

USA Russia & China in the Middle East

Alliances & Conflicts

Iakovos Alhadeff

~~~

December 2014

Copyright © 2015 by Iakovos Alhadeff. All rights reserved.

Smashwords Edition, License Notes

This ebook is licensed for your personal enjoyment only. This ebook may not be re-sold or given away to other people. If you would like to share this book with another person, please purchase an additional copy for each recipient. If you're reading this book and did not purchase it, or it was not purchased for your use only, then please return to your favorite ebook retailer and purchase your own copy. Thank you for respecting the hard work of this author

# **Table of Contents**

[Introduction](#)

[The Middle East as a Geopolitical Arena](#)

[Russia in the Middle East](#)

[China in the Middle East](#)

[The United States in the Middle East](#)

[China-Russia](#)

[USA-China](#)

[Regional Powers and the Wars in Iraq](#)

[Foreign and Regional Powers in the Middle East](#)

[The Wrong Explanations of the Wars in the Middle East](#)

[A Reader's Manual](#)

# Introduction

In order to understand the 21<sup>st</sup> century policies of the great powers in the Middle East, it is imperative to know what these powers really want from this region. Because there might be many factors influencing their behaviour, but obviously they are not equally important. For the general reader to understand the policies of the great powers in the Middle East, the focus must be only on their most important geopolitical objectives, and that's exactly what this essay is going to do, because sometimes too much detail can blur the big picture. Once the main geopolitical objectives of the great powers are outlined, one only needs to examine how the objectives of one power complement or compete with the objectives of the other powers.

When I say “great powers”, I mean the countries that can quickly mobilize huge military forces, and such countries are mainly the United States, China and Russia. As you can see in the following Wikipedia link, according to all three sources used by Wikipedia, it is these three countries that have the highest military spending in the world.

Military Spending by Country (Wikipedia)

Image 1

| Rank        | Country                    | Spending (\$ Bn) | % of GDP |
|-------------|----------------------------|------------------|----------|
| World total |                            | 1,747.0          | 2.4      |
| 1           | USA                        | 640.0            | 3.8      |
| 2           | People's Republic of China | 188.0            | 2.0      |
| 3           | Russia                     | 87.8             | 4.1      |
| 4           | Saudi Arabia               | 67.0             | 9.3      |
| 5           | France                     | 61.2             | 2.2      |

| Rank        | Country                    | Spending (\$ Bn) | % of GDP |
|-------------|----------------------------|------------------|----------|
| World total |                            | 1,895.1          | 2.7      |
| 1           | United States              | 600.4            | 3.7%     |
| 2           | People's Republic of China | 122.2            | 1.2%     |
| 3           | Russia                     | 68.2             | 3.1%     |
| 4           | Saudi Arabia               | 59.6             | 8.0%     |
| 5           | United Kingdom             | 55.0             | 2.1%     |

| Rank        | Country                    | Spending (\$ Bn) | % of GDP |
|-------------|----------------------------|------------------|----------|
| World total |                            | 1,764.0          | 2.6%     |
| 1           | United States              | 652.4            | 4.4%     |
| 2           | People's Republic of China | 166.1            | 2.1%     |
| 3           | Russia                     | 90.7             | 4.4%     |
| 4           | United Kingdom             | 61.0             | 2.5%     |

Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_military\\_expenditures](http://en.wikipedia.org/wiki/List_of_countries_by_military_expenditures)

Annual military spending amounts approximately to 600 billion dollars in the US, 180 billion dollars in China and 90 billion dollars in Russia. The following article by the Economist, titled “Military Might”, April 2013, confirms these figures. <http://www.economist.com/blogs/graphicdetail/2013/04/daily-chart-9>

Before I examine the geopolitical objectives of the US, China and Russia in the Middle East, I must say that English is not my first language, so please excuse potential errors.

## The Middle East as a Geopolitical Arena

So what is it that the Americans, the Russians and the Chinese really want from the Middle East in the 21<sup>st</sup> century? Once this question is answered, everything becomes very simple. The US has increased its oil imports from Canada, Mexico, Venezuela, even from Russia, while at the same time it has increased its own oil and natural gas production too, and as a result it has drastically reduced its oil imports from the Middle East. Therefore the US is not dependent on the Middle East for oil in the same way it has been in the past, which was to a large extent what determined the US policies in the Middle East during the 20<sup>th</sup> century.

In the following Reuters and Financial Times articles, titled “U.S. Seen as Biggest Oil Producer After Overtaking Saudi Arabia”, July 2014, and “US Poised to Become World’s Leading Liquid Petroleum Producer”, September 2014, you can read that in 2014, for the first time, the United States overtook Saudi Arabia and Russia as the largest oil producer in the world. Please note that Saudi Arabia and Russia still have larger oil reserves than the United States. The US simply managed to significantly increase its production.

<http://www.bloomberg.com/news/2014-07-04/u-s-seen-as-biggest-oil-producer-after-overtaking-saudi.html>

<http://www.ft.com/intl/cms/s/0/98104974-47e4-11e4-be7b-00144feab7de.html>

However even though the US became the world’s largest oil producer, it remains one of the world’s largest importers of oil. On the contrary, Russia is not only one of the world’s largest producers of oil, but she is also one of the world’s largest exporters. The difference is due to the fact that the Russian economy, with a GDP of only 2 trillion dollars, is a much smaller economy than the American one, which has a GDP of 16 trillion dollars. The Chinese economy is somewhere in the middle with a GDP of 8 trillion dollars. In the following Wikipedia table you can see the world’s ten largest economies, as given by the United Nations.

Image 2

List by the United Nations (2012)<sup>[12]</sup>

| Rank | Country/Region                                                                                   | GDP (Millions of US\$) |
|------|--------------------------------------------------------------------------------------------------|------------------------|
| ◆    | <i>World</i>                                                                                     | ◆ 72,689,734 ◆         |
| 1    |  United States  | 16,244,600             |
| 2    |  China          | 8,358,400              |
| 3    |  Japan          | 5,960,180              |
| 4    |  Germany        | 3,425,956              |
| 5    |  France         | 2,611,221              |
| 6    |  United Kingdom | 2,471,600              |
| 7    |  Brazil         | 2,254,109              |
| 8    |  Russia         | 2,029,812              |
| 9    |  Italy          | 2,013,392              |
| 10   |  India          | 1,875,213              |

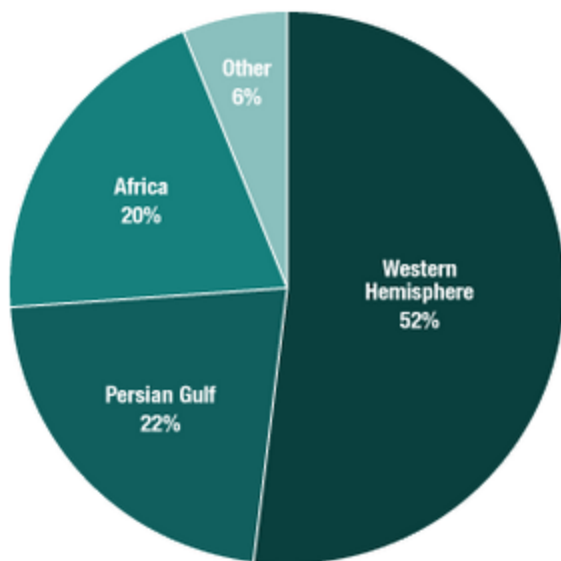
Source:[http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_GDP\\_%28nominal%29](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_%28nominal%29)

In the following pie chart, of the following National Public Radio article, titled “U.S. Rethinks Security As Mideast Oil Imports Drop”, November 2012, you can see that in 2012 the Persian Gulf accounted for only 22% of US oil imports.

