

The Emerging Russian Giant Plays its Cards Strategically

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The September 2006 summit in Paris between Russia's Vladimir Putin, French President Jacques Chirac and German Chancellor Angela Merkel, underscored the re-emerging of Russia as a major global power. The new Russia is gaining in influence through a series of strategic moves revolving around its geopolitical assets in energy—most notably its oil and natural gas. It's doing so by shrewdly taking advantage of the strategic follies and major political blunders of Washington. The new Russia also realizes that if it does not act decisively, it soon will be encircled and trumped by a military rival, USA, for which it has little defenses left. The battle, largely unspoken, is the highest stakes battle in world politics today. Iran and Syria are seen by Washington strategists as mere steps to this great Russian End Game.

The formal Paris summit agenda included French investment in Russia and the issue of Iran's (Russian-built) nuclear program. Notably, however, it also included the question of future Russian energy supplies to the European Union, notably, Germany. It was an indication of the new strength of Putin's Russia. Putin told the German Chancellor that Russia would 'possibly' redirect some of the future natural gas from its giant Shtokman field in the Barents Sea. The \$20 billion project is due to come online 2010 and had been slated to provide liquified natural gas to United States terminals.

Since the devastating setbacks two years ago from the US-sponsored 'color revolutions' in Georgia, and then Ukraine, Russia has begun to play its strategic energy cards extremely carefully, from nuclear reactors in Iran to military sales to Venezuela and other Latin American states, to strategic market cooperation deals in natural gas with Algeria.

At the same time, the Bush Administration has dug itself deeper into a geopolitical morass, through a foreign policy agenda which has reckless disregard for its allies as well as its foes. That reckless policy has been associated with former Halliburton CEO, Dick Cheney, more than any other figure in Washington.

The 'Cheney Presidency,' which is what historians will no doubt dub the George W. Bush years, has been based on a clear strategy. It has often been misunderstood by critics who had overly focussed on its most visible component, namely, Iraq, the Middle East and the strident war-hawks around the Vice President and his old crony, Defense Secretary Don Rumsfeld.

The 'Cheney strategy' has been a US foreign policy based on securing direct global energy control, control by the Big Four US or US-tied private oil giants- ChevronTexaco or ExxonMobil, BP or Royal Dutch Shell. Above all, it has aimed at control of all the world's

major oil regions, along with the major natural gas fields. That control has moved in tandem with a growing bid by the United States for total military primacy over the one potential threat to its global ambitions—Russia. Cheney is perhaps the ideal person to weave the US military and energy policies together into a coherent strategy of dominance. During the early 1990's under father Bush, Cheney was also Secretary of Defense.

The Cheney-Bush administration has been dominated by a coalition of interests between Big Oil and the top industries of the American military-industrial complex. These private corporate interests exercise their power through control of the government policy of the United States. An aggressive militaristic agenda has been essential to it. It is epitomized by Cheney's former company, Halliburton Inc., at one and the same time the world's largest energy and geophysical services company, and the world's largest constructor of military bases.

To comprehend the policy it's important to look at how Cheney, as Halliburton CEO, viewed the problem of future oil supply on the eve of his becoming Vice President.

'Where the Prize Ultimately Lies': Cheney's 1999 London speech

Back in September 1999, a full year before the US elections which made him the most powerful Vice President in history, Cheney gave a revealing speech before his oil industry peers at the London Institute of Petroleum.. In a global review of the outlook for Big Oil, Cheney made the following comment:

"By some estimates there will be an average of two per cent annual growth in global oil demand over the years ahead along with conservatively a three per cent natural decline in production from existing reserves. That means by 2010 we will need on the order of an additional fifty million barrels a day. So where is the oil going to come from? Governments and the national oil companies are obviously controlling about ninety per cent of the assets. Oil remains fundamentally a government business. While many regions of the world offer great oil opportunities, the Middle East with two thirds of the world's oil and the lowest cost, is still where the prize ultimately lies. Even though companies are anxious for greater access there, progress continues to be slow. It is true that technology, privatisation and the opening up of a number of countries have created many new opportunities in areas around the world for various oil companies, but looking back to the early 1990's, expectations were that significant amounts of the world's new resources would come from such areas as the former Soviet Union and from China. Of course that didn't turn out quite as expected. Instead it turned out to be deep water successes that yielded the bonanza of the 1990's."

The Cheney remarks are worth a careful reading. He posits a conservative rise in global demand for oil by the end of the present decade, i.e. in about 4 years. He estimates the world will need to find an added 50 million barrels of daily output. Total daily oil production at present hovers around the level of some 83 million barrels oil equivalent. This means that to avert catastrophic shortages and the resultant devastating impact on global economic growth, by Cheney's 1999 estimate, the world must find new oil production equal to more than 50% of the 1999 daily global output, and that, by about 2010. That is the equivalent of five new oil regions equal to today's Saudi Arabian size. That is a whopping amount of new oil.

Given that it can take up to seven years or more to bring a new major oilfield into full

production, that's also not much time if a horrendous energy crunch and sky-high oil and gas prices are to be averted. Cheney's estimate was also based on an overly conservative estimate of future oil import demand in China and India, today the two fastest growing oil consumers on the planet.

A second notable point of Cheney's 1999 London comments was his remark that, 'the Middle East with two thirds of the world's oil and the lowest cost, is still where the prize ultimately lies.' However, as he revealingly remarked, the oil 'prize' of the Middle East was in national or government hands, not open to exploitation by the private market, and thus, hard for Cheney's Halliburton and his friends in ExxonMobil or Chevron or Shell or BP to get their hands on.

