



# News from the Nations

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## Russia's grasping hands

Could Russia, for years perceived as a safe haven in the turbulent world of oil, become a new source of political risk? *Newsweek* magazine comments: "The Kremlin challenged Royal Dutch Shell, the biggest foreign investor in Russia's oil sector, sparking fears that a wider squeeze on foreign oil majors is imminent. Russia's environmental agency overturned an earlier ruling and brought Shell's \$20 billion oil exploration project on the Pacific island of Sakhalin to an abrupt halt—supposedly on environmental grounds. The real story, Shell claims, is that Gazprom, Russia's state-owned gas monopoly, is seeking to increase its stake in the Sakhalin oil-and-gas field after a massive cost overrun and is using the inspectors to put the squeeze on Shell".

## THE POLITICS OF PIPELINES

*A bigger geopolitical game is being waged every bit as aggressively as the old cold war. A report in Newsweek notes that "today's tug of war features energy, not tanks. The West is wary of becoming excessively dependent on Russian fuel supplies. For its part, Russia wants to lock in European markets. This means more than controlling the pipelines that carry its oil and gas. It also involves pushing forcefully into such downstream energy businesses as refining and retail gasoline sales and blocking emerging energy-rich rivals in Central Asia and around the Caspian Sea from entering the picture. Washington wants to promote these new suppliers—and Europe has good reason to do so. Yet spooked by Moscow's move last year to cut gas shipments to Ukraine, European governments are also reluctant to follow Bush into confrontation. 'Europe has no alternative to Russia as an energy partner', says former German Chancellor Gerhard Schröder, who now works for the Gazprom-led Baltic pipeline consortium.*

## British Petroleum fights back

"Not everything is going Moscow's way", reports *Newsweek*. "A major pipeline built by British Petroleum is now on line, running from Baku, Azerbaijan, via Georgia to the Turkish Mediterranean port of Ceyhan, pumping a million barrels of oil per day, the first outlet for Caspian energy that bypasses Russia. Azerbaijan is now free from dependence on Moscow-controlled export routes. Another gas pipeline that runs parallel to the Baku-Ceyhan line will also soon begin delivering gas from the Shah Deniz field, off the coast of Azerbaijan, to Turkey. There it will dump into a southern European network to Greece and ultimately, Italy. That will also free Georgia to buy its gas from Azerbaijan, rather than Gazprom. Soon Kazakhstan too will start to export at least some of its oil via Baku-Ceyhan".

## European countries cut oil deals with Russia

*Newsweek reports that individual European countries and corporations have already been cutting deals with Russia over oil supplies to the region, showing their concern about the future. "Italy's state-owned oil major worked out a telling scheme with Russian President Putin, which will enable Russia's gas monopoly Gazprom to invest in Italy's domestic energy markets, while Italian companies will join in oil exploration projects in Russia. Italy's biggest bank was given Putin's blessing to buy a 26-percent stake in the International Moscow Bank. The message to other Europeans was clear: give us what we want, and you'll get yours. This worries Washington. Deals done now will shape political realities on the Eurasian continent for decades to come. 'Russia is extending its roots into Western economics much faster than the West can find alternative supplies of energy', says analyst Nikolai Petrov from Moscow's Carnegie Centre. A case in point is Hungary. The day before Bush's visit, the country's oil and gas company signed yet another agreement with Gazprom to extend the Russian conglomerate's Blue-stream gas pipeline (linking Russia and Turkey) into Eastern Europe. That's a major blow to a US-backed pipeline project called Nabucco, which would connect gas producers in the Caspian to Central Europe via Turkey, Bulgaria, Romania, Hungary and Austria, bypassing Russia".*