Image 3

In 2011, net imports accounted for 45 percent of U.S. petroleum demand. Of that, 52 percent comes from the Western Hemisphere.

The top sources of crude petroleum and oil products: Canada (29 percent), Saudi Arabia (14 percent), Venezuela (11 percent), Nigeria (10 percent) and Mexico (8 percent).



Source: U.S. Energy Information Administration  
Credit: Stephanie d'Otreppe/NPR

Source: <http://www.npr.org/2012/11/14/165052133/u-s-rethinks-security-as-mideast-oil-imports-drop>

As you can read in the following Wikipedia link, the National Public Radio is an American non-profit public radio. It is the association of the American public radios, and it was called the Association of Public Radio Stations before it was renamed to NPR.

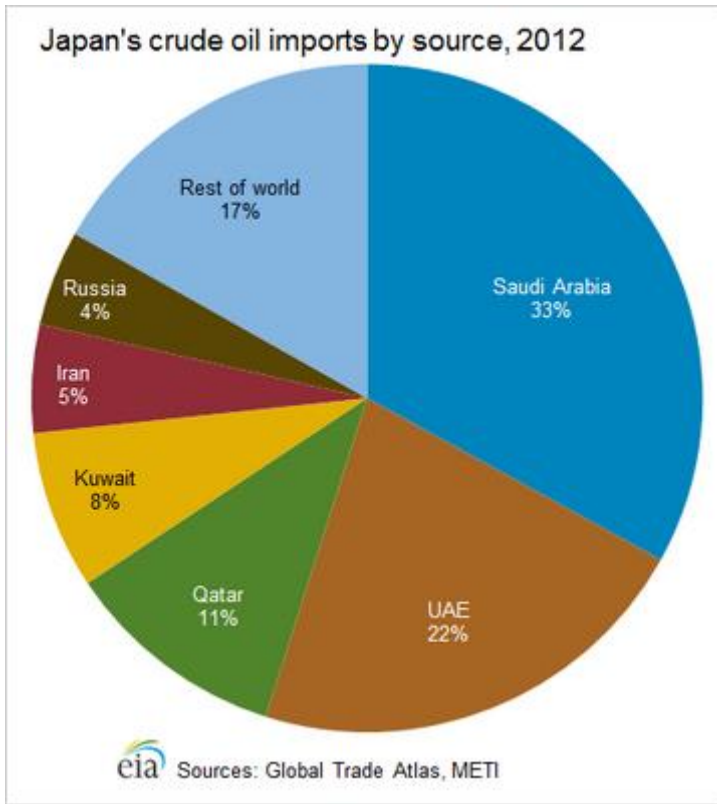
<http://en.wikipedia.org/wiki/NPR>

Therefore the Middle East is losing its geopolitical importance as the main oil provider for the US economy, which was the main American interest in the region during the 20<sup>th</sup> century. However the Middle East remains a region of high strategic and geopolitical importance, since it holds over 50% of

the world's oil and natural gas reserves, and these reserves will be of crucial importance in case of future conflicts.

Many US allies of the Asia Pacific region still count on the Persian Gulf for their oil and natural gas supplies. As you can see in the following pie chart, from the U.S. Energy Information Administration, Japan, a major US ally, imports 79% of its oil from the Middle East i.e. Saudi Arabia, UAE, Qatar, Kuwait and Iran.

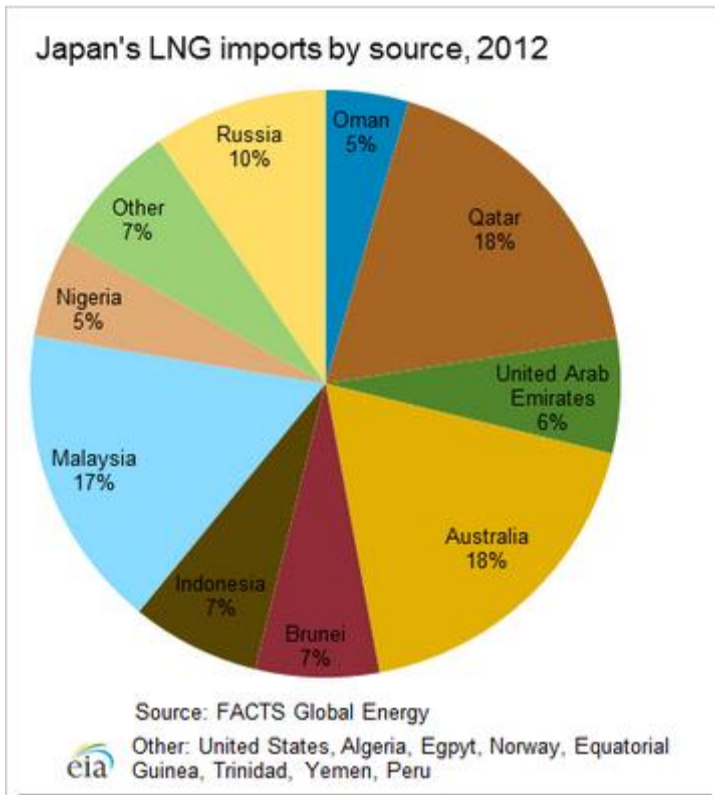
Image 4



Source: <http://www.eia.gov/countries/cab.cfm?fips=ja>

Moreover, as you can see at the following pie chart, Japan imports 29% of its natural gas from the Middle East i.e. Qatar, Oman and UAE.

