

Pipeline-Istan: Everything You Need to Know About Oil, Gas, Russia, China, Iran, Afghanistan and Obama

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As Barack Obama heads into his second hundred days in office, let's head for the big picture ourselves, the ultimate global plot line, the tumultuous rush towards a new, polycentric world order. In its first hundred days, the Obama presidency introduced us to a brand new acronym, OCO for Overseas Contingency Operations, formerly known as GWOT (as in Global War on Terror). Use either name, or anything else you want, and what you're really talking about is what's happening on the immense energy battlefield that extends from Iran to the Pacific Ocean. It's there that the Liquid War for the control of Eurasia takes place.

Yep, it all comes down to black gold and "blue gold" (natural gas), hydrocarbon wealth beyond compare, and so it's time to trek back to that ever-flowing wonderland -- Pipelineistan. It's time to dust off the acronyms, especially the SCO or Shanghai Co-operative Organization, the Asian response to NATO, and learn a few new ones like IPI and TAPI. Above all, it's time to check out the most recent moves on the giant chessboard of Eurasia, where Washington wants to be a crucial, if not dominant, player.

We've [already seen](#) Pipelineistan wars in Kosovo and Georgia, and we've followed Washington's favorite pipeline, the BTC, which was supposed to tilt the flow of energy westward, sending oil coursing past both Iran and Russia. Things didn't quite turn out that way, but we've got to move on, the New Great Game never stops. Now, it's time to grasp just what the Asian Energy Security Grid is all about, visit a surreal natural gas republic, and understand why that Grid is so deeply implicated in the Af-Pak war.

Every time I've visited Iran, energy analysts stress the total "interdependence of Asia and Persian Gulf geo-ecopolitics." What they mean is the ultimate importance

to various great and regional powers of Asian integration via a sprawling mass of energy pipelines that will someday, somehow, link the Persian Gulf, Central Asia, South Asia, Russia, and China. The major Iranian card in the Asian integration game is the gigantic South Pars natural gas field (which Iran shares with Qatar). It is estimated to hold at least 9% of the world's proven natural gas reserves.

As much as Washington may live in perpetual denial, Russia and Iran together control roughly 20% of the world's oil reserves and nearly 50% of its gas reserves. Think about that for a moment. It's little wonder that, for the leadership of both countries as well as China's, the idea of Asian integration, of the Grid, is sacrosanct.

If it ever gets built, a major node on that Grid will surely be the prospective \$7.6 billion Iran-Pakistan-India (IPI) pipeline, also known as the "peace pipeline." After years of wrangling, a nearly miraculous agreement for its construction was initialed in 2008. At least in this rare case, both Pakistan and India stood shoulder to shoulder in rejecting relentless pressure from the Bush administration to scotch the deal.

It couldn't be otherwise. Pakistan, after all, is an energy-poor, desperate customer of the Grid. One year ago, in a speech at Beijing's Tsinghua University, then-President Pervez Musharraf did everything but drop to his knees and beg China to dump money into pipelines linking the Persian Gulf and Pakistan with China's Far West. If this were to happen, it might help transform Pakistan from a near-failed state into a mighty "energy corridor" to the Middle East. If you think of a pipeline as an umbilical cord, it goes without saying that IPI, far more than any form of U.S. aid (or outright interference), would go the extra mile in sta-

bilizing the Pak half of Obama's Af-Pak theater of operations, and even possibly relieve it of its India obsession.

If Pakistan's fate is in question, Iran's is another matter. Though currently only holding "observer" status in the Shanghai Cooperation Organization (SCO), sooner or later it will inevitably become a full member and so enjoy NATO-style, an-attack-on-one-of-us-is-an-attack-on-all-of-us protection. Imagine, then, the cataclysmic consequences of an Israeli preemptive strike (backed by Washington or not) on Iran's nuclear facilities. The SCO will tackle this knotty issue at its next summit in June, in Yekaterinburg, Russia.

Iran's relations with both Russia and China are swell -- and will remain so no matter who is elected the new Iranian president next month. China desperately needs Iranian oil and gas, has already clinched a \$100 billion gas "deal of the century" with the Iranians, and has loads of weapons and cheap consumer goods to sell. No less close to Iran, Russia wants to sell them even more weapons, as well as nuclear energy technology.

And then, moving ever eastward on the great Grid, there's Turkmenistan, lodged deep in Central Asia, which, unlike Iran, you may never have heard a thing about. Let's correct that now.