At that time, Iraq, with the second largest oil reserves after Saudi Arabia in the Middle East, was under the rule of Saddam Hussein. Iran, which has the world's second largest reserves of natural gas, in addition to its huge oil reserves, was ruled by a nationalist theocracy which was not open to US private company oil tenders. The Caspian Sea oil reserves were a subject of bitter geopolitical battle between Washington and Russia.

Cheney's remark that 'Oil remains fundamentally a government business,' and not private, takes on a new significance when we do a fast forward to September 2000, in the heat of the 2000 Bush-Cheney election campaign. That month Cheney, along with Don Rumsfeld, Paul Wolfowitz, and many others who went on to join the new Bush Administration, issued a policy report titled, 'Re-building America's Defenses.' The paper was issued by an entity named Project for the New American Century (PNAC).

Cheney's PNAC group called on the new US President-to-be to find a suitable pretext to declare war on Iraq, in order to occupy it and take direct control over the second largest oil reserves in the Middle East. Their report stated bluntly, 'While the unresolved conflict with Iraq provides the immediate justification (sic), the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein ...'

Cheney signed on to a policy document in September 2000 which declared that the key issue was 'American force presence in the Gulf,' and regime change in Iraq, regardless whether Saddam Hussein was good, bad or ugly. It was the first step in moving the US military to 'where the prize ultimately lies.'

No coincidence that Cheney immediately got the task of heading a Presidential Energy Task Force review in early 2001, where he worked closely with his friends in Big Oil, including the late Ken Lay of Enron, with whom Cheney earlier had been involved in an Afghan gas pipeline project, as well as with James Baker III.

Buried in the debate leading to the US bombing and occupation of Iraq in March 2003 was a lawsuit under the US Freedom of Information Act brought by Sierra Club and Judicial Watch., initially to find data on Cheney's role in the California energy crisis. The suit demanded that Vice President Cheney make public all documents and records of meetings related to his 2001 Energy Task Force project.

The US Commerce Department in summer 2003 ultimately released part of the documents, over ferocious Cheney and White House opposition. Amid the files of the domestic US energy review was, curiously enough, a detailed map of Iraqi oilfields, pipelines, refineries and terminals, as well as two charts detailing Iraqi oil and gas projects, and 'Foreign Suitors

for Iraqi Oilfield Contracts.’ The ‘foreign suitors’ included Russia, China and France, three UN Security Council members who openly opposed granting the US UN approval for invading Iraq.

The first act of post-war occupation by Washington was to declare null and void any contracts between the Iraqi government and Russia, China and France. Iraqi oil was to be an American affair, handled by American companies or their close cronies in Britain, the first victory in the high-stakes quest, ‘where the prize ultimately lies.’

This was precisely what Cheney had alluded to in his 1999 London speech. Get the Middle East oil resources out of independent national hands and into US-controlled hands. The military occupation of Iraq was the first major step in this US strategy. Control of Russian energy reserves, however, was Washington’s ultimate ‘prize.’

De-construction of Russia: The ‘ultimate prize’

For obvious military and political reasons, Washington could not admit openly that its strategic focus, since the fall of the Soviet Union in 1991, had been the dismemberment or de-construction of Russia, and gaining effective control of its huge oil and gas resources, the ‘ultimate prize.’ The Russian Bear still had formidable military means, however dilapidated, and she still had nuclear teeth.

In the mid-1990’s Washington began a deliberate process of bringing one after the other former satellite Soviet state into not just the European Union, but into the Washington-dominated NATO. By 2004 Poland, the Czech Republic, Hungary, Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovakia and Slovenia all had been admitted into NATO, and the Republic of Georgia was being groomed to join.

This surprising spread of NATO, to the alarm of some in western Europe, as well as to Russia, had been part of the strategy advocated by Cheney’s friends at the Project for the New American Century, in their ‘Rebuilding America’s Defenses’ report and even before.

Already in 1996, PNAC member and Cheney crony, Bruce Jackson, then a top executive with US defense giant, LockheedMartin, was head of the US Committee to Expand NATO, later renamed the US Committee on Nato, a very powerful Washington lobby group.

The US Committee to Expand NATO also included PNAC members Paul Wolfowitz, Richard Perle, Stephen Hadley and Robert Kagan. Kagan’s wife is Victoria Nuland, now the US Ambassador to NATO. From 2000 – 2003, she was a foreign policy advisor to Cheney. Hadley, a hardline hawk close to Vice President Cheney, was named by President Bush to replace Condoleezza Rice as his National Security Adviser.

The warhawk Cheney network moved from the PNAC into key posts within the Bush Administration to run NATO and Pentagon policy. Bruce Jackson and others, after successfully lobbying Congress to expand NATO to Poland, the Czech Republic and Hungary in 1999, moved to organize the so-called Vilnius Group that lobbied to bring ten more former Warsaw Pact countries on Russia’s periphery into NATO. Jackson called this the ‘Big Bang.’

President Bush repeatedly used the term ‘New Europe’ in statements about NATO enlargement. In a July 5, 2002 speech hailing the leaders of the Vilnius group, Bush declared, ‘Our nations share a common vision of a new Europe, where free European states

are united with each other, and with the United States through cooperation, partnership, and alliance.'

Lockheed Martin's former executive, Bruce Jackson, took credit for bringing the Baltic and other members of the Vilnius Group into NATO. Testifying before the Senate Foreign Relations Committee on April 1, 2003, Jackson claimed he originated the 'Big Bang' concept of NATO enlargement, later adopted by the Vilnius Group of Baltic and Eastern European nations. As Jackson noted, his 'Big Bang' briefing 'proposed the inclusion of these seven countries in NATO and claimed for this enlargement strategic advantages for NATO and moral (sic) benefits for the democratic community of nations.' On May 19, 2000 in Vilnius, Lithuania, these propositions were adopted by nine of Europe's new democracies as their own. It became the objectives of the Vilnius Group.' Jackson could also have noted the benefits to US military defense industry, including his old cronies at Lockheed Martin, with the creation of a vast new NATO arms market on the borders to Russia.

