraft carrier battle groups, as is the case with present oil deliveries from the Persian Gulf and Sudan...'

...This has major strategic implications for the future of the Washington-backed BTC oil pipeline. That pipeline was built by the Caspian Oil Consortium headed by British Petroleum, and was backed by both Clinton and George W Bush, despite the fact that it was the most costly and least viable oil route out of the Caspian...

...Iran's Petroleum Minister announced that Tehran would like to see China replace Japan as Iran's largest oil importer...

## China lays down gauntlet in energy war

By F William Engdahl

On December 15, the state-owned China National Petroleum Corp (CNPC) inaugurated an oil pipeline running from Kazakhstan to northwest China. The pipeline will undercut the geopolitical significance of the Washington-backed Baku-Tbilisi-Ceyhan (BTC) oil pipeline which opened this past summer amid big fanfare and support from Washington.

The geopolitical chess game for the control of the energy flows of Central Asia and overall of Eurasia from the Atlantic to the China Sea is sharply evident in the latest developments.

**Making the Kazakh-China oil pipeline link even more politically interesting, from the standpoint of an emerging Eurasian move towards some form of greater energy independence from Washington, is the fact that China is reportedly considering asking Russian companies to help it fill the pipeline with oil, until Kazakh supply is sufficient.**

Initially, half the oil pumped through the new 200,000 barrel-a-day pipeline will come from Russia because of insufficient output from nearby Kazakh fields, Kazakhstan's Vice Energy Minister Musabek Isayev said on November 30 in Beijing. **That means closer China-Kazakhstan-Russia energy cooperation - the nightmare scenario of Washington.**

**Simply put, the United States stands to lose major leverage over the entire strategic Eurasian region with the latest developments.** The Kazakh developments also have more than a little to do with the fact that the Washington war drums are beating loudly against Iran.

**The new China pipeline runs 962 kilometers (598 miles) and will take China a third of the way to Kashagan in the Caspian Sea, one of the world's largest accessible oil reserves.** Kashagan is the largest new oil discovery in decades and exceeds the size of the North Sea. This is a major reason Washington has such a strong interest in supporting democratic regime change in the Central Asia region of late.

In the next 10 years, Kazakhstan plans to almost triple oil production, prompting the landlocked nation to seek new export routes because the country wants to avoid pipelines through Russia and excessive Russian dependence. China is now among Kazakhstan's major target markets.

Best public estimates are that Kazakhstan has 35 billion barrels of discovered oil reserves, twice the amount in the North Sea, and may hold about three times more, according to a Kazakh government report released on November 18 in London. German oil engineers have privately reported that recent drilling by Italy's AGIP, the current oil consortium leader for Kashagan, a huge field offshore Kazakhstan southwest of Tengiz, has confirmed enormous oil deposits there.

The government of President Nursultan Nazarbayev plans to produce 3.6 million barrels a day of oil from all fields in Kazakhstan, onshore and off, by 2015. For 2005, they expect to average about 1.3 million barrels a day, making Kazakhstan far larger than Azerbaijan, and second in oil production of the former Soviet states only to Russia.

The December 15 opening of the new Kazakh-China pipeline was a major event for Beijing. Zhang Guobao, vice chairman of the National Development and Reform Commission, China's top economic planning agency, attended the opening. CNPC has invested more than \$2.6 billion in Kazakhstan since 1997.

Beijing takes the geopolitical prize

**In October, Beijing scored a second major geopolitical coup when China completed a \$4.18 billion takeover of PetroKazakhstan Inc. It was, in a sense, revenge on Washington for the blocking of the China acquisition of**

**Unocal.** US oil majors had made major efforts to lock up Kazakhstan oil after discovery of major oil offshore in the Kashagan field. They failed. ExxonMobil was charged with bribery of Kazakh officials to win a presence in the Kazakh oil business, and a senior Mobil executive was later jailed on US tax evasion in New York tied to the Kazakh bribery payments.

Nazarbayev enjoys good relations with Russia's President Vladimir Putin. He was general secretary of the Communist Party when Kazakhstan was part of the USSR, and is regarded as a sly fox in terms of dealing with Moscow, while also keeping a clear distance from Moscow.

In October, Russia's Lukoil failed in its bid to buy up the Kazakh state oil company, PetroKazakhstan, in a privatization. Nazarbayev indicated a major geopolitical shift in strategy, compared with a decade or more ago, when it appeared that Washington was to be the major foreign ally of Nazarbayev. At that time Secretary of State Condoleezza Rice's company, Chevron, became the lead oil contractor and operator in the Kazakh Tengiz oil field. That was just after the breakup of the Soviet Union and the US oil presence in Kazakhstan was a major US political priority supported by the Bill Clinton administration.

