



Scramble for gas and oil stokes up imperialist rivalries

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June: Russian president Vladimir Putin denounced the plans for the US missile defence system to site key radar and anti-missile batteries in Poland and the Czech Republic, stating in response Russia would be forced to target these facilities.

July: Russia threatened to use its United Nations Security Council veto to block US and European Union moves towards an independent Kosovo, while the British government expelled four Russian diplomats over the Alexander Litvinenko murder case and Russia expelled four British diplomats in retaliation.

August: Putin stated his navy would patrol the Mediterranean once again, opening up a mothballed base in Syria, a US designated 'rogue state'. A Russian expedition laid claim to a large chunk of the Arctic, sparking what could become a scramble for the mineral and oil wealth of the North Pole.

In the same month Russia conducted joint military exercises with China, and the two powers deepened economic and security ties with one another and with key Central Asian states at the Shanghai Cooperation Organisation. This meeting saw Iran invited as an observer, whereas a similar US request was turned down. Russian papers close to Putin trumpeted the meeting as a 'Warsaw Pact 2'.

On 17 August Vladimir Putin announced that Russian long-range bombers, capable of carrying nuclear weapons, would resume worldwide 'combat patrols' in defence of Russia's 'economic interests'. Soon Britain was scrambling jets as one Russian sortie approached her airspace.

Rising imperialist tensions

Russia's recent recovery has been meteoric. 1998 saw the collapse of its economy, followed by the 1999 Kosovo war, in which the US and Nato bombed Serbia, Russia's ally, into submission. Then came 11 September 2001, and the US went on the offensive, invading Afghanistan and Iraq, whilst a disapproving Russia just looked on.

George Bush expanded Nato right up to the borders of Russia, setting up military bases and investments in oil and gas rich Central Asia and the Caucasus, and even sponsored 'velvet revolutions' in Georgia (2003), Ukraine (2004-05) and Kyrgyzstan (2005). Pro-Russian regimes were replaced by pro-US ones.

Thus Russia's power and influence in the states, which had been subordinate to it within the USSR and the Tsarist empire, was whittled away. The rise of the USA threatened to strip Russia of her semi-colonial territories, markets and resources, ones its ruling class needs to develop further as an imperialist power.

But in the last two years, these trends have gone into reverse. With the US facing defeat in Iraq, and only holding its ground in Afghanistan, the Putin government is taking steps to rebuild its military strength and extend its power in its 'near abroad' at the expense of the US.

No one should get carried away, of course. Most of these moves, such as the new bomber patrols, are symbolic, aimed at whipping up nationalist support for Putin ahead of December's parliamentary elections and the March 2008 presidentials. Putin is required to step down after two terms, and the bloc of energy oligarchs and state apparatchiks around him is determined to install a successor, who will continue the policies that have hugely enriched them over the last decade.

Also, Russian military power remains a fraction of that of the US. Russia's current defence budget is £16 billion. While this is up nearly 400% from 2001, Washington's defence budget is about 20 times bigger. Russia's ageing fleet, tanks and airplanes (it has not produced a new airplane in ten years) pale in comparison to the USA's high-tech military and world network of bases.

Nevertheless, Russia is taking real steps to rebuild its military power, this year announcing a £97 billion investment in the armed forces to modernise it by 2015, with Putin determined 'to retain leadership in the production of military equipment' and make development of the aviation industry its number one priority, breaking the monopoly of the US and EU in this crucial military and economic field.

The 'energy superpower'

In February Putin denounced the US at a Munich energy summit for its unilateral approach, sidelining institutions such as the UN where Russia has a veto. 'One state, the United States, has overstepped its national borders in every way,' he stated, noting that the growth of new powers such as China and Russia could create a multilateral world, at the expense of the US superpower.

But while Russia and China have important interests in common, they also have divergent ones. They are in competition with one another for energy supplies and influence in Central Asia and the Caucasus, where neither wants to be dominated by the other. These countries in turn will seek room for manoeuvre by playing off Russia, China, India, and the US against each other.

Russia is keenest to strengthen the Shanghai Cooperation Organisation both as an alternative to NATO, bringing in Iran, while China wants to it looser and probably would keep its distance from Iran, to avoid provoking US retaliation against its exports. The SCO is not yet anything like Warsaw Pact 2.

So Russia will remain a military David compared to the American Goliath for some time to come. However, it holds one economic weapon, which can strike the US and EU imperialists at their weakest point.

There has been much debate about Russia becoming the world's 'energy superpower'. In January 2006, Russia cut off natural gas supplies to the pro-US Ukraine, in the process stopping the flow of oil to Europe, which relies on Russia for a quarter of its natural gas consumption. The move sparked accusations of Russia using energy as a 'weapon'. Much of the recent 'green' rhetoric of the rulers of the US and Britain is directly related to strategic fears of dependence on oil from rival or dissident states, such as Russia or Venezuela.