Once that NATO goal was reached, Bruce Jackson and other members of the NATO eastern expansion lobby, closed the US Committee on Nato in 2003, and, seamlessly, in the very same office, re-opened as a new lobby organization, the Project on Transitional Democracies, which according to their own statement was 'organized to exploit the opportunities to accelerate democratic reform and integration which we believe will exist in the broader Euro-Atlantic region over the next decade.' In other words, to foster the series of Color Revolutions and regime change across Russian Eurasia. All three principals of the Project on Transitional Democracies worked for the Republican Party, and Jackson and Scheunemann have close ties with major military contractors, notably Lockheed Martin and Boeing.

Jackson and other PNAC and U.S. Committee on NATO members also created a powerful lobby organization, the Committee for the Liberation of Iraq (CLI). CLI's advisory panel included hardline Democrats such as Rep. Stephen Solarz and Sen. Robert Kerrey. It was dominated by neo-conservatives and Republican Party stalwarts like Jeane Kirkpatrick, Robert Kagan, Richard Perle, William Kristol, and former CIA Director, James Woolsey. Serving as honorary co-chairs were Senators Joe Lieberman (D-CT) and John McCain (R-AZ). Jackson related that friends in the White House had asked him to create the CLI in 2002 to replicate the success he had had pushing for NATO expansion through his US. Committee on NATO by establishing an outfit aimed at supporting the administration's campaign to convince Congress and the public to support a war. "'People in the White House said, 'We need you to do for Iraq what you did for NATO'," Jackson told *American Prospect* magazine in a January 1, 2003 interview.

In brief, NATO encirclement of Russia, Color Revolutions across Eurasia, and the war in Iraq, were all one and the same American geopolitical strategy, part of a grand strategy to ultimately de-construct Russia once and for all as a potential rival to a sole US Superpower hegemony. Russia- not Iraq and not Iran- was the primary target of that strategy.

During a White House welcoming ceremony to greet the ten new NATO members in 2004, President Bush noted that NATO's mission now extended far beyond the perimeter of the alliance. 'NATO members are reaching out to the nations of the Middle East, to strengthen our ability to fight terror, and to provide for our common security,' he said. But NATO's mission now would extend beyond even global security. Bush added, 'We're discussing how we can support and increase the momentum of freedom in the greater Middle East.' Freedom, that is, to come into the orbit of a Washington-controlled NATO alliance.

The end of the Yeltsin era put a slight crimp in the US plans. Putin began slowly and cautiously to emerge as a dynamic national force, committed to rebuilding Russia, following the IMF-guided looting of the country by a combination of Western banks and corrupt Russian oligarchs.

Russian oil output had risen since the collapse of the Soviet Union to the point that, by the time of the 2003 US war on Iraq, Russia was the world's second largest oil producer behind Saudi Arabia.

The real significance of the Yukos Affair

The defining event in the new Russian energy geopolitics under Vladimir Putin took place in 2003. It was just as Washington was making it brutally clear it was going to militarize Iraq and the Middle East, regardless of world protest or UN niceties.

A brief review of the spectacular October 2003 arrest of Russia's billionaire 'oligarch' Mikhail Khodorkovsky, and state seizure of his giant Yukos oil group, is essential to understand Russian energy geopolitics.

Khodorkovsky was arrested at Novosibirsk airport on October 25, 2003, by the Russian Prosecutor General's office on charges of tax evasion. The Putin government froze shares of Yukos Oil because of tax charges. They then took further actions against Yukos, leading to a collapse in the share price.

What was little mentioned in Western media accounts, which typically portrayed the Putin government actions as a reversion to Soviet-era methods, was what had triggered Putin's dramatic action in the first place.

Khodorkovsky had been arrested just four weeks before a decisive Russian Duma or lower house election, in which Khodorkovsky had managed to buy the votes of a majority in the Duma using his vast wealth. Control of the Duma was to be the first step by Khodorkovsky in a plan to run against Putin the next year as President. The Duma victory would have allowed him to change election laws in his favor, as well as to alter a controversial law being drafted in the Duma, 'The Law on Underground Resources.' That law would prevent Yukos and other private companies from gaining control of raw materials in the ground, or from developing private pipeline routes independent of the Russian state pipelines.

Khodorkovsky had violated the pledge of the Oligarchs made to Putin, that they be allowed to keep their assets-de facto stolen from the state in the rigged auctions under Yeltsin-if they stayed out of Russian politics and repatriated a share of their stolen money. Khodorkovsky, the most powerful oligarch at the time, was serving as the vehicle for what was becoming an obvious Washington-backed putsch against Putin.

The Khodorkovsky arrest followed an unpublicized meeting earlier that year on July 14, 2003 between Khodorkovsky and Vice President Dick Cheney.

Following the Cheney meeting, Khodorkovsky began talks with ExxonMobil and ChevronTexaco, Condi Rice's old firm, about taking a major stake in Yukos, said to have been between 25% and 40%. That was intended to give Khodorkovsky de facto immunity from possible Putin government interference by tying Yukos to the big US oil giants and, hence, to Washington. It would also have given Washington, via the US oil giants, a de facto

veto power over future Russian oil and gas pipelines and oil deals. Days before his October 2003 arrest on tax fraud charges, Khodorkovsky had entertained George H.W. Bush, the representative of the powerful and secretive Washington Carlyle Group in Moscow. They were discussing the final details of the US oil company share buy-in of Yukos.