The Chevron Tengizcheoil consortium formed the Caspian Pipeline Consortium (CPC) in 1993 amid great fanfare. After years of haggling with the Kazakh government, Chevron finally constructed a pipeline from Tengiz on the Caspian's northeastern shore to the Russian port of Novorossiysk on the Black Sea. Following years of pressure, most members of the CPC group, including Chevron and Oman Oil Co, decided to not pursue future expansions of the CPC line.

Now, a decade later and with the scope of Kazakh oil deposits dwarfing any in the region, with its recent confirmed drillings in the Kashagan field, Nazarbayev has scored a political balance of power coup by turning to Beijing.

In October, Nazarbayev announced that CNPC had won the bid to buy PetroKazakhstan. What will be important to watch, now that Nazarbayev won re-election on December 4, further extending his 14-year reign, is to what extent Washington begins to play up "human rights abuses" by Nazarbayev.

A fledgling "Orange" revolution a la Ukraine has sprung up behind opposition candidate Zharmakhan Tuyakbai and his party, For a Just Kazakhstan. He came in second with 6.6% of the vote and cried fraud, but Washington's and the US media response were muted this time. Rice, in a major trip to shore up sagging US influence in Central Asia on October 10-13, held a private meeting with Tuyakbai. He is clearly being groomed for a possible future role, but clearly not yet.

Washington suffers strategic setback

**A major setback for Washington's Eurasian encirclement strategy vis-a-vis China and Russia came several months ago when Uzbekistan's autocratic president Islam Karimov told Washington it could no longer use the Karshi-Khanabad military air base in southeast Uzbekistan, a major piece in Washington's Eurasian chess board play, put into place after September 11, 2001.**

Since strong US protest over the government's bloody suppression of protests against a state trial of alleged Islamic fundamentalists in Andijan last May, Karimov's relations with Washington have deteriorated. Karimov's decision to move so aggressively was no doubt influenced by the successful March "Tulip" revolution which toppled Askar Akayev in neighboring Kyrgystan and set the stage for the July election of opposition and US-backed candidate Kurmanbek Bakiev.

On July 29, Karimov announced he was evicting the US entirely from the airbase with a January 2006 exit date. In October, the US Senate, as retaliation, voted not to pay \$23 million in base user fees to Uzbekistan for past use. Moscow and Beijing have both moved into the vacuum. A look at the map will indicate why. **Uzbekistan is strategic for control or to prevent control by foreign powers such as Washington, of Central Asia and pipeline routes linking Russia, China and Kazakhstan. In October 2004, Moscow secured a long-term military base agreement to station thousands of Russian troops in the capital, Dushanbe, a move by Moscow to limit the spread of Washington-backed "color revolutions" in the region.**

**That appeared to redraw the Eurasian geostrategic map in Moscow's favor, with the recent US loss of Uzbekistan. Uzbekistan is now effectively Russia's main ally in Central Asia.**

Washington's position in Eurasia and its future relations with Kazakhstan suddenly assumed high priority. Clearly, the Bush administration decided the time was not ripe to try a full-blown "Orange" revolution in Kazakhstan this month, at least not until Washington's position in the region was stronger. That was a clear purpose of the October Rice visit.

But now with the strong geopolitical turn of Nazarbayev toward playing Beijing to offset potential Washington domination in the region, the situation has begun to change dramatically. A year ago, China attempted to buy out a 16% share in the Kashagan consortium from British Gas, which was willing to sell. That sale was blocked by US consortium member ExxonMobil, the company subsequently charged with bribery and convicted. Now China has opened an oil flow out of Kazakhstan to the East, not the West.

**This has major strategic implications for the future of the Washington-backed BTC oil pipeline. That pipeline was built by the Caspian Oil Consortium headed by British Petroleum, and was backed by both Clinton and George W Bush, despite the fact that it was the most costly and least viable oil route out of the Caspian.**

**Former US national security advisor Zbigniew Brzezinski had been the chief Washington lobbyist advocating the BTC route to circumvent Russia. Its construction was undertaken on the assumption that it would carry not only Baku oil, but also a major share of Kazakh oil from Tengiz and offshore Kashagan oil fields. Oops!**

A larger China energy strategy

The December China-Kazakhstan pipeline opening is one part of a massive Chinese plan to secure as much Kazakh oil riches as possible.