Gurbanguly Is the Man

Alas, the sun-king of Turkmenistan, the wily, wacky Saparmurat "Turkmenbashi" Nyazov, "the father of all Turkmen" (descendants of a formidable race of nomadic horseback warriors who used to attack Silk Road caravans) is now dead. But far from forgotten.

The Chinese were huge fans of the Turkmenbashi. And the joy was mutual. One key reason the Central Asians love to do business with China is that the Middle Kingdom, unlike both Russia and the United States, carries little modern imperial baggage. And of course, China will never carp about human rights or foment a color-coded revolution of any sort.

The Chinese are already moving to successfully lobby the new Turkmen president, the spectacularly named Gurbanguly Berdymukhamedov, to speed up the construction of the Mother of All Pipelines. This Turkmen-Kazakh-China Pipelineistan corridor from eastern Turkmenistan to China's Guangdong province will be the longest and most expensive pipeline in the world, 7,000 kilometers of steel pipe at a staggering cost of \$26 billion. When China signed the agreement to build it in 2007, they made sure to add a clever little geopolitical kicker. The agreement explicitly states that "Chinese interests" will not be "threatened from [Turkmenistan's] territory by third parties." In translation: no Pentagon bases allowed in that country.



China's deft energy diplomacy game plan in the former Soviet republics of Central Asia is a pure winner. In the case of Turkmenistan, lucrative deals are offered and partnerships with Russia are encouraged to boost Turkmen gas production. There are to be no Russian-Chinese antagonisms, as benefits the main partners in the SCO, because the Asian Energy Security Grid story is really and truly about them.

By the way, elsewhere on the Grid, those two countries recently agreed to extend the East Siberian-Pacific Ocean oil pipeline to China by the end of 2010. After all, energy-ravenous China badly needs not just Turkmen gas, but Russia's liquefied natural gas (LNG).

With energy prices low and the global economy melting down, times are sure to be tough for the Kremlin through at least 2010,

but this won't derail its push to forge a Central Asian energy club within the SCO. Think of all this as essentially an energy *entente cordiale* with China. Russian Deputy Industry and Energy Minister Ivan Materov has been among those insistently swearing that this will *not* someday lead to a "gas OPEC" within the SCO. It remains to be seen how the Obama national security team decides to counteract the successful Russian strategy of undermining by all possible means a U.S.-promoted East-West Caspian Sea energy corridor, while solidifying a Russian-controlled Pipelineistan stretching from Kazakhstan to Greece that will monopolize the flow of energy to Western Europe.

The Real Afghan War

In the ever-shifting New Great Game in Eurasia, a key question -- why Afghanistan matters -- is simply not part of the discussion in the United States. (Hint: It has nothing to do with the liberation of Afghan women.) In part, this is because the idea that energy and Afghanistan might have anything in common is *verboten*.

And yet, rest assured, nothing of significance takes place in Eurasia without an energy angle. In the case of Afghanistan, keep in mind that Central and South Asia have been considered by American strategists crucial places to plant the flag; and once the Soviet Union collapsed, control of the energy-rich former Soviet republics in the region was quickly seen as essential to future U.S. global power. It would be there, as they imagined it, that the U.S. Empire of Bases would intersect crucially with Pipelineistan in a way that would leave both Russia and China on the defensive.

Think of Afghanistan, then, as an overlooked subplot in the ongoing Liquid War. After all, an overarching goal of U.S. foreign policy since President Richard Nixon's era in the early 1970s has been to split Russia and China. The leadership of the SCO has been focused on this since the U.S. Congress passed the Silk Road Strategy Act five days before beginning the bombing of Serbia in March 1999. That act clearly identified

American geo-strategic interests from the Black Sea to western China with building a mosaic of American protectorates in Central Asia and militarizing the Eurasian energy corridor.

Afghanistan, as it happens, sits conveniently at the crossroads of any new Silk Road linking the Caucasus to western China, and four nuclear powers (China, Russia, Pakistan, and India) lurk in the vicinity. "Losing" Afghanistan and its key network of U.S. military bases would, from the Pentagon's point of view, be a disaster, and though it may be a secondary matter in the New Great Game of the moment, it's worth remembering that the country itself is a lot more than the towering mountains of the Hindu Kush and immense deserts: it's believed to be rich in unexplored deposits of natural gas, petroleum, coal, copper, chrome, talc, barites, sulfur, lead, zinc, and iron ore, as well as precious and semiprecious stones.