Yukos had also just made a bid to acquire rival Sibneft from Boris Berezovsky, another Yeltsin-era Oligarch. YukosSibneft, with 19.5 billion barrels of oil and gas, would then own the second-largest oil and gas reserves in the world after ExxonMobil. YukosSibneft would be the fourth largest in the world in terms of production, pumping 2.3 million barrels of crude oil a day. The Exxon or Chevron buy-up of YukosSibneft would have been a literal energy coup d'état. Cheney knew it; Bush knew it; Khodorkovsky knew it.

Above all, Vladimir Putin knew it and moved decisively to block it.

Khodorkovsky had cultivated very impressive ties to the Anglo-American power establishment. He created a philanthropic foundation, the Open Russia Foundation, modelled on the Open Society foundation of his close friend George Soros. On the select board of Open Russia Foundation sat Henry Kissinger and Kissinger's friend, Jacob Lord Rothschild, London scion of the banking family. Arthur Hartman, a former US Ambassador to Moscow, also sat on the foundation's board.

Following Khodorkovsky's arrest, the *Washington Post* reported that the imprisoned Russian billionaire had retained the services of Stuart Eizenstat – former deputy Treasury Secretary, Undersecretary of State, Undersecretary of Commerce during the Clinton Administration – to lobby in Washington for his freedom. Khodorkovsky was in deep with the Anglo-American establishment.

Subsequent western media and official protest about Russia's return to communist methods and raw power politics, conveniently ignored the fact that Khodorkovsky was hardly Snow White himself. Earlier, Khodorkovsky had unilaterally ripped up his contract with British Petroleum. BP had been a partner with Yukos, and had spent \$300 million in drilling the highly promising Priobskoye oil field in Siberia.

Once the BP drilling had been done, Khodorkovsky forced BP out, using gangster methods that would be unlawful in most of the developed world. By 2003 Priobskoye oil production reached 129 million barrels, equivalent to a value on the market of some \$8 billions. Earlier, in 1998, after the IMF had given billions to Russia to prevent a collapse of the Ruble, Khodorkovsky's Bank Menatep diverted an eye-popping \$4.8 billion in IMF funds to his hand-picked bank cronies, some US banks among them. The howls of protest from Washington at the October 2003 arrest of Khodorkovsky were disingenuous, if not outright hypocritical. As seen from the Kremlin, Washington had been caught with its fat hand in the Russian cookie jar.

The Putin-Khodorkovsky showdown signalled a decisive turn by the Putin government towards rebuilding Russia and erecting strategic defenses from the foreign onslaught led by Cheney and friend Tony Blair in Britain. It took place in the context of a brazen US grab for Iraq in 2003 and of a unilateral Bush Administration announcement that the USA was abrogating its solemn treaty obligations with Russia under their earlier Anti-Ballistic Missile (ABM) Treaty, in order to go ahead with development of US missile defenses, an act which could only be viewed in Moscow as a hostile act aimed at her security.

By 2003, indeed, it took little strategic military prowess to realize that the Pentagon hawks and their allies in the military industry and Big Oil had a vision of a United States unfettered by international agreements and acting unilaterally in its own best interests, as defined, of course, by the hawks. Their recommendations were published by one of the many Washington hawk conservative Think-Tanks. In January 2001 The National Institute for Public Policy (NIPP) issued *Rationale and Requirements for U.S. Nuclear Forces and Arms Control*, just as the Bush-Cheney Administration began. The report, demanding a unilateral US end to nuclear force reduction, was signed by 27 senior officials from past and current administrations. The list included the man who today is Bush's National Security Adviser, Stephen Hadley; it included the special assistant to the Secretary of Defense, Stephen Cambone, and it included Admiral James Woolsey, the former head of CIA and chairman of the Washington NGO, Freedom House. Freedom House played a central role in Ukraine's US-sponsored 'Orange Revolution' and all other 'Color Revolutions' across the former Soviet Union.

These events were soon followed by the Washington-financed series of covert destabilizations of a number of governments in Russia's periphery which had been close to Moscow. It included the November 2003 'Rose Revolution' in Georgia which ousted Edouard Shevardnadze in favour of a young, US-educated and pro-NATO President, Mikheil Saakashvili. The 37-year-old Saakashvili had conveniently agreed to back the Baku-Tbilisi-Ceyhan oil pipeline that would avoid Moscow pipeline control of Azerbaijan's Caspian oil. The United States has maintained close ties with Georgia since President Mikheil Saakashvili has come to power. American military trainers instruct Georgian troops and Washington has poured millions of dollars into preparing Georgia to become part of NATO.

Following its Rose Revolution in Georgia, Woolsey's Freedom House, the National Endowment for Democracy (NED), Soros Foundation and other Washington-backed NGOs organized the brazenly provocative November 2004 Ukraine 'Orange Revolution.' The aim of the Orange Revolution was to install a pro-NATO regime there under the contested Presidency of Viktor Yushchenko, in a land strategically able to cut the major pipeline flows from Russian oil and gas to Western Europe. Washington-backed 'democratic opposition' movements in neighboring Belarus also began receiving millions of dollars of Bush Administration largesse, along with Kyrgystan, Uzbekistan and more remote former Soviet states which also happen to form a barrier between potential energy pipelines linking China with Russia and the former Soviet states like Kazkhstan..

Again, energy and oil and gas pipeline control lay at the heart of the US moves. Little wonder, perhaps, that some people inside the Kremlin, notably Vladimir Putin, began to wonder if Putin's new born-again Texan partner-in-prayer, George W. Bush, was in fact speaking to Putin with forked tongue, as the Indians would say.