Image 5

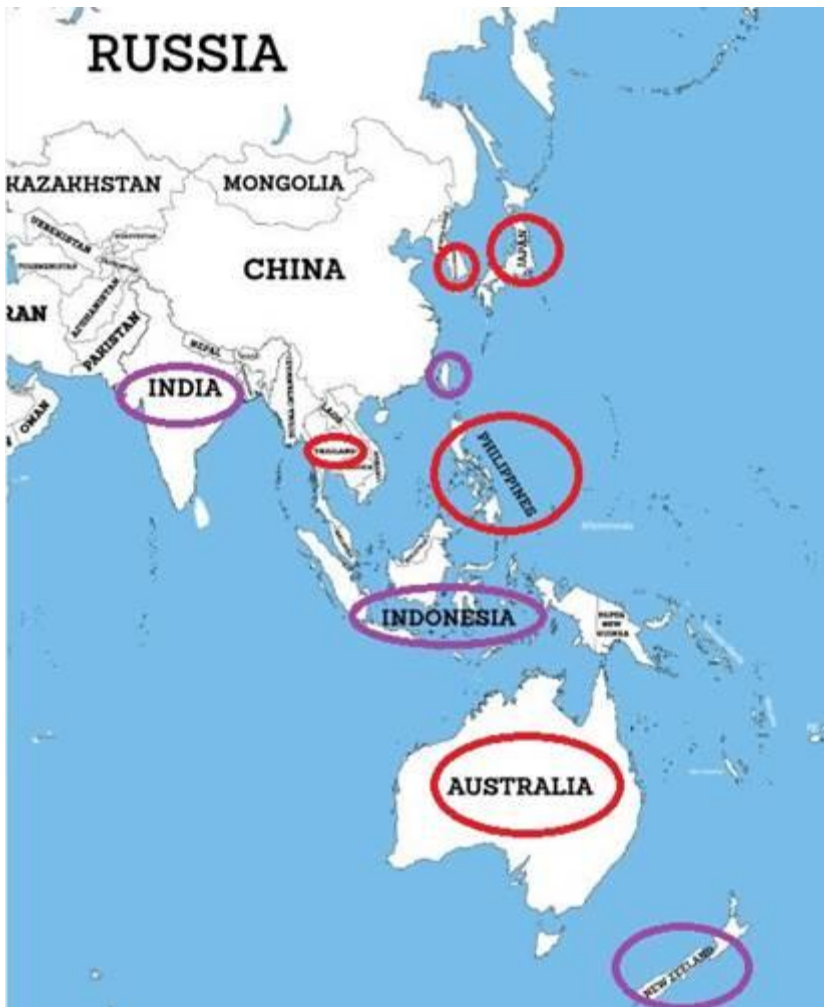


Source: <http://www.eia.gov/countries/cab.cfm?fips=ja>

The same is true for many other US allies in the Asia Pacific region. On the following map you can see in red circles the countries that have some kind of military doctrine with the US, i.e. Japan, Australia, South Korea, Thailand and Philippines, and in purple circles you can see the countries that have some kind of more relaxed military cooperation with the US i.e. New Zealand, India, Indonesia and Taiwan. All these countries feel the breath of Chinese communists and are eager to cooperate with the United States of America in order to protect themselves.

Image 6





The second, but by far the most important reason the Middle East is strategically important for the US, is because the Americans are hoping that they will eventually manage to construct a pipeline network that will connect the Middle East to Europe through Turkey. This is very important for the Americans and the EU, in order to provide a pipeline network that will reduce the Russian influence over Europe.

The Russians have a very important geographical advantage in the European energy market, and as a result they can exert significant political influence on European governments, by the use of carrot and stick. Sometimes by offering lucrative business deals, and sometimes by increasing the price of natural gas. This is causing great internal conflicts in NATO and the European Union, two traditional western alliances.

The way the Russian natural gas divides Europe and NATO is a very big issue, and I will very soon upload a separate document on the subject. For the time being you can have a look in the following Financial Times article, titled “Russia’s South Stream gas pipeline to Europe divides EU”, May 2014.

<http://www.ft.com/intl/cms/s/0/a3fb2954-d11d-11e3-9f90-00144feabdc0.html>

It is only in the Middle East that there are natural gas and oil reserves of comparable size to the Russian ones, which can provide a long term alternative to Russian natural gas and oil. It is true that Norway, Algeria and Libya do have some descent natural gas and oil reserves, and they are already connected to Europe by pipeline networks, but their reserves are peanuts when compared to the Russian ones (see following map).

Image 7



It is only Iran, Qatar, Iraq and Turkmenistan that possess natural gas reserves that could provide alternative to the Russian natural gas, and which could also travel to Europe with pipeline networks through Turkey (see following map). When natural gas travels by ships in liquefied form, i.e. LNG, it involves significant costs, and it is very difficult to compete with natural gas sold through pipeline networks, which is the case for the Russian sales in Europe.

Image 8



On page 21 of the following Energy Information Administration link, you can see the countries with the largest natural gas reserves in the world.

Image 9

Largest proved reserve holders of natural gas, January 2014



Iran's natural gas infrastructure

<http://www.eia.gov/countries/analysisbriefs/Iran/iran.pdf>

Note that figures are given in trillion cubic feet, and in order to convert them to trillion cubic meters one needs to divide them by 35, i.e. Russia has  $1.688/35 = 48$  trillion cubic meters of natural gas reserves. The following table shows the richest countries in natural gas reserves according to the CIA's World Factbook (given in trillion cubic meters).

Image 10

THE WORLD FACTBOOK

Please select a country to view

ABOUT REFERENCES APPENDICES FAQs CONTACT NEW TITLES BACK TO TOP DOWNLOAD PUBLICATIONS

COUNTRY COMPARISON :: NATURAL GAS - PROVED RESERVES

Natural gas - proved reserves compares the stock of proved reserves of natural gas in cubic meters (cu m).

DOWNLOAD DATA

| RANK | COUNTRY              | (CU M)             | DATE OF INFORMATION |
|------|----------------------|--------------------|---------------------|
| 1    | Russia               | 47,800,000,000,000 | 1 January 2013 est. |
| 2    | Iran                 | 33,610,000,000,000 | 1 January 2013 est. |
| 3    | Qatar                | 25,200,000,000,000 | 1 January 2013 est. |
| 4    | Turkmenistan         | 17,500,000,000,000 | 1 January 2013 est. |
| 5    | United States        | 8,459,000,000,000  | 1 January 2012 est. |
| 6    | Saudi Arabia         | 8,150,000,000,000  | 1 January 2013 est. |
| 7    | United Arab Emirates | 6,065,000,000,000  | 1 January 2013 est. |

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2253rank.html>

Estimating the natural gas and oil reserves can be a very difficult task, since they are changing every year as they are exploited by the countries hosting them. Therefore there are some differences between various rankings, but all the rankings I have seen so far have Russia, Iran and Qatar as the three richest countries in the world in terms of natural gas reserves.

According to BP, Russia has used a large part of its natural gas reserves and it does not have 48, but 32 trillion cubic meters of natural gas, ranking second behind Iran. You can see the BP estimates in page 20 of the following link (see black triangles).

Image 11



Therefore one must keep in mind that it is very difficult to accurately estimate world natural gas and oil reserves, and the available estimates should be only used as an approximation.

Having made this parenthesis about the world's natural gas reserves, I will return to the subject. I was saying that connecting Middle East and Europe through Turkey with a pipeline network, is by far the most important American geopolitical objective in the Middle East. Actually this was obvious in the way the Americans did not hesitate to cause severe problems in their relations with Israel and Saudi Arabia, their traditional allies in the region, in order to normalize their relations with Iran. Iran is one of the richest countries in the world in natural gas reserves, and as you can see on the above map, Iran is also the country best located in order to send natural gas to Europe through its neighbouring Turkey.

Now what does Russia want from the Middle East? Russia is one of the richest countries in the world in terms of oil and natural gas reserves, and never needed, and will never need the resources of the Middle East for herself. The main aim of Russia in the Middle East is to stop the United States and the European Union from connecting Europe to the Middle East with pipelines. This would cause more competition in the European energy market. This greater competition in the European market would result in lower prices and revenues for Russia, and it would also reduce the geopolitical might of the Russian natural gas and oil, since European countries would be far less dependent on Russia for their energy security.