Indeed, the reversal of Russia's fortunes relies completely on its energy resources and power. Russia holds the world's largest natural gas reserves - 25 per cent of the total - and the eighth largest oil reserves; it is the biggest exporter of natural gas, the second biggest of oil. Equally importantly, Russia has benefited from oil prices rocketing from around \$10 a barrel in 1998 to over \$70 today. Energy is now responsible for 20 per cent of Russia's GDP and 64 per cent of export revenues.

Russia's economy is booming as a result. Every \$1 per barrel increase in the oil price translates into as much as 3.4 per cent added to GDP, or \$1.5 billion of additional annual budget revenues. Putin has, since 2000, put all the key energy sectors under state control. This involved a crackdown on the billionaire tycoons that used their wealth and power to sponsor opposition media and parties, and who threatened to open up Russia's immense resources to US oil multinationals, and thus potentially subordinate the energy sector - the goose that lays the golden egg - to US imperialism.

The result is a Putin government that is just as 'Big Oil' as Bush and Cheney's, with siloviki or 'power people' from the security services and military serving in the top echelons of the Putin government and on the boards of Russia's state-owned energy giants, Rosneft (oil), Transneft (pipelines) and Gazprom (natural gas). Igor Sechin, deputy head of the presidential administration and possible Putin successor, is chairman of Rosneft; first deputy prime minister Dmitry Medvedev, chairman of Gazprom; and Viktor Khristenko, minister of industry and energy, chairman of Transneft.

Of course the siloviki are not just politicians but, through corruption or links with the private sector, they are just as much a part of the Russian 'oligarchy' as the private capitalists, who continue to flourish under Putin's regime. Russia is second only to the US and Germany in the number of billionaires it has.

As a result of these moves, since 2003 the state has controlled, planned and developed more and more of Russia's energy industry. The state is now the key centre for accumulation and investment, able to use the energy wealth to rebuild its economy and its military power.

Power from the pipeline

In addition to its own resources and pipelines, Russia controls many of the major pipelines that take oil from producing regions around the Caspian to Europe. Russian companies are exporting capital to expand their stakes in gas and electricity companies in the countries surrounding it, including the old Eastern bloc and even further afield. Gazprom, the world's biggest natural gas multinational, has established stakes in the energy sectors of sixteen EU countries, and is using the bait of investment opportunities in Russia to prise open more acquisitions in European energy companies in a search not for just profit but for access to the latest technology, necessary to develop Russia's reserves.

The Russian government has used the courts to seize oil and gas fields back from foreign oil multinationals. Joint ventures or exploration and production grants were agreed on generous terms in the desperate days of the 1990s, as the government tried to jumpstart the economy. Citing 'abuses' or environmental damage, Putin's government is clawing back control, forcing BP and Shell to give up some of their most lucrative operations. In December 2006 Shell was forced to sell a controlling stake in the Sakhalin-2 oil and gas development, the biggest foreign investment in Russia, to Gazprom.

The scramble begins

Putin's attempts to take this sector under state control, to seize back fields relinquished to Western multinationals, to build up a reserve of £150 billion and stability fund of £100 billion from oil taxes and state production, and to expand abroad into Central Asia and the world market are all parts of a struggle to build up Russian imperialism, so it can take its place among the so-called Great Powers, one straddling the Eurasian landmass and its resources and denying their tribute to the US, ultimately able to confront the American Goliath on its own terms.

Russia's growing energy power hits US and British companies, like ExxonMobil and BP, which have falling or even, in the case of Shell, negative reserve-replacement ratios. With the rise of 'oil nationalism' in countries like Russia and Venezuela, and without much direct ownership or control of reserves, the oil majors of the US and Britain face falling influence and profits in the future.

Yet the US and EU economies rely on this energy for their economies. Poland, Germany, even Britain all rely on Russian oil. Three-fifths of its gas exports go to the EU, and several smaller countries in its periphery, such as Bulgaria, Turkey, Poland and Slovakia, get all or most their natural gas from Russia. Even Germany (41%) and France (25%) are reliant on Russia for a major portion of their gas supplies. Russia's temporary halt to Ukraine's supplies reminded EU imperialists that oil and gas are not just sources of wealth, they give the state the power to bring industrial economies that rely on it to their knees.

As a result, the scramble for non-aligned sources of oil, such as those in the Caucasus or Central Asia, become more important, and the US invasion of Afghanistan and Iraq 'planned long before 11 September' are testament to this intensifying struggle and source of imperialist tension. Hence the battle to build rival pipelines from Central Asia and bring its oil and gas wealth to world markets, along with aid and competition for military bases between the US and Russia, in these states.

The 'Great Game' as they called this conflict in the 19th and 20th centuries is on again.