By the end of 2004 it was clear in Moscow that a new Cold War, this one over strategic energy control and unilateral nuclear primacy, was fully underway. It was also clear from the unmistakable pattern of Washington actions since the dissolution of the Soviet Union in 1991, that End Game for USA policy vis-à-vis Eurasia was not China, not Iraq, and not Iran.

The geopolitical 'End Game' for Washington was the complete de-construction of Russia, the one state in Eurasia capable of organizing an effective combination of alliances using its vast oil and gas resources. That, of course, could never be openly declared.

After 2003 Putin and Russian foreign policy, especially energy policy, reverted to their basic

response to the 'Heartland' geopolitics of Sir Halford Mackinder, politics which had been the basis of Soviet Cold War strategy since 1946.

Putin began to make a series of defensive moves to restore some tenable form of equilibrium in face of the increasingly obvious Washington policy of encircling and weakening Russia. Subsequent US strategic blunders have made the job a bit easier for Russia. Now, with the stakes rising on both sides—NATO and Russia—Putin's Russia has moved beyond simple defense to a new dynamic offensive, to secure a more viable geopolitical position, using its energy as the lever.

Mackinder's Heartland and Brzezinski's Chess Game

It's essential to understand the historic background to the term geopolitics. In 1904, an academic British geographer named Halford Mackinder made an address before the Royal Geographic Society in London which was to change history. In his speech, titled, 'The Geographical Pivot of History,' Mackinder sought to define the relation between a nation's or region's geography—its topography, relation to the sea or land, its climate—with its politics and position in the world. He posited two classes of powers: sea powers including Britain and the United States as well as Japan; and he posited the large land powers of Eurasia, which, with development of the railroad, were able to unite large land masses free from dependency on the seas.

For Mackinder, an ardent Empire advocate, the implicit lesson for continued hegemony of the British Empire following the 1914-1917 World War, was to prevent at all costs a convergence of interests between the nations of East Europe—Poland, Czechoslovakia , Austria-Hungary—and the Russia-centered Eurasia 'Heartland' or 'pivot' land, as he termed it. After the Versailles peace talks, Mackinder summed up his ideas in the following famous dictum:

**Who rules East Europe commands the Heartland;
Who rules the Heartland commands the World-Island;
Who rules the World-Island commands the world.**

Mackinder's Heartland was the core area of Eurasia, and the World-Island was all of Eurasia, including Europe, the Middle East and Asia. Great Britain, never a part of Continental Europe, he saw as a separate naval or sea-power. The Mackinder geopolitical perspective shaped Britain's entry into the 1914 Great War, it shaped her entry into World War Two. It shaped Churchill's calculated provocations of an increasingly paranoid Stalin, beginning 1943, to entice Russia into what became the Cold War.

From a US perspective, the 1946-1991 Cold War era was all about who shall control Mackinder's World-Island, and, concretely, how to prevent the Eurasian Heartland, centered on Russia, from doing just that. A look at a polar projection map of US military alliances during the Cold War makes the point: The Soviet Union had been geopolitically contained and prevented from any significant linkup with Western Europe or the Middle East or Asia. The Cold War was about Russian efforts to circumvent that NATO-centered Iron Curtain.

Former US National Security Adviser, Zbigniew Brzezinski, writing in the post-Soviet era in 1997, drew on Mackinder's geopolitics by name, in describing the principal strategic aim of the United States to keep Eurasia from unifying as a coherent economic and military bloc or counterweight to the sole superpower status of the United States.

To understand US foreign policy since the onset of the Bush-Cheney Presidency in 2001, therefore, it's useful to cite a revealing New York Council on Foreign Relations *Foreign Affairs* article by Brzezinski from September/October 1997:

"Eurasia is home to most of the world's politically assertive and dynamic states. All the historical pretenders to global power originated in Eurasia. The world's most populous aspirants to regional hegemony, China and India, are in Eurasia, as are all the potential political or economic challengers to American primacy. After the United States, the next six largest economies and military spenders are there, as are all but one of the world's overt nuclear powers, and all but one of the covert ones. Eurasia accounts for 75 percent of the world's population, 60 percent of its GNP, and 75 percent of its energy resources. Collectively, Eurasia's potential power overshadows even America's.

Eurasia is the world's axial supercontinent. A power that dominated Eurasia would exercise decisive influence over two of the world's three most economically productive regions, Western Europe and East Asia. A glance at the map also suggests that a country dominant in Eurasia would almost automatically control the Middle East and Africa. With Eurasia now serving as the decisive geopolitical chessboard, it no longer suffices to fashion one policy for Europe and another for Asia. **What happens with the distribution of power on the Eurasian landmass will be of decisive importance to America's global primacy...**(emphasis added-w.e.)

If we take the words of Washington strategist Brzezinski and understand the axioms of Halford Mackinder as the driving motive for Anglo, and later, American foreign policy for more than an entire century, it begins to become clear why a reorganized Russian state under the Presidency of Vladimir Putin has gone into motion to resist the overtures and overt attempts at deconstruction being promoted by Washington in the name of democracy. How has Putin acted to shore up Russian defenses? In a word: energy.

Russian energy geopolitics

In terms of the overall standard of living, mortality and economic prosperity, Russia today is not a world class power. In terms of energy, it is a colossus. In terms of landmass it is still the single largest nation in land area in the world, spanning from the Pacific to the door of Europe. It has vast territory, vast natural resources, and it has the world's largest reserves of natural gas, the energy source currently the focus of major global power plays. In addition, it is the only power on the face of the earth with the military capabilities able to match that of the United States despite the collapse of the USSR and deterioration in the military since.