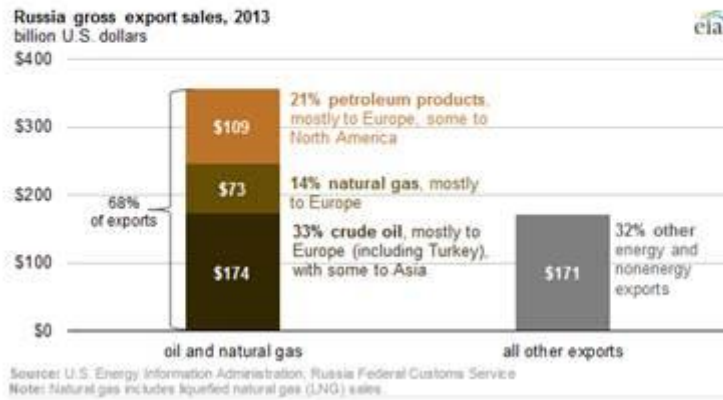
Russia is a highly corrupted country, and oil and natural gas account for most of her exports. Oil and natural gas sales account for 68% of Russia's exports, as you can read in the following article of the US Energy Information Administration, titled "Oil and Natural gas sales accounted for 68% of Russia's total export revenues in 2013", December 2014.

Image 12



DECEMBER 22, 2014

## Oil and natural gas sales accounted for 68% of Russia's total export revenues in 2013



Source: <http://www.eia.gov/todayinenergy/detail.cfm?id=19291>

Natural gas accounts for only 14% of the Russian exports, but the importance of natural gas is quickly rising, firstly because the world's natural gas reserves are expected to last much longer than the oil ones, second because natural gas is much better for the environment, and most countries are trying to substitute oil with natural gas, and finally because natural gas can be used much more effectively than oil as a geopolitical tool, when it is supplied by pipelines and long term contracts. When it is supplied in liquid form by ships i.e. LNG, its geopolitical might is greatly reduced.

For the Russian oil and natural gas exports you can also read the following Telegraph article, titled "Russia faces oil export catastrophe, snared in OPEC price trap", December 2014, which describes the economic hardships that Russia suffers due to Saudi Arabia's price war.

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*Vladimir Putin faces a catastrophic shortfall of at least \$80bn (£51bn) in oil export revenue over the next year, after Opec kingpin Saudi Arabia signalled there will be no easing in the price war it has launched to recapture market share.*

*According to [US Energy Information Administration \(EIA\) figures](#), oil and gas shipments accounted for 68pc of Russia's total \$527bn of gross exports in 2013, when Brent crude - comparable to Russian Urals - traded at an average of \$108 per barrel.*

<http://www.telegraph.co.uk/finance/newsbysector/energy/11310312/Russia-faces-oil-export-catastrophe-snared-in-Opec-price-trap.html>

In the following Eurostat table you can see Europe's main oil and natural gas suppliers. It can be seen that in 2012 Europe imported 33.7% and 32% of her oil and natural gas respectively from Russia. Europe's second biggest supplier is Norway, which is not a member of the European Union. However as I already said Norway's natural gas and oil reserves are very small when compared to the Russian ones, and therefore Norway cannot provide a long term alternative to Russian gas and oil.

Image 13

| Crude oil    |      |      |      |      |      |      |      |      |      |      |      |
|--------------|------|------|------|------|------|------|------|------|------|------|------|
|              | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Russia       | 29.5 | 31.2 | 32.5 | 32.9 | 33.8 | 33.7 | 31.8 | 33.5 | 34.7 | 34.8 | 33.7 |
| Norway       | 19.3 | 19.1 | 18.7 | 18.9 | 15.4 | 14.9 | 15.0 | 15.1 | 13.7 | 12.5 | 11.1 |
| Saudi Arabia | 10.1 | 11.2 | 11.3 | 10.5 | 9.0  | 7.2  | 6.6  | 5.7  | 5.9  | 6.0  | 6.8  |
| Nigeria      | 3.5  | 4.2  | 2.6  | 3.2  | 3.4  | 2.7  | 4.6  | 4.5  | 4.1  | 6.1  | 6.2  |
| Libya        | 7.4  | 8.4  | 8.6  | 8.7  | 9.1  | 9.7  | 9.9  | 8.9  | 10.1 | 2.8  | 6.2  |
| Kazakhstan   | 2.4  | 2.7  | 3.3  | 4.4  | 4.5  | 4.5  | 4.8  | 5.3  | 5.5  | 5.7  | 5.1  |
| Iraq         | 3.0  | 1.5  | 2.2  | 2.1  | 2.9  | 3.4  | 3.3  | 3.8  | 3.2  | 3.6  | 4.1  |
| Azerbaijan   | 1.0  | 1.6  | 0.9  | 1.3  | 2.2  | 3.0  | 3.2  | 4.0  | 4.4  | 4.9  | 3.9  |
| Algeria      | 2.7  | 3.0  | 3.3  | 3.5  | 2.5  | 1.9  | 2.5  | 1.6  | 1.2  | 2.6  | 2.9  |
| Others       | 23.1 | 17.7 | 16.4 | 16.6 | 16.6 | 16.6 | 16.7 | 17.6 | 17.1 | 16.1 | 14.6 |

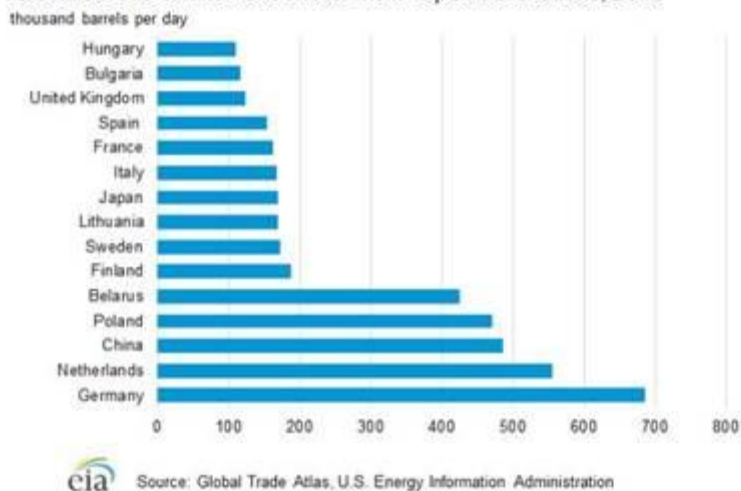
| Natural gas         |      |      |      |      |      |      |      |      |      |      |      |
|---------------------|------|------|------|------|------|------|------|------|------|------|------|
|                     | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Russia              | 43.2 | 44.1 | 43.8 | 40.7 | 39.3 | 39.7 | 37.8 | 33.5 | 29.5 | 31.6 | 32.0 |
| Norway              | 24.1 | 25.5 | 24.5 | 23.8 | 25.9 | 28.1 | 28.4 | 29.4 | 27.5 | 27.4 | 31.3 |
| Algeria             | 21.1 | 19.8 | 18.0 | 17.6 | 16.3 | 16.3 | 14.7 | 14.2 | 14.0 | 13.8 | 13.5 |
| Qatar               | 9.9  | 9.7  | 14.4 | 1.5  | 1.4  | 2.2  | 2.3  | 5.5  | 9.7  | 11.0 | 9.4  |
| Nigeria             | 2.2  | 3.1  | 3.6  | 3.4  | 4.3  | 4.8  | 4.0  | 2.4  | 4.1  | 4.3  | 3.8  |
| Libya               | 0.3  | 0.3  | 0.4  | 1.5  | 2.5  | 3.0  | 2.9  | 2.9  | 2.7  | 0.7  | 1.9  |
| Trinidad and Tobago | 0.2  | 0.0  | 0.0  | 0.2  | 1.2  | 0.8  | 1.7  | 2.2  | 1.4  | 1.0  | 0.9  |
| Persia              | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |
| Egypt               | 0.0  | 0.0  | 0.0  | 1.6  | 2.5  | 1.7  | 1.7  | 2.1  | 1.3  | 1.2  | 0.6  |
| Others              | 4.1  | 6.5  | 8.6  | 8.5  | 8.3  | 8.5  | 8.6  | 8.2  | 9.7  | 9.9  | 7.1  |

[http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/File:Main origin of primary energy imports, EU-28, 2002%80%9312 \(%25 of extra EU-28 imports\) YB14.png](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/File:Main_origin_of_primary_energy_imports,_EU-28,_2002%E2%80%932012_(%25_of_extra_EU-28_imports)_YB14.png)

At the following US Energy Information Administration link you can see the best clients, i.e. importers, of Russian oil in 2012.

