US oil pipeline politics and the Russia-Georgia conflict

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US media claims about Georgian democracy notwithstanding, a key factor in US backing for Georgian President Mikheil Saakashvili in his conflict with Russia has been the emergence of Georgia as a key transit country for oil and gas exports from the Caucasus and the Caspian Sea basin.

The August 7 outbreak of hostilities between Georgia and Russia, as Georgia bombarded Russian peacekeepers in the breakaway Georgian region of South Ossetia, is the predictable result of the US's aggressive use of pipeline politics and proxy states to assert its commercial and military influence in Central Asia.

The broad outlines of this policy have governed US relations with the former Soviet republics ever since the 1991 collapse of the USSR. At the time, US investors rushed in to acquire large portions of the former USSR's economy, notably the oil and gas industries of the Caspian Basin. In the early 1990s, Western energy companies acquired stakes in developing numerous projects, such the Tengiz oil field in Kazakhstan, the Azeri-Chirag-Guneshli (ACG) fields in Azerbaijan, and the Dauletabad natural gas field in Turkmenistan.

From the outset, US firms and advisors pressed the ex-Soviet states to agree to pipeline routes bypassing countries the US viewed as inimical to its interests, notably Russia and Iran. Such pipelines not only deprived US rivals of transit fees and political leverage arising from their ability to cut off pipeline flows, but also gave Washington the opportunity to weld together pro-US regional alliances.

In the mid-1990s, the administration of US President Bill Clinton settled on two main pipeline projects to export Caspian oil and gas while bypassing the territories of Russia, Iran and China. The first was a plan to export Turkmen gas through Afghanistan and Pakistan to ports on the Indian Ocean—a plan that led Washington to support the Taliban in 1995-6 in an attempt to unify and pacify Afghanistan so that the Turkmenistan-Afghanistan-Pakistan (TAP) pipeline could be built. The plan ultimately foundered on the Taliban's inability to conquer northern Afghanistan.

The other plan was to build a pipeline westward through small, pro-US states in the Caucasus—Georgia and Azerbaijan. Together with an undersea trans-Caspian pipeline connecting Kazakhstan and Turkmenistan on the Caspian's eastern shore with Azerbaijan on the western shore, the Baku (Azerbaijan)-Tbilisi (Georgia)-Ceyhan (Turkey) pipeline would send a substantial fraction of Caspian energy exports to the Mediterranean. This pipeline was conceived of as a major blow, in particular, to Russia's longstanding domination of energy routes from the Caspian to the West.

The politically-driven character of the project was undeniable. As the *Christian Science Monitor* recently noted, "The $4 billion BTC pipeline, managed by and 30 percent owned by British Petroleum, was routed through Georgia to avoid sending Caspian oil through Iran, Afghanistan and Pakistan, or Russia. A 10-mile pipeline could have connected Caspian oil to the well-developed Iranian pipeline system."

Clinton administration officials relentlessly lobbied for the Baku-Tbilisi-Ceyhan (BTC) pipeline, which would pipe oil from the ACG fields near the Azeri capital of Baku through the Georgian capital of Tbilisi to the Mediterranean port of Ceyhan. After Azerbaijan, Georgia and Turkey signed an intergovernmental agreement in favor of the BTC pipeline, Clinton said in 2000 that the pipeline represented "the most important achievement at the end of the twentieth century."

As it took office in 2001, the Bush administration planned an even more aggressive use of US military power and strategic influence to carry out the same fundamental policy. Many of its top officials had been intimately involved in US energy companies' initial penetration of the USSR: National Security Advisor and later Secretary of State Condoleezza Rice served on the board of US oil major Chevron from 1991 to 2001 as an expert on the USSR, when Chevron was acquiring a major stake in the Tengiz oil field.

Vice President Dick Cheney had served as CEO of oil infrastructure company Halliburton and as a member of Kazakhstan's Oil Advisory Board, a group set up by the Kazakh government after the fall of the USSR that included the CEOs of oil majors Chevron and Texaco. In the 1990s, Cheney had also used his political pull, as former US secretary of defense in the administration of the senior George Bush, to arrange interviews between Halliburton executives and the Azeri government.

The Bush administration faced a significantly different government in Russia: President Boris Yeltsin had transferred

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power in 2000 to his chosen successor, Vladimir Putin. Thanks to its oil revenues, the Russian economy had bottomed out from the devastating collapse that followed the fall of the USSR, and Putin planned to carry out a more independent and assertive Russian foreign policy. The recovery picked up steam after Putin's arrival in power, as world oil prices began to rise.