Russia has more than 130,000 oil wells and some 2000 oil and gas deposits explored of which at least 900 are not in use. Oil reserves have been estimated at 150 billion barrels, similar perhaps to Iraq. They could be far larger but have not yet been exploited owing to difficulty of drilling in some remote arctic regions. Oil prices above \$60 a barrel begin to make it economical to explore in those remote regions.

Currently Russian oil products can be exported to foreign markets in three routes: Western Europe via the Baltic Sea and Black Sea; Northern route; Far East to China or Japan and East Asian markets. Russia has oil terminals on the Baltic at St. Petersburg for oil and a newly expanded oil terminal at Primorsk. There are added oil terminals under construction at Vysotsk, Batareynaya Bay and Ust-Luga.

Russia's state-owned natural gas pipeline network, its so-called 'unified gas transportation system' includes a vast network of pipelines and compressor stations extending more than 150,000 kilometers across Russia. By law only the state-owned Gazprom is allowed to use the pipeline. The network is perhaps the most valued Russian state asset outside the oil and gas itself. Here is the heart of Putin's new natural gas geopolitics and the focus of conflict with western oil and gas companies as well as the European Union, whose Energy Commissioner, Andras Piebalgs, is from new NATO member Latvia, formerly part of the USSR.

In 2001, as it became clear in Moscow that Washington would find a way to bring the Baltic republics into NATO, Putin backed the development of a major new oil port on the Russian coast of the Baltic Sea in Primorsk at a cost of \$2.2 billion. This project, known as the Baltic Pipeline System (BPS), greatly lessens export dependency on Latvia, Lithuania and Poland. The Baltic is Russia's main oil export route, carrying crude oil from Russia's West Siberian and Timan-Pechora oil provinces westward to the port of Primorsk in the Russian Gulf of Finland. The BPS was completed in March 2006 with capacity to carry more than 1.3 million barrels/day of Russian oil to western markets in Europe and beyond.

The same month, March 2006, former German Chancellor Gerhard Schroeder was named chairman of a Russian-German consortium building a natural gas pipeline going some 1,200 km under the Baltic Sea. Majority shareholder in this North European Gas Pipeline (NEGP) project, with 51%, is the Russian state-controlled Gazprom, the world's largest natural gas company. The German companies BASF and E.ON each hold 24.5%. The project, estimated to cost €4.7 billion, was started late 2005 and will connect the gas terminal at the Russian port city of Vyborg on the Baltic near St. Petersburg with the Baltic city of Greifswald in eastern Germany. The Yuzhno-Russkoye gas field in West Siberia will be developed in a joint venture between Gazprom and BASF to feed the pipeline. It was Gerhard Schroeder's last major act as Chancellor, and provoked howls of protest from the pro-Washington Polish government, as well as Ukraine, who both stood to lose control over pipeline flows from Russia. Despite her close ties to the Bush Administration, Chancellor Angela Merkel has been forced to swallow hard and accept the project. Germany's industry is simply dependent on the Russian energy import. Russia is by far the largest supplier of natural gas to Germany.

The giant Shtokman gas deposit in the Russian sector of the Barents Sea, north of the Murmansk harbor, will ultimately also be a part of the gas supply of the NEGP. When completed in two parallel pipelines, NEGP will supply Germany up to 55 billion cubic meters more a year of Russian gas.

In April 2006 the Putin government announced the first stage of construction of the East Siberia-Pacific Ocean Pipeline (ESPO), a vast oil pipeline from Taishet in the Irkutsk Region near Lake Baikal in East Siberia, to Perevoznaya Bay on Russia's Pacific Ocean coast, to be built at a cost of more than \$11.5 billion. Transneft, the Russian state-owned pipeline company will build it. When finished, it will pump up to 1.6 million barrels/day from Siberia to the Russian Far East and from there on to the energy-hungry Asia-Pacific, mainly to

China. The first stage is due to be completed by end of 2008. In addition, Putin has announced plans to construct an oil refinery on the Amur River near the China border in Russia's Far East to allow sale of refined product to China and Asian markets. Presently the Siberian oil can only be delivered to the Pacific via rail.

For Russia, the Taishet to Perevoznaya route will maximize its national strategic benefits while taking oil exports to China and Japan into account at the same time. In the future, the country will be able to export oil to Japan directly from the Nakhodka Port. Oil-import-dependent Japan is frantic to find new secure oil sources outside the unstable Middle East. The ESPO can also supply oil to the Republic of Korea and the Democratic People's Republic of Korea through building from Vladivostok branch lines leading to the two countries and to China via a branch pipe between Blagoveshchensk and Daqing. The Taishet route provides a clear roadmap for energy cooperation between Russia and China, Japan and other Asia-Pacific countries.

Sakhalin: Russia reins in Big Oil

In late September 2006 a seemingly minor dispute exploded and resulted in the revocation of the environmental permit for Royal Dutch Shell's Sakhalin II Liquefied Natural Gas project, which had been due to deliver LNG to Japan, South Korea and other customers by 2008. Shell is lead energy partner in an Anglo-Japanese oil and gas development project on Russia's Far East island of Sakhalin, a vast island north of Hokkaido Japan.

At the same time, the Putin government announced environmental requirements had also not been met by ExxonMobil for their De Kastro oil terminal built on Sakhalin as part of its Sakhalin I oil and gas development project. Sakhalin I contains an estimated 8 billion barrels of oil and vast volumes of gas, making the field a rare Super-Giant oil find, in geologists' terminology.

In the early 1990's the Yeltsin government made a desperation bid to attract needed investment capital and technology into exploiting Russian oil and gas regions at a time the government was broke and oil prices very low. In a bold departure, Yeltsin granted US and other western oil majors generous exploration rights to two large oil projects, Sakhalin I and Sakhalin II. Under a so-called PSA or Production Sharing Agreement, ExxonMobil, lead partner of the Sakhalin I oil project, got tax-free Russian concessions.