And there's something highly toxic to be added to this already lethal mix: don't forget the narco-dollar angle -- the fact that the global heroin cartels that feast on Afghanistan only work with U.S. dollars, not euros. For the SCO, the top security threat in Afghanistan isn't the Taliban, but the drug business. Russia's anti-drug czar Viktor Ivanov routinely blasts the disaster that passes for a U.S./NATO anti-drug war there, stressing that Afghan heroin now kills 30,000 Russians annually, twice as many as were killed during the decade-long U.S.-supported anti-Soviet Afghan *jihad* of the 1980s.

And then, of course, there are those competing pipelines that, if ever built, either would or wouldn't exclude Iran and Russia from the action to their south. In April 2008, Turkmenistan, Afghanistan, Pakistan, and India actually signed an agreement to build a long-dreamt-about \$7.6 billion (and counting) pipeline, whose acronym TAPI combines the first letters of their names and would also someday deliver natural gas from Turkmenistan to Pakistan and India without the involvement of either Iran or Russia. It

would cut right through the heart of Western Afghanistan, in Herat, and head south across lightly populated Nimruz and Helmand provinces, where the Taliban, various Pashtun guerrillas and assorted highway robbers now merrily run rings around U.S. and NATO forces and where -- surprise! -- the U.S. is now building in Dasht-e-Margo ("the Desert of Death") a new mega-base to host President Obama's surge troops.

TAPI's rival is the already mentioned IPI, also theoretically underway and widely derided by Heritage Foundation types in the U.S., who regularly launch blasts of angry prose at the nefarious idea of India and Pakistan importing gas from "evil" Iran. Theoretically, TAPI's construction will start in 2010 and the gas would begin flowing by 2015. (Don't hold your breath.) Embattled Afghan President Hamid Karzai, who can hardly secure a few square blocks of central Kabul, even with the help of international forces, nonetheless offered assurances last year that he would not only rid his country of millions of land mines along TAPI's route, but somehow get rid of the Taliban in the bargain.

Should there be investors (nursed by Afghan opium dreams) delirious enough to sink their money into such a pipeline -- and that's a monumental *if* -- Afghanistan would collect only \$160 million a year in transit fees, a mere bagatelle even if it does represent a big chunk of the embattled Karzai's current annual revenue. Count on one thing though, if it ever happened, the Taliban and assorted warlords/highway robbers would be sure to get a cut of the action.

A Clinton-Bush-Obama Great Game

TAPI's roller-coaster history actually begins in the mid-1990s, the Clinton era, when the Taliban were dined (but not wined) by the California-based energy company Unocal and the Clinton machine. In 1995, Unocal first came up with the pipeline idea, even then a product of Washington's fatal urge to bypass both Iran and Russia. Next, Unocal talked to the Turkmenbashi, then to the Taliban, and so launched a classic New Great

Game gambit that has yet to end and without which you can't understand the Afghan war Obama has inherited.

A Taliban delegation, thanks to Unocal, enjoyed Houston's hospitality in early 1997 and then Washington's in December of that year. When it came to energy negotiations, the Taliban's leadership was anything but medieval. They were tough bargainers, also cannily courting the Argentinean private oil company Bidas, which had secured the right to explore and exploit oil reserves in eastern Turkmenistan.

In August 1997, financially unstable Bidas sold 60% of its stock to Amoco, which merged the next year with British Petroleum. A key Amoco consultant happened to be that ubiquitous Eurasian player, former national security advisor Zbig Brzezinski, while another such luminary, Henry Kissinger, just happened to be a consultant for Unocal. BP-Amoco, already developing the Baku-Tblisi-Ceyhan (BTC) pipeline, now became the major player in what had already been dubbed the Trans-Afghan Pipeline or TAP. Inevitably, Unocal and BP-Amoco went to war and let the lawyers settle things in a Texas court, where, in October 1998 as the Clinton years drew to an end, BP-Amoco seemed to emerge with the upper hand.

Under newly elected president George W. Bush, however, Unocal snuck back into the game and, as early as January 2001, was cozying up to the Taliban yet again, this time supported by a star-studded governmental cast of characters, including Undersecretary of State Richard Armitage, himself a former Unocal lobbyist. The Taliban were duly invited back to Washington in March 2001 via Rahmatullah Hashimi, a top aide to "The Shadow," the movement's leader Mullah Omar.

Negotiations eventually broke down because of those pesky transit fees the Taliban demanded. Beware the Empire's fury. At a Group of Eight summit meeting in Genoa in July 2001, Western diplomats indicated that the Bush administration had decided to take the Taliban down before year's end. (Pakistani diplomats in Islamabad would later

confirm this to me.) The attacks of September 11, 2001 just slightly accelerated the schedule. Nicknamed "the kebab seller" in Kabul, Hamid Karzai, a former CIA asset and Unocal representative, who had entertained visiting Taliban members at barbecues in Houston, was soon forced down Afghan throats as the country's new leader.