In the aftermath of the September 11, 2001 terrorist attacks, however, Putin acquiesced to US deployments to military bases in the Caspian region, ostensibly as logistics bases for US military action against the Taliban in Afghanistan. However, these deployments also allowed the US to assert its pipeline interests—most notably leading to the temporary demise of Chinese plans to build a "Pan Asian Global Energy Bridge," a competing network of Chinese-run pipelines linking the Middle East, Central Asia and Russia to China's Pacific Coast.

Georgia soon emerged as a major transit country for Western pipeline plans. In 2002 in London, an international consortium was founded to begin construction of the BTC oil pipeline, as well as a natural gas pipeline (BTE) running from Azerbaijan's Shah Deniz gas fields through Baku and Tbilisi to the eastern Turkish city of Erzurum. Plans were also made to connect the BTE pipeline to the European market via a pipeline extending from Erzurum to Vienna, the so-called "Nabucco" pipeline.

Georgia subsequently became the site of the first major open confrontation between Russia and the US in the region, the December 2003 "Rose Revolution" that displaced Georgian President Eduard Shevardnadze. In the aftermath of parliamentary elections whose results were disputed by the US-backed opposition, the opposition staged a series of demonstrations and ultimately took over Parliament. The Georgian military, which had received extensive US training, stood aside, while top US officials, including then-Secretary of State Colin Powell, personally intervened to order Shevardnadze to step down.

This made-in-the-USA coup brought to power a series of former Shevardnadze associates who were more closely associated with the US, most notably Columbia University-educated lawyer Mikheil Saakashvili. Saakashvili formally assumed the Georgian presidency in January 2004.

One of the main disagreements between Shevardnadze and Saakashvili in the 2003 parliamentary campaign had been the question of how to deal with ethnic-minority regions of Georgia. Shevardnadze allied himself with Adjarian politician Aslan Abashidze, while Saakashvili stridently advocated that Tbilisi exercise total control over all of its territory. This represented a definite concession by Shevardnadze to Moscow, which had considerable influence in breakaway or autonomous regions of Georgia, such as Adjaria, Abkhazia, and South Ossetia.

In 2004, Saakashvili successfully forced Abashidze to flee by threatening Adjaria with invasion by the Georgian army. Throughout his presidency, he issued threats against South Ossetia and Abkhazia, despite the presence of Russian peacekeepers there.

From the point of view of US oil interests, the Rose Revolution was perfectly timed. It came one year before the 2005 opening of the BTC pipeline, a project whose value to US foreign policy depended on the Georgian government being independent from Russian pressure. The Rose Revolution succeeded in pushing the Georgian government in this direction, replacing Shevardnadze with a president firmly committed to Georgian nationalism and to eradicating Russia's influence in Georgia. Under Saakashvili, Russian influence was limited to a few enclaves living under constant threat of Georgian attack.

The broader developments in Central Asian pipeline politics since the Rose Revolution have not favored the US—a fact that no doubt played a role in US calculations to back Saakashvili in an increasingly reckless confrontation with Moscow. The growth of resistance to the US occupation of Afghanistan has precluded all plans for constructing a TAP pipeline south from Central Asia to the Indian Ocean. As a result, the Caucasian pipelines through Georgia represent the only viable path for Central Asian oil and gas exports that is acceptable to Washington.

In December 2007, Russia signed an agreement with Kazakhstan and Turkmenistan to build a new natural gas pipeline along the eastern Caspian Sea coast towards Russia. The construction of the pipeline, which would have an initial export capacity of 20 billion cubic meters per year, was seen as a major blow to US hopes that Central Asian governments would commit substantial oil and gas resources to a potential trans-Caspian pipeline linked to the existing, US-backed pipelines in the Caucasus.

China, whose attempts at securing energy supplies through pipelines from Central Asia into neighboring western China came to an abrupt halt after the US's 2001 deployments to Central Asia, has since concluded a number of pipeline deals. A Kazakhstan-China oil pipeline, linking Kazakh fields in the northern Caspian region to the Chinese pipeline network in northwestern China's Xinjiang Autonomous Region, is currently under construction and will become operational in October 2009. A parallel natural gas pipeline, with a branch downwards towards fields in Uzbekistan and Turkmenistan, is also under construction.

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