Image 14

Russia's crude oil and condensate main export destinations, 2012



<http://www.eia.gov/countries/cab.cfm?fips=RS>



Germany is Russia’s best client, followed by the Netherlands. China is Russia’s third best client, followed by another five European countries. In the following article of New York Times, titled “How Much Europe Depends on Russian Energy”, September 2014, you can see how dependent on Russian oil each individual European country is.

[http://www.nytimes.com/interactive/2014/03/21/world/europe/how-much-europe-depends-on-russian-energy.html?\\_r=0](http://www.nytimes.com/interactive/2014/03/21/world/europe/how-much-europe-depends-on-russian-energy.html?_r=0)

The following table shows the Russian natural gas exports to Europe, in billion cubic meters. The figures are taken from Gazprom. Gazprom is the Russian natural gas giant, and it is controlled by the Russian state.

Image 15

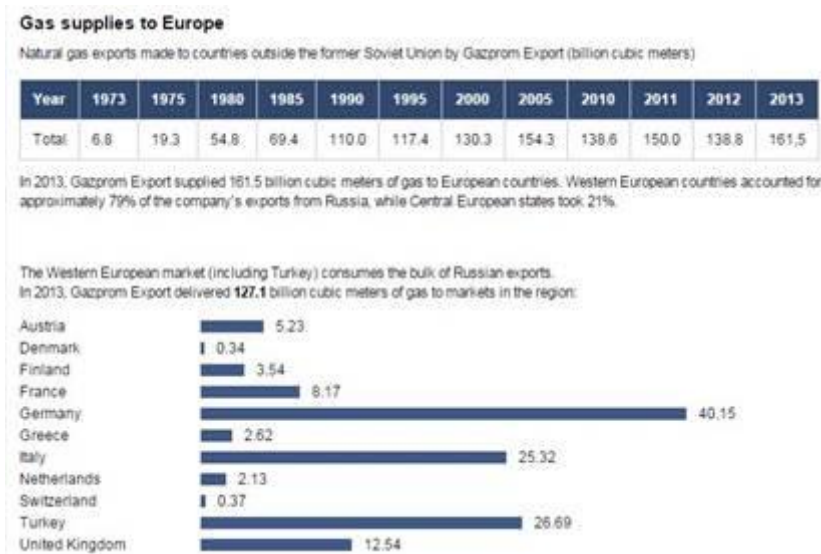
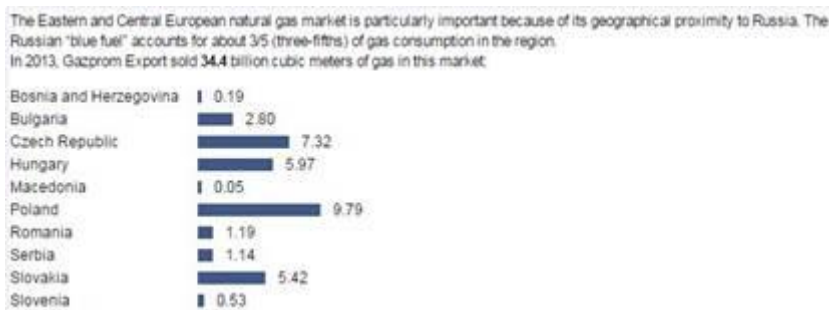


Image 16



Source: Gazprom <http://www.gazpromexport.ru/en/statistics/>

At the following link of the CIA's World Factbook, you can see that total Russian natural gas exports for 2013 were 193 billion cubic meters. As you saw from the Gazprom figures above, 161.5 billion cubic meters of these sales were made to Europe and Turkey. Therefore most of the Russian natural gas sales are made to Europe and Turkey.

Image 17



The screenshot shows the CIA World Factbook website. At the top, it says "THE WORLD FACTBOOK" and "Please select a country to view". Below that, there are navigation tabs: "ABOUT", "REFERENCES", "APPENDICES", "FAQs", and "CONTACT". The main heading is "COUNTRY COMPARISON :: NATURAL GAS - EXPORTS". Below the heading, it says "Natural gas - exports compares the total natural gas exported in cubic meters (cu m)." and "Download Data". The table below shows the top 5 countries by natural gas exports in cubic meters (cu m) and the date of information.

| RANK | COUNTRY        | (CU M)          | DATE OF INFORMATION |
|------|----------------|-----------------|---------------------|
| 1    | Russia         | 196,000,000,000 | 2013 est.           |
| 2    | Qatar          | 113,700,000,000 | 2011 est.           |
| 3    | Norway         | 107,300,000,000 | 2012 est.           |
| 4    | European Union | 93,750,000,000  | 2010 est.           |
| 5    | Canada         | 88,290,000,000  | 2012 est.           |

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2251rank.html>

It is therefore clear that Europe and Turkey are by far Russia's best clients, and that's why Russia's main objective in the Middle East is to block the connection of Middle East to Europe through pipeline networks that would not be controlled by the Russian government. Such pipeline networks would hurt Russian sales both in Europe and Turkey. It is also important to keep in mind that the importance of natural gas is increasing very fast. Therefore the geopolitical aims of Russia in the Middle East are exactly the opposite from the American ones.

Now what is it that China wants from the Middle East? China sees the Persian Gulf, in exactly the same way the United States did at the end of the Second World War. For China the Middle East is the region that can guarantee her energy security for the next decades. China wants to keep for herself as much as possible from the region's natural gas and oil reserves, and she wants them in the lowest possible prices.