The Chinese plan to connect several pieces of infrastructure - part Soviet-built, part Chinese-built - then reverse the flow of some of them and forge a new export corridor stretching from Kazakhstan's oil-rich Caspian basin, including Kashagan, through a series of western and central-Kazakh oil zones, and ultimately into China. With completion of this major project, **China will for the first time have secured a source of imported energy not vulnerable to US aircraft carrier battle groups, as is the case with present oil deliveries from the Persian Gulf and Sudan.**

**Before opening the new pipeline, China imported only 25,000 bpd from Kazakhstan. Once the link between Kenkiyak and Kumkol is finished, connecting existing infrastructure near the Caspian with the portion inaugurated on December 15, the project will pump 1 million bpd. That would be about 15% of China's crude oil needs.**

China then plans to tap into production from dozens of Kazakh sites it has acquired during the past several years. This is oil that currently goes west, or north through Russia.

Beijing still prefers the color 'red'

Beijing has also studied the Washington-backed series of regime changes across Central Asia and the "color revolutions" from Georgia to Ukraine and most recently Kyrgyzstan, and has evidently decided to "nip in the bud" any similar non-governmental organization efforts within China, or in areas strategic to long-term China energy security.

Kyrgyzstan's "Tulip" revolution last July sounded alarm bells in Beijing. Possible Chinese pipeline links to Kazakhstan, Turkmenistan, Iran and or Russia would clearly be threatened by a ring of new pro-North Atlantic Treaty Organization neighbors and states between western China and its potential oil sources. Their alarm led to warmer ties between Uzbekistan's Karimov and Beijing in recent months, as well as an invitation from Moscow-tied Belarus President Yuri Lukashenko.

The Washington journal Foreign Policy ran a short item in its October edition by an apparent Chinese dissident. The article, titled, "China's Color-Coded Crackdown", is worth quoting:

In China's halls of power, the fall of post-Soviet authoritarian regimes has raised the uncomfortable specter of a Chinese popular uprising. According to the Hong Kong-based Open magazine, a report by Chinese President Hu Jintao, titled "Fighting the People's War Without Gunsmoke", is guiding the Chinese Communist Party's "counterrevolution" offensive. The report, disseminated inside the party, outlines a series of measures aimed at nipping a potential Chinese "color revolution" in the bud.

Some Chinese apparently call it the Battle of the Two Georges - George Bush and global financier George Soros. The Foreign Policy piece continues: Perhaps the most telling sign of China's concern has been its crackdown on non-governmental organizations (NGOs). Beijing believes that international organizations, especially advocacy NGOs, have acted as Washington's "black hands" behind the recent regime changes in Central Asia. A recent issue of a biweekly journal run by the Communist Party Propaganda Department referred to Washington's "\$1 billion annual budget for global democratization" and identified NGOs such as the International Republican Institute, the National Endowment for Democracy (NED), the US Institute of Peace and the Open Society Institute as organizations that "brainwash" local people and train political oppositions.

In late August, ahead of a visit by the UN high commissioner for human rights, Chinese police raided the office of the Empowerment and Rights Institute, a human rights group supported by the NED. A new regulation offering more freedom to NGOs was initially expected later this year. No longer. The Ministry of Civil Affairs has now stopped processing registration applications, effectively freezing many groups' operations. Instead, the only government offices taking an interest in NGOs are the national security agency [China's secret police](#) and public security forces.

Both have launched investigations into local NGOs. Some senior Chinese managers working for international NGOs have been called in for "private talks" with authorities, though no related arrests or detentions have been reported. Some NGO offices have had plainclothes security officers show up in an effort to clandestinely ferret out information on foreign staff and organizations. Environmental groups have been singled out for a massive government survey, most likely because they have angered powerful agencies by successfully initiating public debates on controversial issues, such as genetically modified foods and huge dam projects, and because only around 10% of green groups are currently registered with the state.

Meanwhile, Beijing has commissioned researchers from several provincial academies of social science to study the activities of NGOs in China. NGO publications such as directories experienced unexpectedly strong sales in recent months, as they no doubt became convenient study tools. Likewise, experts have been dispatched to Central Asia to study how those color revolutions first sprung roots. In a May 19 Politburo meeting, senior administrators from the Chinese Academy of Social Sciences, where foreign research funds are usually well received, were reminded of the "acute and complicated struggle in the ideological realm in the new millennium". In other words, be careful about the political implications of your research.