Among the first fruits of Donald Rumsfeld's bombing and invasion of Afghanistan in the fall of 2001 was the signing by Karzai, Pakistani President Musharraf and Turkmenistan's Nyazov of an agreement committing themselves to build TAP, and so was formally launched a Pipelineistan extension from Central to South Asia with brand USA stamped all over it.

Russian President Vladimir Putin did nothing -- until September 2006, that is, when he delivered his counterpunch with panache. That's when Russian energy behemoth Gazprom agreed to buy Nyazov's natural gas at the 40% mark-up the dictator demanded. In return, the Russians received priceless gifts (and the Bush administration a pricey kick in the face). Nyazov turned over control of Turkmenistan's entire gas surplus to the Russian company through 2009, indicated a preference for letting Russia explore the country's new gas fields, and stated that Turkmenistan was bowing out of any U.S.-backed Trans-Caspian pipeline project. (And while he was at it, Putin also cornered much of the gas exports of Kazakhstan and Uzbekistan as well.)

Thus, almost five years later, with occupied Afghanistan in increasingly deadly chaos, TAP seemed dead-on-arrival. The (invisible) star of what would later turn into Obama's "good" war was already a corpse.

But here's the beauty of Pipelineistan: like zombies, dead deals always seem to return and so the game goes on forever.

Just when Russia thought it had Turkmenistan locked in...

A Turkmen Bash

They don't call Turkmenistan a "gas republic" for nothing. I've crossed it from the Uzbek border to a Caspian Sea port named

-- what else -- Turkmenbashi where you can purchase one kilo of fresh Beluga for \$100 and a camel for \$200. That's where the gigantic gas fields are, and it's obvious that most have not been fully explored. When, in October 2008, the British consultancy firm GCA confirmed that the Yolotan-Osman gas fields in southwest Turkmenistan were among the world's four largest, holding up to a staggering 14 trillion cubic meters of natural gas, Turkmenistan promptly grabbed second place in the global gas reserves sweepstakes, way ahead of Iran and only 20% below Russia. With that news, the earth shook seismically across Pipelineistan.

Just before he died in December 2006, the flamboyant Turkmenbashi boasted that his country held enough reserves to export 150 billion cubic meters of gas annually for the next 250 years. Given his notorious megalomania, nobody took him seriously. So in March 2008, our man Gurbanguly ordered a GCA audit to dispel any doubts. After all, in pure Asian Energy Security Grid mode, Turkmenistan had already signed contracts to supply Russia with about 50 billion cubic meters annually, China with 40 billion cubic meters, and Iran with 8 billion cubic meters.

And yet, none of this turns out to be quite as monumental or settled as it may look. In fact, Turkmenistan and Russia may be playing the energy equivalent of Russian roulette. After all, virtually all of Turkmenistani gas exports flow north through an old, crumbling Soviet system of pipelines, largely built in the 1960s. Add to this a Turkmeni knack for raising the stakes non-stop at a time when Gazprom has little choice but to put up with it: without Turkmen gas, it simply can't export all it needs to Europe, the source of 70% of Gazprom's profits.

Worse yet, according to a Gazprom source quoted in the Russian business daily *Kommersant*, the stark fact is that the company only thought it controlled all of Turkmenistan's gas exports; the newly discovered gas mega-fields turn out not to be part of the deal. As my *Asia Times* colleague, former ambassador M.K. Bhadrakumar put

the matter, Gazprom's mistake "is proving to be a misconception of Himalayan proportions."

In fact, it's as if the New Great Gamesters had just discovered another Everest. This year, Obama's national security strategists lost no time unleashing a no-holds-barred diplomatic campaign to court Turkmenistan. The goal? To accelerate possible ways for all that new Turkmeni gas to flow through the *right* pipes, and create quite a different energy map and future. Apart from TAPI, another key objective is to make the prospective \$5.8 billion Turkey-to-Austria Nabucco pipeline become viable and thus, of course, trump the Russians. In that way, a key long-term U.S. strategic objective would be fulfilled: Austria, Italy, and Greece, as well as the Balkan and various Central European countries, would be at least partially pulled from Gazprom's orbit. (Await my next "postcard" from Pipelineistan for more on this.)

IPI or TAPI?