Therefore USA, China and Russia want very different things from the Middle East in the 21st century. The Americans want to use Middle East to reduce the Russian influence in Europe, the Russians want to protect their prices and market share in the European markets from the Middle East oil and natural gas, and the Chinese want the reserves of the Middle East for themselves at the lowest possible prices.

The following map depicts the pipeline networks that were supported by the Americans and the Europeans as competing to the Russian ones. The red-green line is Nabucco, a natural gas pipeline which was finally abandoned, and the red-purple line is the Baku-Ceyhan pipeline, an oil pipeline that has already been constructed. The Baku-Supsa oil pipeline has also been constructed, and it carries oil from Azerbaijan to Georgia and the Black Sea.

Image 18



Nabucco had the backing of the European Investment Bank, as you can read at the following Deutsche Welle article, titled “Proposed Nabucco Gas Pipeline Gets European Bank Backing”, January 2009

<http://www.dw.de/proposed-nabucco-gas-pipeline-gets-european-bank-backing/a-3980038>

The European Investment Bank (EIB), is the non-profit bank of the European Union, and its purpose is to finance projects that are of vital importance to the EU. At the following Reuters article, titled “U.S. throws weight behind EU's Nabucco pipeline”, February 2008, you can read that the United States of America strongly supported Nabucco too.

<http://uk.reuters.com/article/2008/02/22/eu-energy-usa-idUKL2212241120080222>

## Russia in the Middle East

The case of Russia in the Middle East is very simple, because the only thing that Russia wants is that the Middle East does not mess with the Russian sales in Europe. However it is very difficult for Russia to make friends in the Middle East, because contrary to the US, China and Europe, she is not an importer of oil and natural gas. Russia is an exporter and a natural competitor of the rich in oil and natural gas countries of the region.

It is not a coincidence that the oldest Russian ally in the region is Syria, a country poor in oil and natural gas, at least by the standards of the Middle East. As you can read in the following CNN article, titled “The Moscow-Damascus alliance: A tangled tale”, 2012, Syria has been a Russian ally since the Soviet Era and the 50s.

1<sup>st</sup> Paragraph

*Many observers point to Moscow's close ties with Damascus going back to the 1950s as a reason for Russia now acting to defend the al-Assad regime in Syria against its many internal and external opponents.*

<http://www.cnn.com/2012/02/09/opinion/russia-syria-relations/>

Image 19



Iran and Iraq are two of the richest countries in the world in terms of oil and natural gas reserves, and they are Russia's natural competitors. However they have been very close to Russia, due to their rivalry with the West. Their rivalry with the West, with the economic sanctions that this rivalry implied, prevented Western multinationals from entering and investing in the Iranian and Iraqi energy markets, and therefore the production in Iran and Iraq could not reach the levels reached by Saudi Arabia, Qatar, Kuwait, and UAE.

Moreover, very often these countries could not export to Europe due to economic sanctions. Therefore they were not Russia's major competitors. In addition Iran and Iraq were very good customers of the Russian armament industry. Russia is also developing the Iranian nuclear program. Contrary to US, China and Europe, which are all importers of oil and natural gas, Russia is a major exporter, and therefore tensions in the region are very good for her, because they drive oil and natural gas prices upwards. While high oil and natural gas prices make governments in USA, Europe and China unpopular, they increase the revenues of the Russian government, and allow it to increase public spending, which is always very popular with the electorate.

But if Iran and Iraq manage to work things out with the West, they will no longer need Russia, and they will no longer have a motive to be aligned with her. These countries only need Russia as long as they are in bad terms with the West. The problem for the West is that it is very difficult to be in good terms

with all the rich in oil and natural gas countries of the region, because these countries are very hostile towards each other, in a non-stop fight about who is going to better promote his oil and natural gas.

However it is still correct to say that it is much easier for USA, China and EU, than it is for Russia, to make friends in the region. The United States, even though they increased significantly their oil and natural gas production, they are still one of the world's largest oil importers. Actually the US was the largest oil importer until 2013, when it became second to China, as you can read in the following article of the Energy Information Administration, titled "[China is now the world's largest net importer of petroleum and other liquid fuels](#)", March 2014.

<http://www.eia.gov/todayinenergy/detail.cfm?id=15531>

The Middle East always welcomes large oil and natural gas importers, as long as they do their shopping in the region of course. Therefore China, the US and Europe will always choose their allies, and Russia will only be able to pick what is left in order to make alliances.

## China in the Middle East

Contrary to Russia, China is really hungry for the oil and natural gas reserves of the Middle East, and she is the best client right now. All the rich countries of the Middle East are looking to China and the other Asian countries in order to sell their goodies, since the US has significantly reduced its purchases from the region, and Europe mainly buys from Russia.

The following table is from the Energy Information Administration article, titled “How much petroleum does the United States import and from where”, which shows from which countries the US imported its oil in 2013. The US still buys from Saudi Arabia, but the US oil imports from Saudi Arabia are expected to fall even more in the future, while exactly the opposite is expected to happen with the Chinese imports.

Image 20

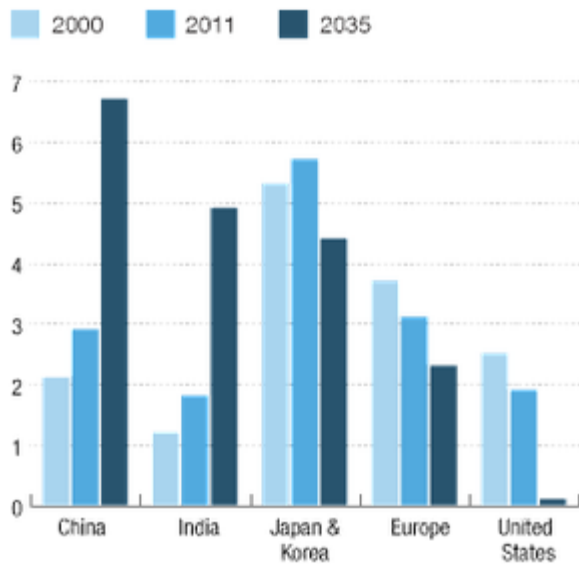
USA Oil Imports by Country

|                                       | Gross Imports |       | Net Imports |
|---------------------------------------|---------------|-------|-------------|
| <b>Top five countries<sup>2</sup></b> |               |       |             |
| Canada                                | 3.142 (32%)   | 0.549 | 2.593 (42%) |
| Saudi Arabia                          | 1.329 (13%)   | 0.003 | 1.326 (21%) |
| Mexico                                | 0.919 (9%)    | 0.532 | 0.387 (6%)  |
| Venezuela                             | 0.806 (8%)    | 0.081 | 0.725 (12%) |
| Russia                                | 0.460 (5%)    | 0     | 0.460 (7%)  |

<http://www.eia.gov/tools/faqs/faq.cfm?id=727&t=6>

At the following article of National Public Radio, titled “U.S. Rethinks Security As Mideast Oil Imports Drop”, November 2012, you can see with sky blue the current Chinese, American and European oil imports from the Middle East, and with dark blue what their imports are expected to be in 2035.

Image 21



#### Notes

Units=millions of barrels per day  
2035 figures are projections.