Under the terms of the PSA's, typical between major Anglo-American oil majors and weak Third World countries, Russia's government would instead get paid for the oil and gas rights in a share of eventual oil or gas produced. But the first drops of oil to Russia would flow only after all project production costs had first been covered. PSA's were originally developed by Washington and Big Oil to facilitate favorable control by the oil companies of large oil projects in third countries. The major US oil giants, working with the James Baker's James Baker Institute, which drafted Dick Cheney's 2001 Energy Task Force Review, used the PSA form to regain control over Iraq's oil production, hidden behind the façade of an Iraqi state-owned oil company.

Shortly before the Russian government told ExxonMobil it had problems with its terminal on Sakhalin, ExxonMobil had announced yet another cost increase in the project. ExxonMobil, whose attorney is James Baker III, and which is a close partner to the Cheney-Bush White House, announced a 30% cost increase, something that would put even further off any Russian oil flow share from the PSA. The news came on the eve of ExxonMobil plans to open

an oil terminal at De Kastri on Sakhalin. The Russian Environment Ministry and the Agency for Subsoil Use suddenly announced the terminal did 'not meet environmental requirements' and is reportedly considering halting production by ExxonMobil as well.

Britain's Royal Dutch Shell under another PSA holds rights to develop the oil and gas resources in Sakhalin II region, and build Russia's first Liquefied Natural Gas project. The \$20 billion project, employing over 17,000 people, is 80% complete. It's the world's largest integrated oil and gas project, and includes Russia's first offshore oil production, as well as Russia's first offshore integrated gas platform.

The clear Russian government moves against ExxonMobil and Shell have been interpreted in the industry as an attempt by the Putin government to regain control of Russian oil and gas resources it gave away during the Yeltsin era. It would cohere with Putin's emerging energy strategy.

Russia-Turkey Blue Stream gas project

In November 2005 Russia's Gazprom completed the final stage of its 1,213 kilometer \$3.2 billion Blue Stream gas pipeline. The project brings gas from its gas fields in Krasnodar, then by underwater pipelines across the Black Sea to the Durusu Terminal near Samsun on the Turkish Black Sea coast. From there the pipeline supplies Russian gas to Ankara. When it reaches full capacity in 2010 it will carry an estimated 16 billion cubic meters gas a year.

Gazprom is now discussing transit of Russian gas to the countries of South Europe and East Mediterranean, including based on new contracts and new volumes of gas. Greece, South Italy and Israel all are in some form of negotiation with Gazprom to tap gas from the Blue Stream pipeline across the territory of Turkey. A new route for the gas supply is being developed now – the one via the countries of East and Central Europe. The interim title of the project is the South-European Gas Pipeline. The main issue here is to establish a new gas transmission system, both from Russian origin and from the third countries

In sum, not including the emerging potentials of Gazprom's entry into the fast-developing Liquefied Natural Gas markets globally, energy, oil and gas and nuclear, is firmly at the heart of Russian attempts to build new economic alliance partners across Eurasia in the coming showdown with the United States.

US plans for 'Nuclear Primacy'

The key to the ability of Putin's Russia to succeed is its ability to defend its Eurasian energy strategy with a credible military deterrent, to counter now-obvious Washington military plans for what the Pentagon terms Full Spectrum Dominance.

In a revealing article titled 'The Rise of US Nuclear Primacy,' in the March/April 2006 *Foreign Affairs*, the magazine of the New York Council on Foreign Relations, authors Kier Lieber and Daryl Press made the following claim,

'Today, for the first time in almost 50 years, the United States stands on the verge of attaining nuclear primacy. It will probably soon be possible for the United States to destroy the long-range nuclear arsenals of Russia or China with a first strike. This dramatic shift in the nuclear balance of power stems from a series of improvements in the United States' nuclear systems, the precipitous decline of Russia's arsenal, and the glacial pace of modernization of China's nuclear forces. Unless Washington's policies change or Moscow

and Beijing take steps to increase the size and readiness of their forces, Russia and China — and the rest of the world — will live in the shadow of U.S. nuclear primacy for many years to come.'

The US authors claim, accurately, that since the collapse of the Soviet Union in 1991, Russia's strategic nuclear arsenal has 'sharply deteriorated.' They also conclude that the United States is and has been for some time, intentionally pursuing global nuclear primacy. The September 2002 Bush Administration National Security Strategy explicitly stated that it was official US policy to establish global military primacy, an unsettling thought for many nations today given the recent actions of Washington since the events of September, 2001.

One of Defense Secretary Rumsfeld's priority projects has been the multi-billion dollar construction of a US missile defense. It has been sold to American voters as a defense against possible terror attacks. In reality, as has been openly recognized in Moscow and Beijing, it is aimed at the only two real nuclear powers, Russia and China.

As the *Foreign Affairs* article points out, 'the sort of missile defenses that the United States might plausibly deploy would be valuable primarily in an offensive context, not a defensive one — as an adjunct to a U.S. first-strike capability, not as a stand-alone shield. If the United States launched a nuclear attack against Russia (or China), the targeted country would be left with a tiny surviving arsenal — if any at all. At that point, even a relatively modest or inefficient missile-defense system might well be enough to protect against any retaliatory strikes, because the devastated enemy would have so few warheads and decoys left.'