According to sources in Beijing, final decisions on the government's approach to NGOs will be made in a November meeting of the State Council, China's highest executive body. As long as the clouds of color revolution are hovering over Central Asia - some, for example, expect storms in Belarus - the Chinese government will stay on high alert ... Beijing's moves against the country's NGO community remain largely unnoticed outside China. If the international community wants an open and democratic China, it should pay more attention to the survival and growth of Chinese liberal institutions. Otherwise, the country will be destined to remain the same shade of red. Beijing-Tehran-Moscow

**At the end of 2004, Beijing signed a \$70 billion energy agreement with Tehran, China's largest Organization of Petroleum Exporting Countries energy deal to date. China's state Sinopec agreed to buy 250 million tons of LNG over 30 years from Iran, as well as to develop the giant Yadavaran field. That agreement covered the comprehensive development by Sinopec of the giant Yadavaran gas field, construction of a related petrochemical and gas industry including pipelines.**

**As part of the huge Iran-China economic cooperation agreement, China's state-run military construction company, NORINCO, will expand the Tehran Metro underground.**

**A second phase in the Iran-China strategic energy cooperation will involve constructing a pipeline in Iran to take oil some 386 kilometers to the Caspian Sea, there to link up with the planned pipeline from China into Kazakhstan.**

**On signing the deal, Iran's Petroleum Minister announced that Tehran would like to see China replace Japan as Iran's largest oil importer. As well, Iran has what are estimated to be the world's second largest reserves of natural gas after Russia. Iran is a place of enormous strategic importance to China, to Japan, to Russia, to the European Union, and for all these reasons, to Washington as well.**

**Iran supplies about 14% of China's oil.** Along with Russia, China has been involved since the late 1990s in supplying nuclear technology to Tehran. In 1997, Beijing, under Washington pressure, nominally agreed to stop nuclear-related shipments to Iran, but the flows are believed continuing as the Iran relation is strategic and critical to China's energy security.

China, a veto member of the UN Security Council, has repeatedly called for the issue of Iranian nuclear development to be dealt with by the International Atomic Energy Agency (IAEA). The IAEA's chief, Nobel Peace Prize awardee, Mohamed ElBaradei, has earned the enmity of Washington war hawks for his open declarations of lack of evidence in both Iraq and now of Iranian atomic bomb capability.

Given the nature of the Bush administration's rush to war in Iraq in 2003, where China had a major stake in oil development, and the subsequent US blocking of other Chinese attempts at securing energy independence, including Unocal, it is not surprising that Beijing is taking extraordinary measures to secure its long-term oil and gas supply.

Energy is the Achilles' heel of China's economic growth. Beijing knows that only too well. So does Washington. A decision by Washington to take military action against Iran now would pull a far larger cast of actors into the fray than Iraq.

F William Engdahl is author of the book, A Century of War: Anglo-American Oil Politics and the New World Order from Pluto Press Ltd. He can be contacted via his website, [www.engdahl.oilgeopolitics.net](http://www.engdahl.oilgeopolitics.net).

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#### **Great Move!**

by AnaII on 20.12.2005 [18:57 ]

William F. Engdahl wrote one of the most important books on geopolitics of this century, A CENTURY OF WAR. Its imperative to read it.

I have a question concerning the importance of this move (and, not least, the realignment of Asian Countries around the summit in Kuala Lumpur, a few days ago): what the hell did Cheney do in Pakistan yesterday? Whenever Musharaf goes to Washington or some high profile dude from Washington goes to Islamabad, big shit happens... Are the bad guys preparing any new attack? Could it be connected to Uzbekistan or Kazakhstan?

#### **@ AnaII :**

by jouna on 20.12.2005 [20:05 ]

Cheney went to Pakistan because:

- 1) The US Coalition in Iraq is falling apart and US needs desperately new troops to replace them
- 2) The new plan being to get Arab troops to replace them (from Jordan, Egypt, Saudi-Arabia, (Muslim India, PAKISTAN etc.

I've reported of this in VP Cheney Makes Surprise Visit to Iraq, (LINK: [www.iraqwar.mirror-world.ru/article/73903](http://www.iraqwar.mirror-world.ru/article/73903)) so read this and follow the links given there to my early reporting, and you'll get an accurate picture of the situation.