Source: World Energy Outlook, International Energy Agency

Credit: Stephanie d'Otreppe/NPR

Source: <http://www.npr.org/2012/11/14/165052133/u-s-rethinks-security-as-mideast-oil-imports-drop>

You can see that the Chinese imports are expected to be very high in the next decades, the American ones are expected to almost disappear, while the European ones will be somewhere in the middle. Therefore the prosperity of the Gulf countries relies to a large extent on China.

China is not only becoming the best customer in the region, but she has also managed to avoid making enemies until now, by keeping her army away from the Gulf, leaving that role to the Americans. Therefore China has managed to be in relatively good terms with all the countries of the Gulf, something that the Americans, the Russians and the Europeans have not managed to do.

China's aim is to work with all the rich in natural gas and oil countries of the Middle East, without getting militarily involved, which would cost her billions of dollars, and which would make rivalries with the Gulf countries unavoidable. China wants to appear in the region as a peaceful businessman.



However as the temperature in the Middle East rises, this becomes increasingly difficult, because all regional players are asking for China's support.

## The United States in the Middle East

The major obstacle for the US and the EU in the Middle East, in order to send natural gas to the EU through Turkey, is that currently they only have at their disposal the large natural gas reserve of Azerbaijan, namely the Shah Deniz field. Azerbaijan is a former member of the Soviet Union, but after the collapse of the Soviet Union Azerbaijan became a NATO friendly country, and at some point it might actually join NATO.

Azerbaijan hosts approximately 1 trillion cubic meters of natural gas. Most of this natural gas is held by the Shah Deniz field, a natural gas field located in the Caspian Sea (red circle in the following map).

Image 22



Obviously the 1 trillion cubic meters of Azerbaijani natural gas is not a true rival for the 48 trillion cubic meters of Russian gas. Therefore the Americans need to use the reserves of one of the other countries of the region that are rich in natural gas, i.e. Iran, Iraq, Qatar or Turkmenistan, if they want to send natural gas to Europe (see the following map). The problem is that the Russians, with the help of the Chinese, are making this very difficult for the Americans and the Europeans.

Image 23



Iran is a Russian ally, and Iraq and Syria belong to the Iranian sphere of influence. Actually Syria is a Russian ally too. Moreover the Russians were buying the natural gas of Turkmenistan and selling it through Gazprom, until Turkmenistan was connected to China through pipeline networks and long term contracts. Moreover the Russians are trying to help Iran connect to China through the Iran-Pakistan-India-China pipeline, in order to send its natural gas to China, leaving the European market to Russia.

In the following RT (Russia Today) article, a news agency funded by the Russian state, titled “Iran-Pakistan lifeline: Pipeline aims for global power balance”, March 2013, you can read that Russia is an enthusiastic supporter of the Iran-Pakistan pipeline.

1<sup>st</sup> Paragraph

*The pipeline will bring more than simply an economic boost to both countries; it is a crucial guidepost on the path to peace. After generations of conflict, Iran and Pakistan are taking their economic destinies into their own hands - together.*

<http://rt.com/op-edge/gas-pipeline-pakistan-iran-068/>

Russia wants to participate in the construction of the Iran-Pakistan pipeline, as you can read in the following Itar-Tass article, titled “Russia interested in construction of Iran-Pakistan gas pipeline”, September 2014. Itar-Tass is a news agency that belongs to the Russian Federation.

<http://itar-tass.com/en/russia/750654>

China also wanted to participate in the construction of the pipeline, as you can read in the following Times of Tehran article, titled “[China to back Iran-Pakistan gas pipeline project](#)”, June 2012

<http://www.tehrantimes.com/economy-and-business/98622-china-to-back-iran-pakistan-gas-pipeline-project>

In the following Wall Street Journal article, titled “Iran-Pakistan Pipeline Deal Irks U.S.”, February 2013, you can read that the pipeline is a big problem for the US, and the Americans are proposing to Pakistan, India and China the Turkmenistan-Afghanistan-Pakistan-India pipeline, TAPI, as an alternative.

1<sup>st</sup> Paragraph

*In what has been widely perceived as a pre-election stunt, Pakistan has pushed ahead with a controversial pipeline deal with Iran – a move that has irritated the U.S. and that could lead to economic sanctions if Islamabad begins imports of Iranian gas.*

4<sup>th</sup>, 5<sup>th</sup> Paragraphs

*The U.S. has opposed the pipeline since its inception, promoting the Turkmenistan-Afghanistan-Pakistan-India pipeline as an alternative that keeps Iran firmly out of Asian energy markets.*

*Washington has made it clear that it will impose economic sanctions on Islamabad if it begins to buy gas from Iran. In a written reply to The Wall Street Journal, the U.S. embassy in Islamabad reiterated the U.S.’s position stating: “Our policy on Iran is well known. We have made it clear to all of our interlocutors around the world that it is in their interests to avoid activities that may be prohibited by UN sanctions or sanctionable under U.S. law.”*

9<sup>th</sup> Paragraphs

*While the pipeline could bring relief to energy-starved Pakistan, analysts say that the deal reveals more about the geopolitical dynamics between the U.S., Pakistan and Iran than about the government’s commitment to address the energy crisis.*

<http://blogs.wsj.com/indiarealtime/2013/02/20/iran-pakistan-pipeline-deal-irks-u-s/>

Image 24



In the end, with a generous loan from Saudi Arabia, Pakistan agreed to cancel the Iran-Pakistan pipeline, as you can read in the following Asia Times article, titled “Saudi grant kills Iran-Pakistan pipeline”, March 2014

[http://www.atimes.com/atimes/South\\_Asia/SOU-02-210314.html](http://www.atimes.com/atimes/South_Asia/SOU-02-210314.html)

The Iran-Pakistan-India China Pipeline is a great geopolitical concern for the US, but it is an even bigger economic concern for the Saudis, because the Iranians and the Saudis are competing for the Indian, Pakistani and Chinese markets, and the Iran-Pakistan-India-China pipeline would give the Iranians a clear advantage over the Saudis, because the Saudis cannot connect to these countries by pipeline networks, and they have to use the sea lanes in order to export their oil.

You should not believe though, that the Americans are trying to block the pipeline because they want to sell to China and India themselves. By their efforts to normalize their relations with Iran, the Americans are causing severe problems in their relations with the Saudis, and all the American energy companies are working in Saudi Arabia. The Iran-Pakistan pipeline is a geopolitical concern for the US, while it is an economic concern for the Saudis. The truth is that the Americans need the Iranians, to counter the Russian influence in Europe.

However it is anyway difficult for the Iranians to supply Europe with sufficient quantities of natural gas right now, even if they reach an agreement with the West over their nuclear program. You might want to have a look at the following article of Trend, an Azeri site, titled “Delivering Iranian gas to EU unlikely, even in long time”, December 2014. The article explains that even if Iran is willing to supply

Europe with natural gas, it will take many years of investments in order to bring the Iranian production to a level that would be adequate for the European demand.

<http://en.trend.az/business/energy/2346522.html>

Very often Iran does not even manage to cover its own natural gas needs, and imports more natural gas than it produces, as you can read in the following Reuters article, titled “Iran a net importer of gas from Mar 2011-Jan 2012”, January 2012.