Gurbanguly is proving an even more riotous player than the Turkmenbashi. A year ago he said he was going to hedge his bets, that he was willing to export the bulk of the eight trillion cubic meters of gas reserves he now claims for his country to virtually anyone. Washington was -- and remains -- ecstatic. At an international conference last month in Ashgabat ("the city of love"), the Las Vegas of Central Asia, Gurbanguly told a hall packed with Americans, Europeans, and Russians that "diversification of energy flows and inclusion of new countries into the geography of export routes can help the global economy gain stability."

Inevitably, behind closed doors, the TAPI maze came up and TAPI executives once again began discussing pricing and transit fees. Of course, hard as that may be to settle, it's the easy part of the deal. After all, there's that Everest of Afghan security to climb, and someone still has to confirm that Turkmenistan's gas reserves are really as fabulous as claimed.

Imperceptible jiggles in Pipelineistan's tectonic plates can shake half the world. Take, for example, an obscure March report in the *Balochistan Times*: a little noticed pipeline supplying gas to parts of Sindh province in Pakistan, including Karachi, was blown up. It got next to no media attention, but all across Eurasia and in Washington, those analyzing the comparative advantages of TAPI vs. IPI had to wonder just how risky it might be for India to buy future Iranian gas via increasingly volatile Balochistan.

And then in early April came another mysterious pipeline explosion, this one in Turkmenistan, compromising exports to Russia. The Turkmenis promptly blamed the Russians (and TAPI advocates cheered), but nothing in Afghanistan itself could have left them cheering very loudly. Right now, Dick Cheney's master plan to get those blue rivers of Turkmeni gas flowing southwards via a future TAPI as part of a U.S. grand strategy for a "Greater Central Asia" lies in tatters.

Still, Zbig Brzezinski might disagree, and as he commands Obama's attention, he may try to convince the new president that the world needs a \$7.6-plus billion, 1,600-km steel serpent winding through a horribly dangerous war zone. That's certainly the gist of what Brzezinski said immediately after the 2008 Russia-Georgia war, stressing once again that "the construction of a pipeline from Central Asia via Afghanistan to the south... will maximally expand world society's access to the Central Asian energy market."

Washington or Beijing?

Still, give credit where it's due. For the time being, our man Gurbanguly may have snatched the leading role in the New Great Game in this part of Eurasia. He's already signed a groundbreaking gas agreement with RWE from Germany and sent the Russians scrambling.

If, one of these days, the Turkmenistani leader opts for TAPI as well, it will open Washington to an ultimate historical irony. After so much death and destruction, Washington would undoubtedly have to sit down

once again with -- yes -- the Taliban! And we'd be back to July 2001 and those pesky pipeline transit fees.

As it stands at the moment, however, Russia still dominates Pipelineistan, ensuring Central Asian gas flows across Russia's network and not through the Trans-Caspian networks privileged by the U.S. and the European Union. This virtually guarantees Russia's crucial geopolitical status as the top gas supplier to Europe and a crucial supplier to Asia as well.

Meanwhile, in "transit corridor" Pakistan, where Predator drones soaring over Pash-tun tribal villages monopolize the headlines, the shady New Great Game slouches in under-the-radar mode toward the immense, under-populated southern Pakistani province of Balochistan. The future of the epic IPI vs. TAPI battle may hinge on a single, magic word: Gwadar.

Essentially a fishing village, Gwadar is an Arabian Sea port in that province. The port was built by China. In Washington's dream scenario, Gwadar becomes the new Dubai of South Asia. This implies the success of TAPI. For its part, China badly

needs Gwadar as a node for yet another long pipeline to be built to western China. And where would the gas flowing in that line come from? Iran, of course.

Whoever "wins," if Gwadar really becomes part of the Liquid War, Pakistan will finally become a key transit corridor for either Iranian gas from the monster South Pars field heading for China, or a great deal of the Caspian gas from Turkmenistan heading Europe-wards. To make the scenario even more locally mouth-watering, Pakistan would then be a pivotal place for both NATO and the SCO (in which it is already an official "observer").

Now that's as classic as the New Great Game in Eurasia can get. There's NATO vs. the SCO. With either IPI or TAPI, Turkmenistan wins. With either IPI or TAPI, Russia loses. With either IPI or TAPI, Pakistan wins. With TAPI, Iran loses. With IPI, Afghanistan loses. In the end, however, as in any game of high stakes Pipelineistan poker, it all comes down to the top two global players. Ladies and gentlemen, place your bets: will the winner be Washington or Beijing?

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