In the context of a United States which has actively moved the troops of its NATO partners into Afghanistan, now Lebanon, and which is clearly backing the former USSR member Georgia, today a critical factor in the Caspian Baku-Tbilisi-Ceyhan Turkey oil pipeline, in Georgia's move to join NATO and push Russian troops away, it is little surprise that Moscow might be just a bit uncomfortable with the American President's promises of spreading democracy through a US-defined Greater Middle East. The invented term, Greater Middle East is the creation of various Washington think-tanks close to Cheney including his Project for the New American Century, to refer to the non-Arabic countries of Turkey, Iran, Israel, Pakistan, Afghanistan, Central Asian (former USSR) countries, and Azerbaijan, Georgia and Armenia. At the G-8 Summit in Summer 2004 President Bush first officially used the term to refer to the region included in Washington's project to spread 'democracy' in the region.

On October 3, the Russian Foreign Ministry warned that Russia would 'take appropriate measures' should Poland deploy elements of the new US missile defense system. Poland is now a NATO member. Its Defense Minister, Radek Sikorski was a former Resident in Washington at Richard Perle's hawkish AEI think-tank. He was also Executive Director of the New Atlantic Initiative, a project designed to bring the former Warsaw Pact countries of eastern Europe into NATO under the guise of spreading democracy. The United States is also building, via NATO, a European Missile Defense System.

The only conceivable target of such a system would be Russia in the sense of enabling a US first strike success. Completion of the European missile defense system, the militarization of the entire Middle East, the encirclement of Russia and of China from a connected web of new US military bases, many put up in the name of the War on Terror, all now appear to the Kremlin as part of a deliberate US strategy of Full Spectrum Dominance. The Pentagon refers to it also as 'Escalation Dominance,' the ability to win a war at any level of violence, including a nuclear war.

Moscow's military status

Moscow has not been entirely passive in the face of this growing reality. In his May 2003 State of the Nation Address, Vladimir Putin spoke of strengthening and modernizing Russia's nuclear deterrent by creating new types of weapons, including for Russia's strategic forces, which will 'ensure the defense capability of Russia and its allies in the long term.' Russia stopped withdrawing and destroying its SS-18 MIRVed missiles once the Bush Administration unilaterally declared an end to the Anti-Ballistic Missile Treaty, and its de facto annulling of the Start II Treaty.

Russia never stopped being a powerful entity that produced state-of-the-art military technologies — a trend that continued from its inception as a modern state. While its army, navy and air force are in derelict conditions, the elements for Russia's resurgence as a military powerhouse are still in place. Russia has been consistently fielding top-notch military technology at various international trade shows, and has been effective in the demonstration of its capabilities.

In spite of financial and economic difficulties, Russia still produces state-of-the-art military technologies, according to a 2004 analysis by the Washington-based think tank, Power and Interest News Report (PINR). One of its best achievements after the dissolution of the Soviet Union has been its armored fighting vehicle BMP-3, which has been chosen over Western vehicles in contracts for the United Arab Emirates and Oman.

Russia's surface-to-air missile systems, the S-300, and its more powerful successor, the S-400, are reported to be more potent than American-made Patriot systems. The once-anticipated military exercise between the Patriot and the S-300 never materialized, leaving the Russian complex with an undisputed, yet unproven, claim of superiority over the American system. Continuing this list is the Kamov-50 family of military helicopters that incorporate the latest cutting-edge technologies and tactics, making them an equal force to the best Washington has. European helicopter industry sources confirm this.

In recent joint Indo-American air force exercises, where the Indian Air Force was equipped with modern Russian-made Su-30 fighters, the Indian Air Force out-maneuvered American-made F-15 planes in a majority of their engagements, prompting US Air Force General Hal Homburg to admit that Russian technology in Indian hands has given the US Air Force a 'wake-up call.' The Russian military establishment is continuing to design other helicopters, tanks and armored vehicles that are on par with the best that the West has to offer.

Weapons export, in addition to oil and gas, has been one of the best ways for Russia to earn much-needed hard currency. Already, Russia is the second-largest worldwide exporter of military technology after the United States. As reported in various magazines, journals and periodicals, at present, Russia's modern military technology is more likely to be exported than supplied to its own armies due to the existing financial constraints and limitations of Russia's armed forces. This has implications for America's future combat operations since practically all insurgent, guerrilla, breakaway or terrorist armed formations across the globe — the very formations that the United States will most likely face in its future wars — are fielded with Russian weapons or its derivatives.

Russian nuclear arsenal has played an important political role since the end of the Soviet Union, providing fundamental security for the Russian state. After a bitter intra-services fight within the Russian General Staff which lasted from 1998 to 2003, the General Staff

realized along with the Defense Ministry that a further policy of neglect of nuclear forces in favor of funding rebuilding conventional forces in the face of tight budget constraints, was not tolerable. In 2003 Russia had to buy from Ukraine strategic bombers and ICBMs warehoused there. Since then strategic nuclear forces have been a priority. Today, the finances of the Russian state, thanks largely to high prices of oil and gas exports, are on a strong footing. The Russian Central Bank has become one of the five largest dollar reserve holders with reserves of more than \$270 billions.

The material foundation of the Russian military is its defense industry. After 1991 the Russian Federation inherited the bulk of the Soviet defense industrial complex.

Today, with little fanfare, the US is building up its influence and military presence in the Middle East despite a general draw-down in its military commitments and expenditure. Why? Oil is certainly a large part of the answer. But in geopolitical terms, it is also to the Eurasian land power, Russia from access to the seas – just as Mackinder argued had to be done. The push for a US ‘nuclear primacy’ over Russia is the factor in world politics today which has the most potential for bringing the world into a nuclear conflagration by miscalculation.

The basic argument of the Mackinder’s geopolitics is still relevant: ‘The great geographical realities remain: land power versus sea power, heartland versus rimland, centre versus periphery...’ This Russia understands every bit as Washington.

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