### **Russia and Iran: oil and gas**

*Washington's wariness about Russian intentions extends beyond Europe. Putin recently met Iran's President Mahmoud Ahmadinejad in Shanghai, mooted what Mikhail Margelov, chairman of the International Relations Committee of Russia's Federation Council, calls a "gas alliance" between Russia and Iran in order to "help stabilise prices". Teheran also invited Russia's state energy company Gazprom to participate in a gas pipeline linking Iran, Pakistan and India, which could be extended to China. Putin also met Venezuela's rabidly anti-US President Hugo Chavez to discuss ending Venezuela's dependence on Western majors for the export of eighty-seven per cent of its oil and gas. Chavez offered Gazprom a slice of a planned 8,000-kilometre gas pipeline to Argentina. All this, coupled with Russia's defence of Teheran's right to a civilian nuclear programme, puts Putin firmly in Washington's bad books. In May last year Vice President Dick Cheney blasted the Kremlin for using oil and gas as "tools of intimidation and blackmail", and accused Moscow of attempting to "monopolise the transportation" of energy supplies from the Caspian. Europe's scramble to sign deals with the Kremlin undercuts the larger strategy of containing Russia, the Bush Administration feels, and makes a mockery of European talk of diversifying supplies. "The more Russia's and Europe's business interests become intertwined", argues Gazprom spokesman Sergei Kuprianov, "the more both sides will have to lose from a confrontation".*

### **US Jews want Israel to attack Iran**

A majority of US Jews support Israel taking military measures to stop Iran from getting nuclear weapons, but would prefer that the US itself not do so, according to an American Jewish Committee poll released in October last. Fifty-seven per cent backed Israel taking military action to block Iran from obtaining nuclear arms, while thirty-five per cent were opposed and the rest said they did not know. However, the numbers were practically reversed—thirty-eight per cent to fifty-four per cent—when it came to the US acting by force against Iran. Some fifty-four per cent of American Jews support the establishment of a Palestinian state, the poll found, but eighty-one per cent think that the Arabs want to destroy Israel rather than get back "occupied territory".

### **CHRISTIANS DEMAND DISMANTLING OF ISRAEL'S SECURITY BARRIER**

*A survey by the Catholic newspaper the Tablet has revealed a big majority against Israel's security barrier. The 2,815 respondents—including Catholics, Anglicans other Christian denominations, Muslims and Jews—gave their views in the wake of visits to Bethlehem by the Archbishop of Canterbury, Dr Williams, and the Archbishop of Westminster, Cardinal Cormack O'Connor, both of whom were critical of the barrier. More than seventy-five per cent supported the setting up of a Palestinian state within the June 1967 borders. Just over sixty-eight per cent of respondents believed the churches should disinvest from companies whose products are used by the Israeli Government in the territories.*

### **Israel and NATO**

In a sign of growing ties between Israel and NATO, and in an effort to create better interoperability between countries in the global war on terrorism, the Israel Defence Force's Military Intelligence (MI) plans to establish an intelligence-sharing mechanism with the Western military alliance. MI has just hosted a week-long conference on global terrorism and intelligence attended by fifty high-ranking officers from NATO member countries as well as from Jordan and Morocco.

### **Israel warning on al Qaeda**

According to the *Jewish Chronicle*, a senior Israeli government official has said that al Qaeda cells are operating in the Gaza Strip and the West Bank. The cells were small in number and working on an ideological, not operational, level, although he noted that Israel has become an increased focus of al Qaeda interest over the past year. In July al-Zawahiri, al Qaeda's number two, released a video calling on Muslims to join the fight against Israel and "attack the crusaders and Zionists". The official also said that the British Jewish community, like others in the Diaspora, was a potential target. "Al Qaeda does not differentiate between Jews and Israelis", he said. The official said that the main al Qaeda threat to Israel came not from inside the Palestinian Territories but from the country's borders, due to al Qaeda's increased activity in Jordan, Egypt and Lebanon. Israel's disengagement from the Gaza Strip was perceived by al Qaeda as a sign of Israeli weakness, increasing its attractiveness as a target for jihad. He warned that if Israel did not clamp down on the cells operating in the West Bank and Gaza Strip, Israel risked facing an al Qaeda terror campaign.