

G8 summit: Geopolitical trial of strength in St. Petersburg

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Since the heads of government of the US, Germany, France, Great Britain, Italy and Japan met in 1975 for a “fireplace discussion” in Rambouillet, outside of Paris, the annual summit—called the G8 summit with the addition of Canada and Russia—has grown into a major international affair. The summit is surrounded by a range of meetings between various ministers and is planned and prepared months in advance by an army of officials.

Despite this huge expenditure of time and effort, the summits are usually of a largely symbolic character. Major decisions are rarely made, and the outcome is generally determined in advance. Nevertheless, the summits provide an insight into the state of international relations.

Such is the case with the G8 summit to take place from July 15 to 17 in the Russian city of St. Petersburg. The first G8 summit on Russian soil was originally designed to symbolise the full integration of Russia into the club of leading capitalist industrialised countries. Instead, the meeting and the preceding diplomatic tug-of-war have served to expose the sharp tensions that dominate international relations.

In particular, the US-Russian relationship has reached its lowest point since the collapse of the Soviet Union. Some US politicians such as senators John McCain and Joseph Lieberman have gone so far as to call for a boycott of the St. Petersburg summit.

Two issues are at the heart of the disputes.

The first, under the heading “global energy security,” is at the top of the official agenda. At stake is the control of international energy reserves and transport routes, which, in turn, constitute a key factor in the geopolitical balance of power in the twenty-first century.

Russia is one of the world’s biggest exporters of oil and gas and has enormous unexplored gas reserves. It has sought to exploit this factor to strengthen its position as a world power and form international alliances to counteract America’s drive for global hegemony, a policy described by Russian President Vladimir Putin as the development of a “multi-polar world order”—something Washington has sought to prevent at all costs.

The second issue—the attitude towards Iran—is closely connected to the first. While not on the official agenda, it will play a significant role at the summit.

There are many indications of a possible trade-off. If Russia is prepared to agree to sanctions against Teheran, the US may soften its current hard line towards Russia on a number of issues. Among them are Russia’s efforts to join the World Trade Organisation and the conclusion of a nuclear pact that would enable Russia to store international radioactive waste, a highly lucrative business.

Numerous secondary points of controversy that have made the headlines in the run-up to the summit—Putin’s increasingly authoritarian rule, Russia’s newly discovered interest in environmental protection (natural gas and nuclear energy are portrayed as relatively pollution-free forms of energy), and the recent Moscow summit of religious leaders that included representation from the Vatican, the Russian Orthodox Church and Iranian mullahs—have all become component parts of a geopolitical trial of

strength.

While Europe does not lack ambition, it lacks the necessary unanimity within its ranks to play an independent role in this test of strength. Although half of the leaders attending the summit are European, Europe supports the US on most questions. With the exception of Great Britain, Europe looks mistrustfully at America’s attempts to dominate the Middle East and Central Asia. But it is even more suspicious of Russia’s role in strengthening the position of energy-producing nations over consuming countries. Europe is even more dependent than the US on imported energy.

Russia, which reached a point of economic and political decline at the end of the Boris Yeltsin era, has experienced a remarkable economic comeback over the past few years. Since 1999, the economy has grown at an annual rate of 6 percent, the value of the Russian stock market has risen 11-fold since 2001—it is now worth \$621 billion—and this year’s gross domestic product is expected to reach \$900 billion.

These figures are first and foremost a result of the rise in oil and gas prices, which have trebled since 2002. Russia is the world’s second biggest oil producer after Saudi Arabia, and controls 65 percent of international natural gas reserves. Currently, Russia supplies a ninth of the world’s oil and one fifth of its natural gas.

The Putin government regards this as a basis for restoring and strengthening Russia’s position as a world power. It has systematically subjected the energy sector to its control via the gas monopoly Gazprom and semi-nationalised oil companies. It has used Russia’s position as an energy producer to re-establish its influence over the regions that gained independence after the collapse of the Soviet Union and to develop new international alliances. Washington and Europe vehemently oppose this development.

This is behind the protests at the arrest of the oil magnate Mikhail Khodorkovsky and the breaking up of his Yukos oil company. The arguments on both sides are duplicitous. The West is not concerned with democracy, but rather with access to the riches of Russia, which were sold off at fire sale prices under Yeltsin. As for Putin, his actions are not directed against the predatory oligarchs as such, whose wealth he defends and protects, but rather against the sell-off of strategic resources to foreign interests. Khodorovsky was preparing to sell off large parts of his enterprise to American oil companies when the Russian state intervened against him.

Tensions also rose following the “revolutions” encouraged by the West in Georgia and Ukraine, as well as the penetration by the US into Central Asia within the context of the Afghanistan war. Russia has since been able to regain influence in this region by binding the most important gas producers to long-term contracts. The gas in the region is exported to the rest of the world market by Gazprom. In addition, Moscow developed a new coalition with Kyrgyzstan, Kazakhstan and Uzbekistan in alliance with China, in the form of the Shanghai Organisation for Cooperation (SCO), which invited Iran and Pakistan to its last meeting.

