

افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نپاشد تن من مباد بدین بوم و بر زنده یک تن مباد
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

www.afgazad.com

afgazad@gmail.com

European Languages

زبانهای اروپایی

by Thierry Meyssan
Translation: Pete Kimberley
10.04.2019

The geopolitics of oil in the Trump era

The United States have become the leading world producer of hydrocarbons. As from now, they are using their dominant position exclusively to maximise their profits, and do not hesitate to eliminate their major rivals in oil production, plunging their citizens into misery. Although in the past, access to Middle East oil was a vital necessity for their economy (Carter, Reagan, Bush Sr.), then a market over which they presided (Clinton), and then again a failing resource whose supply they wanted to control (Bush Jr., Obama), hydrocarbons have now become black gold (Trump). Thierry Meyssan retraces the evolution of this bloody market.

Voltaire Network | Damascus (Syria) | 9 April 2019

Economy depends primarily on the source of energy to which it has access. This need has always been one of the main causes of war. At one time, it was necessary to put slaves to work in the fields then, in the 19th century, to seize coal with which to feed machinery, and today we rely on hydrocarbons (oil and gas).



To avoid looking at this logic too closely, men have always invented good reasons to justify what they are doing.

Thus, today we believe

- ▶ that Iran is being sanctioned because of its military nuclear programme (which it closed down in 1988);
- ▶ that the installations and assets of the PDVSA (Venezuelan Oil) have been seized in order to transfer them from the dictator Maduro to Juan Guaido's team (although it is the former and not the latter who was constitutionally elected President of Venezuela);
- ▶ or again that the United States maintains its military presence in Syria in order to support their Kurdish allies against the dictator el-Assad (while in fact the Kurds are mercenaries who do not represent their people, and el-Assad was democratically elected).

These narratives have no real basis in truth and are contradicted by the facts. We believe them because we think we can make a profit from them.

The world market

Hydrocarbons represent the major world market, more important than foodstuffs, weapons, medicine and drugs. At first, they were managed by private companies, before becoming, in the 1960's, the private hunting ground of states. As the economy developed, new actors stepped in, and the market became increasingly unpredictable. Besides this, from the end of the USSR until the return of Russia, the market became highly speculative, undergoing variations of sales prices between 1 and 4.

Apart from this, the world noticed that many oil fields, after having been heavily exploited, were now drying up. At the end of the 1960's, the Rockfeller family and the Club of Rome popularised the idea that hydrocarbons were fossil energies, and therefore limited. However, contrary to this belief, we do not actually know the origin of hydrocarbons. The hypothesis suggests that they are probably fossils, but perhaps not. Nonetheless, even if hydrocarbons are renewable, that would not prevent them from disappearing if they were over-exploited (the Hubbert peak theory). Above all, the Club of Rome studied the question with a Malthusian a priori – its mission was to demonstrate that it was necessary to reduce the world's population because the Earth's resources are limited. Its belief in the end of oil is no more than an argument to justify the desire of the Rockfellers to limit the demographic growth of the poor populations. Within the space of half a century, we believed on five separate occasions that oil was going to become scarce within the next few years. Yet there

still exist reserves which have been proven sufficient to supply the needs of Humanity for at least another century.

The highly variable costs of exploitation (from 1 in Saudi Arabia to 15 in the USA), the improvement of technology, the considerable variations of prices and the ideological debate have several times demonstrated the improbability of a return on investments. However, taking into account the operational delays, any interruption of the investment in research, exploitation and transport provokes a rarefaction of the produce available in the next five years. As a result, the market is particularly chaotic.

The world energy policy

The creation of the Organization of the Petroleum Exporting Countries (OPEC) by Venezuelan Juan Pablo Perez Alfonzo, in 1960, progressively displaced the power to fix prices from the oil companies to the exporting states. This transfer was made apparent during the Egypto-Syrian war against Israël, in October 1973 (known in the West as the « Yom Kippur War »), and world oil crisis it provoked.

The United States, which were at that time the major world power, led different policies in the hydrocarbon sector.