BTW: As far as I can see this 'Arab auxiliaries plan'

- (1) is coming too late to be effective
- (2) is known by Russian govt, which is aware (and working against) it for the reason that
- (3) also the US M-East allies are against it, being high explosive for the entire Middle East

What comes to Pakistan, they're out, because they now

- (1) Co-operate with Iran, India, (and Russia) with gas pipe line Iran-India
- (2) Pakis (including Musharaf are aware that US and UK intended to deceive them (among all others, including Saudis), too after the Iraq-Afghanistan war was over.

### **look Jouna...**

by AnaII on 20.12.2005 [22:28 ]

I didn't notice your very, very interesting earlier post, indeed. And yes, I think it may be it and nothi more... Still, Pakistanis are very good at covert operations and quite lousy in what concerns to battleground (Cf wars with India).

But look at the operation «jihad against infidells» alongside CIA in Afghanistan, look at 911... I think Cheney didn't need a face to face meeting to convince Musharraf to have troops in Irak (they do hav right now!). All he needed would be a call! In fact, they need to be face to face only to work out stuff top secret, like a new terrorist attack somewhere?

But I agree with you on everything that's related to the hurry in finding new dudes to fight in Iraq, including Pakistan...

### **@ AnaiI : Was suspicious too, but confirmed this some days ago, now here:**

by jouna on 20.12.2005 [22:51 ]

1. Pakistan, India to discuss Iran gas pipeline project structure

LINK: [www.irna.ir/en/news/view/menu-234/0512200229134516.htm](http://www.irna.ir/en/news/view/menu-234/0512200229134516.htm)

QUOTE: "Pakistan and India will discuss the project structure of the proposed multi-billion Iran gas pipeline in the next meeting of their Joint Working Group in Islamabad in February, the Pakistan Foreign Office said on Monday."

INFO: This is real energy, coming to Pakistan from Iran, cut off immediately if Pak messes things in Iraq (there are a lot of Shias near to the hearts of people in Tehran)

2. Pakistan to stand by Iran in case of aggression: Kasuri

LINK: [www.khaleejtimes.com/DisplayArticle.asp?](http://www.khaleejtimes.com/DisplayArticle.asp?xfile=data/subcontinent/2005/December/subcontinent_December684.xml&section=subcontinent&co)

xfile=data/subcontinent/2005/December/subcontinent\_December684.xml&section=subcontinent&co

INFO: There was a wire preceding this one headlining something like 'Pakistan fiercely opposes any military action against Iran'. Also, when the Bush-Blair discussion about deceiving Saudis and Paks after Iraq & Afganistan, Musharraf said something like 'Pakistan has to re-think its global military strategy completely'.

Obviously it has done so. They side with the good guys nowadays :)

### **one more**

by AnaII on 20.12.2005 [23:29 ]

It could be just like you say... I'm not sure, just suspicious of that trip.

But don't get too excited about Pakistan:

1. It gets billions from US

2. It has order to go along India (and that connects to US interets completely, note)

3. If Pakistan didn't agree to that Pakistan, Iran and India would settle on a maritime one - both countries were having discussions on that, to skip Pakistan. If this plan would have succed, then Pakistan would loose everything, wouldn't it?)

4. It's Musharraf who is giving advise to Bush «Don't attack arab countries, if you don't want to alienate every muslim in the world)

5. Musharraf did do the unthinkable: it recognized Israel

And, last but not the least: Pakistan isn't trustfull never, ever! It always plays a doublesword!

Like everyone should, nowadays, don't you agree?

### **Iran is the main headache for the US at present**

by cosmo on 20.12.2005 [23:51 ]

All things circle around how to tackle Iran and that is vital for the Talmudists Zionists state as well as for the dollar.

However, the earnings of those bankers running the dollar will be compensated through the increase their earnings in the Euro.

The Euro is the other side of the same coin as the dollar.!!

Same bankers same crooks.!!!

### **China's economy 16.8% larger than thought**

by Iranian-Shi'ite on 21.12.2005 [02:31 ]

China's economy is a sixth bigger than previously thought as the country's first nationwide economic census revealed a previously under-reported boom in services and privately run firms.

**USA will lose**

by Yasis on 21.12.2005 [03:50 ]

Good for China! This stupid containment policy of USA, to prevent China from rising up to challenge

USA is forgetting something. North Korea is still around. If USA applies too much pressure on Iran, a DPRK has to do is to test a nuke and cause the focus to shift over and onto itself.

Iran+Venezuela+Bolivia+DPRK+Cuba+Russia+China+Syria+Iraq

What can USA do? USA will lose.

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Basra

Nov 24: 20-31 by suicide  
car bomb, Mahmudiya