When Russia at the end of last year abruptly raised the price of its gas exports to Ukraine to world market levels and briefly shut off supplies, alarm bells rang in Western capitals. The measure, which had only limited effects on gas supplies to Europe, was generally interpreted as confirmation of Russia's readiness to use oil and gas to exercise political leverage. Since then, any excessive dependence on Russian supplies is considered a major geo-strategic disadvantage.

Equally alarming to the West was Putin's surprise announcement during a visit to Peking in March of this year of plans to build a gas pipeline from the west Siberian fields to China. Up until then, it had been assumed that the west Siberian fields were intended for Russian and European consumption, and that new fields in east Siberia would be opened up for supplies to China. If the gas pipeline to west Siberia is actually built, China will confront Europe as a competing customer—a situation that will substantially strengthen the hand of the provider, Russia.

Relations between the US and Europe on the one side and Russia on the other have cooled considerably since Gazprom interrupted gas supplies to Ukraine. The propaganda offensive against Putin's regime has become louder and shriller.

In response, Putin has undertaken his own propaganda offensive. He participated in a nationally sponsored conference of NGOs in Moscow and even permitted criticisms to be raised. He then answered questions during an international online conference and organised a three-day summit of religious representatives from 49 countries to combat "extremism."

To the G8 summit he has submitted a proposal for "global energy security." According to Putin, its aim is to "ensure that the world's population and global economy have access to energy resources at affordable prices and with minimum damage to the environment." He added: "Forming a favourable investment climate and stable transparency rules in the global energy sector has a major role to play in energy security."

The energy-consuming countries, however, regard Putin's offer as a Trojan Horse, which in their opinion is aimed at ensuring that in its role as arbiter of the global energy market, Russia will become a decisive player in great power politics.

The Council on Foreign Relations, a semi-official US think tank on foreign policy issues, summarised the opposing interests as follows: "The goal for the United States over time is to reduce our dependence on the Middle East. Increasingly for the Europeans, the goal is to diversify and reduce their dependence on Russia's energy exports. Russia has a very different view on energy security: Russia wants to ensure the continued demand for its oil and gas. Russia thus wants to use its position in the world energy markets as a way to be a major power. To do so it has to be willing to use its leverage in political ways."

Washington has systematically stepped up its pressure on Moscow to support its moves against the regime in Tehran. Ten days before the summit, President Bush demonstratively invited the pro-US Georgian head of state Mikhail Saakashvili to the White House—a clearly implied threat against Moscow's interests in the Caucasus.

In view of the military debacle in Iraq, Washington is working ever more openly to intensify diplomatic, and possibly military, pressure on neighbouring countries, in order to bring about regime change favourable to the US. Israel is engaged in a military campaign to break up the Hamas-led Palestinian Authority, with American backing, and is threatening Syria, while the US increases pressure on Iran with European support.

Russia has much at stake with regard to Iran. The two countries maintain close economic relations. After India and China, Iran is the third biggest customer for Russian armaments, and it imports a large portion of its energy and nuclear power technology from Russia.

Above all, Teheran is an important strategic partner with Russia in the latter's efforts to keep the US and NATO out of the Caspian region. For

its part, the mullah regime in Teheran has demonstrably refrained from supporting Islamic forces inside Russia and remained silent on Moscow's brutal policies toward Chechnya's Muslim population.

Moscow's alliance with Teheran has its limits, however. Russia has no interest in Iran becoming a strong regional power or acquiring nuclear weapons. This would inevitably affect its own interests in the region. Iran is, in any case, extremely unstable. Prospects such as further radicalisation of the present Islamic regime or the overthrow of the regime in favour of Western-oriented forces are deemed to threaten Russian interests.

Since Teheran publicly declared in February 2003 that it was aiming to develop a complete atomic fuel cycle, and in January of this year restarted research on uranium enrichment, relations between the two countries have cooled noticeably.

Russia has submitted its own proposal to solve the disputed nuclear issue. It would permit Teheran to enrich uranium within the context of an Iranian-Russian joint undertaking, with the proviso that this takes place at least in part on Russian soil. If Teheran rejects this suggestion, it is possible Russia will vote in favour of United Nations sanctions against Iran.

There can be no doubt that Moscow will use this issue in the course of the geopolitical tug-of-war in St. Petersburg.

According to press reports on Monday, Washington has announced its readiness to conclude a comprehensive deal on civilian nuclear technology if Moscow ends its opposition to sanctions against Iran. The agreement would make it possible for Moscow to dispose of large quantities of international nuclear waste in Siberia—a business that brings in up to \$20 billion per year. So far, in line with international agreements on the disposal of used fuel rods, the US controls approximately 95 per cent of the potential market for radioactive waste.

Other trade-offs are also possible—e.g., on Russian membership in the World Trade Organisation, which has been blocked by Washington for years.

Any deals struck in St. Petersburg can only temporarily moderate the underlying geo-strategic and energy conflicts. They cannot resolve the simmering tensions. Some of the most important economic powers and energy consumers—such as China, India, Brazil, Mexico, and South Africa—are not even represented at the G8.

In the long run, the enormous tensions that have become visible in the run-up to the summit have their roots in the incompatibility of the global economy with the national state system upon which capitalism is based. As in the period before the First and Second World Wars, these tensions are increasingly erupting in the form of violent conflicts threatening the globe with a new world war, should the working class prove incapable of overthrowing capitalism and reorganising society on a socialist basis.



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