- ▶ President Jimmy Carter considered that his country needed this source of energy, and that access to Middle East oil was a question of « national security ». The Arabs and the Persians could not refuse to sell them its black gold or to exaggerate its cost.

- ▶ President Ronald Reagan created CentCom, the US Command for this region (defined according to the knowledge of the oil fields available at that time). In order to apply the policies of his predecessor, he negotiated for permanent military bases and began installing troops.

- ▶ President George Bush Sr. took the head of a quasi-universal coalition and crushed Iraq, which had imagined that it could find its own outlets, and had dared to try to recuperate the Kuwaiti wells of which the British had deprived it.

- ▶ President Bill Clinton and his Vice-President Al Gore inherited a unipolar world, without the USSR. They drew up a map of the corridors that had to be opened across the world (pipelines, highways, railways and Internet zones) and the military operations it would be necessary to conduct in order to build them and ensure their security – for example the war against Yugoslavia in order to build the 8th corridor).

- ▶ President George Bush Jr. and his Vice-President Dick Cheney, convinced that hydrocarbons were soon to become rare, launched a series of wars, no longer for the purpose

of grabbing the black gold, but to control its production and market. Returning to the Malthusian theory of the imminent end of these energy sources, they decided to control who would have the right to buy it and therefore be able to keep their population alive.

▀ President Barack Obama seized the opportunity of shale gas and oil in his own country and decided to favour its extraction. He was hoping that in this way he could save his country from the Malthusian curse.

▀ President Donald Trump took power when his country had become the world's leading producer. He decided to overturn US strategy.

Donald Trump's policies

When President Trump nominated the representative from Kansas, Mike Pompeo, as Director of the CIA, we interpreted this unexpected nomination in terms of the President's difficulty to find allies in the Republican Party which he had just over-run. We had forgotten that from 2006 to 2010, Pompeo had been the CEO of the hydrocarbon equipment supplier Sentry International. He knew how the oil market worked, and knew personally the world's main actors. At the same time, President Trump nominated Rex Tillerson as Secretary of State. Tillerson had been the CEO of one of the major hydrocarbon companies, Exxon-Mobil. We should therefore have considered the possibility that energy policy would be at the centre of the actions of his administration.

It is obviously impossible today to estimate the extent of Pompeo's actions as head of the secret service. However, we may entertain the thought that his older objectives may not be too far removed from those he defends today. And in fact, it so happens that he has just revealed them.

Every year, an advisory board created by the uncontested specialist of the hydrocarbon market, Daniel Yergin, organises an international meeting concerning the evolution of the situation. The 2019 Congress (CERAweek, 9 to 13 March, in Houston, Texas) was the largest international meeting in History on this subject. The CEOs of the main companies of 78 countries were present. Top of the bill was the speech by Mike Pompeo. The whole profession had been notified of the importance of his intervention, and this was the only moment at which the huge room was chock-full.

After having saluted his ex-colleagues, Mike Pompeo expressed his pride for the incredible performances of his country's oil industry, which, in six years, had become the world's major oil producer, thanks to new techniques for the extraction of shale. He announced that he had created a special bureau in the State Department tasked with managing energy resources. From now on, the directors of specialised US companies would have to talk to him. His

mission was to help them to win markets overseas. In exchange, they must agree to help their own country to apply his energy policy.

This consisted both of producing as much as possible in the United States, and also drying up a part of the world offer in order to balance the market. This is the only way that the country would be able to sell shale oil and gas, since their extraction is particularly expensive.

According to the Pompeo doctrine, it is not a question of reducing world production to the level of demand per quotas of production, such as the OPEP+ has instituted for the last two years, but by closing the door on certain large-scale exporters - Iran, Venezuela and Syria (whose gigantic reserves were discovered only recently, and are not yet being exploited). The NOPEC project (*No Oil Producing and Exporting Cartels Act*) should therefore soon emerge from the archives. This proposed law, of which numerous variants were introduced to Congress two decades ago, is aimed at eliminating the sovereign immunity that the OPEP countries invoke in order to form a cartel, despite US anti-trust laws. It would enable the pursuance before US tribunals of all the state-members of OPEP+, despite their having been nationalised, for having profited from their dominant position, and would therefore influence the rise in prices.

It so happens that, since the end of 2016, Russia has associated itself with OPEP in order to raise prices. It has thus agreed to diminish its production. This is all the more indispensable for Russia since its economy suffers from Western sanctions, and that the export of hydrocarbons - and also weapons - is one of its main sources of income. Consequently, in the current situation, the interests of Moscow and Washington do not hamper one another, but coincide to avoid flooding the market. This is why Russia does nothing to help Iran to export its oil, and still does not exploit the areas of Syria of which its nationalised companies have acquired the monopoly. It is also probable that it will not help Venezuela in this sector either. As a result, the transfer of the European headquarters of the PDVSA to Moscow has been postponed.

Russia, which saved Syria from NATO's mercenary jihadists, has never agreed to go any further. Without reaction, it watches the slow collapse of this once prosperous nation. The situation has not yet degraded into famine, like in Yemen, but is inexorably approaching that condition.

However, the United States intend not only to stabilise the world offer, but also to determine its flow, which is the source of the pressure by Washington both on the European Union and its member-states to avoid terminating their pipeline North Stream 2. The point is to free the EU from its dependence on Russian hydrocarbons. In the event that these interventions should

be crowned with success, Russia would turn this flow towards China, which would be unable to pay the same price.

Already, in order to respond to the needs of the European Union, the United States are building, as fast as possible, methane ports capable of handling shale gas. Meanwhile, Russia is accelerating the construction of the Turkish Stream pipeline, which would create another route to reach the Union.

Besides this, the US Treasury Department is blocking all means of transport for Iranian and Venezuelan oil, and also deliveries to destinations in Syria. The data to which it has access attest that the CIA had begun to observe this commerce in detail since the election of Donald Trump, including during the period of transition, which confirms the idea of the central position of energy in its policies. The attitude of the White House towards Syria is different, insofar as this country is currently unable to exploit its reserves, and Russia is allowing time to pass. The aim is to prevent reconstruction and therefore make life impossible for its people. The CIA is implementing an intense strategy of sabotage against any form of energy supply. The majority of the population, for example, has no more gas for heating their homes, nor for cooking purposes. Worse, a Turkish petrol tanker which was transporting Iranian product to Syria was sabotaged off the port of Latakia. The ship exploded, causing the deaths of its entire crew and a vast oil slick which the Western Press did not even mention.

Considering that Hezbollah participates in the Lebanese government while serving Iranian interests, the US administration extended its ban on the export of oil to Beirut. Mike Pompeo is attempting to impose a new distribution of territorial waters which would re-route Lebanese oil tankers under Israeli sovereignty.

In identical fashion, Venezuela gives oil to Cuba in exchange for its military experts and its doctors. The State Department is trying to sanction any exchange between the two countries, particularly since Cuban military experts are considered to be responsible for the support given to President Maduro by the Venezuelan army.

Coming evolutions

For the moment, Donald Trump's policies can only succeed by diminishing US demand. Until now, hydrocarbons were mainly used to fill automobile petrol tanks, which explains the development of projects for electric cars. Consuming petrol in order to supply electricity is much less expensive in the United States than using it directly in car motors. Above all, electricity can be supplied from various sources on US territory, inexpensively and at stable prices.

It is important to note that the development of electric vehicles has hardly any connection with the ideology according to which we must decrease the production of CO₂ to bring down the temperature of the Earth. On one hand because the making of batteries can itself produce large quantities of CO₂, but on the other, because electricity can be much more responsible for the production of CO₂ than oil, when it is produced by coal, as is the case in Germany and China.

Moreover, the consumption of oil is evolving. On the world scale, it is no longer in priority destined for transport, but for the fabrication of plastics.

The United States will not allow the export of hydrocarbons from Iran, Venezuela and Syria until 2023 or 2024, the date at which their shale production will begin to decrease rapidly, according to the International Energy Agency (IEA). Once again, the entire geopolitical structure will be overturned.

[Thierry Meyssan](#)