1<sup>st</sup>, 2<sup>nd</sup> Paragraphs

*“Iran, holder of the world's second largest gas reserves, imported more natural gas than it exported over the last 10 months, Fars News Agency quoted the head of the National Iranian Gas Company (NIGC) as saying.*

*The semi-official news service reported NIGC director Javad Oji saying Iran had imported nearly 9 billion cubic metres (bcm) of gas in the 10 months since the start of the Iranian year on March 21, 2011, up 35 percent year on year”.*

<http://www.reuters.com/article/2012/01/18/iran-gas-imports-idAFL6E8CI2NZ20120118>

Therefore even though the Iranians hold the second largest natural gas reserves in the world, it will take many years before they are ready to supply Europe, and that would be made much harder if in the meantime the Iranians were connected to China through pipelines and long term contracts, which is what the Russians are trying to do.

Another problem for the Americans is that as long as Iran is a Russian ally, and as long as Iraq and Syria belong to the Iranian sphere of influence, the Americans cannot even use the Qatari natural gas reserves to supply Europe through Turkey. A potential Qatar-Turkey pipeline would stop on a geographic “wall” formed by Iran, Iraq and Syria (see following map).

Image 25



By financing and supporting Jihadists, Turkey and Qatar are trying to break this “wall” in Syria and Iraq. The rebels in Syria and Iraq are also funded by Saudi Arabia, which feels threatened by the increasing Iranian influence in the region, since Iran is her most important rival in the Middle East. You can read in the following article of France 24, titled “Iraq’s Maliki accuses Saudi Arabia of supporting terrorism”, March 2014, that the Iraqi Prime Minister Al-Maliki accused Qatar and Saudi Arabia of funding the terrorists in Iraq.

1<sup>st</sup> Paragraph

*In an exclusive interview with FRANCE 24, Iraqi Prime Minister Nuri al-Maliki accused Saudi Arabia and Qatar of supporting global “terrorism” and seeking to destabilise Iraq.*

<http://www.france24.com/en/20140308-france24-exclusive-interview-iraq-maliki/>

You can also read about the accusations of the Iraqi Prime Minister in the following Reuters article, titled “Iraqi PM Maliki says Saudi, Qatar openly funding violence in Anbar”, March 2014.

<http://www.reuters.com/article/2014/03/09/us-iraq-saudi-qatar-idUSBREA2806S20140309>

Therefore even though it is not easy for the Americans and the Europeans to send the Iranian natural gas to Europe, one should never forget that Iran is a natural competitor for Russia, and it would be very good for Iran to sell its natural gas and oil to Europe. Another reason the Iranians want to cut a deal with the West, is because the abolition of the western economic sanctions will allow the big Western multinationals to enter and invest in the Iranian energy market, which would dramatically increase the

Iranian production and revenues, as you can read in the following Reuters article, titled “Iran lures oil majors with new contracts pledge”, January 2014.

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*Iran will have a new, attractive investment model for oil contracts by September, its president and oil minister told some of the world's top oil executives here on Thursday, part of its drive to win back Western business.*

*Iranian President Hassan Rouhani and Oil Minister Bijan Zanganeh said their new administration was keen to open up to Western investments and technology, executives who attended the meeting said. They also stressed the importance of fossil fuel, with global energy demand rising.*

<http://www.reuters.com/article/2014/01/23/us-iran-rouhani-davos-oil-idUSBREA0M0JD20140123>

Gazprom is developing some Iranian fields, but Russia is a natural competitor of Iran, and she will never invest in Iran the way the Western multinationals would. Moreover the Western multinationals have superior technology, and they are the ones who revolutionized the production techniques that allowed the extraction of natural gas and oil from shale rock.



## China-Russia

The main geopolitical objective of the Chinese is to ensure that in the next decades as much as possible of the oil and natural gas reserves of the Middle East will be available for China's energy security. This objective is very well served by the main geopolitical objective of the Russians, which is to send the energy of the Caspian Sea and the Middle East to China, in order to stop it from reaching Europe through Turkey. In addition the Chinese want to have good relations with Russia, because they count on Russia too for their energy security. Russia is a very rich country in oil and natural gas reserves, and the two countries share common borders (see following map).

Image 26



China and Russia recently signed a 400 billion dollar agreement, according to which Russia will supply China with approximately 35 billion cubic meters of natural gas per year, for the next 30 years.

The case of Turkmenistan is a very good example of Russian-Chinese cooperation. The Russians were pushing Turkmenistan to sell its natural gas through Gazprom, in order to prevent Turkmenistan from sending its natural gas to Europe through Azerbaijan, if the Trans-Caspian pipeline was ever built. At the following article of the Chronicles of Turkmenistan, titled “Is Russia Abandoning Turkmenistan”,

January 2014, you can read that Russia is not buying the natural gas of Turkmenistan anymore, but she does not worry about it either, because Turkmenistan is now connected to China through pipelines and long term contracts leaving the European market to Russia.

<http://www.chrono-tm.org/en/2014/01/is-russia-abandoning-turkmenistan/#comment-279404>

With the red line in the following map, you can see what would be the Trans-Caspian pipeline, if it had it been built. This pipeline would connect Turkmenistan and Azerbaijan, but until December 2014 it has not been built. On the contrary Turkmenistan is already connected to China with a pipeline network that runs through Uzbekistan and Kazakhstan.

Image 27



| Rank  | Country/Region                           | Natural gas proven reserves (m <sup>3</sup> ) | Date of information                 |
|-------|------------------------------------------|-----------------------------------------------|-------------------------------------|
| Total | World                                    | 187,300,000,000,000                           |                                     |
| 1     | Russia                                   | 48,700,000,000,000                            | 12 June 2013 est. <sup>[7]</sup>    |
| 2     | Iran (see: Natural gas reserves in Iran) | 33,600,000,000,000                            | 12 June 2013 est. <sup>[8]</sup>    |
| 3     | Qatar                                    | 25,100,000,000,000                            | 12 June 2013 est. <sup>[9]</sup>    |
| 4     | Turkmenistan                             | 17,500,000,000,000                            | 12 June 2013 est. <sup>[10]</sup>   |
| 5     | United States                            | 9,460,000,000,000                             | 12 December 2013 <sup>[11]</sup>    |
| 6     | Saudi Arabia                             | 8,200,000,000,000                             | 1 January 2012 est. <sup>[12]</sup> |
| 7     | Venezuela                                | 5,524,500,000,000                             | 19 July 2011 <sup>[13]</sup>        |

The same has been the case with Kazakhstan. Kazakhstan does not have the rich natural gas reserves of Turkmenistan, but it is very rich in oil. Kazakhstan is also sending a large part of its oil production to China through pipeline networks, while the Americans and the Europeans are hoping that Kazakhstan can send a part of its oil to Europe through Azerbaijan and the Trans-Caspian pipeline.

Richest Countries in Oil Reserves

Image 28

| Country                                                   | Reserves (MMbbl)       |
|-----------------------------------------------------------|------------------------|
| OPEC                                                      | 1,112,448 - 1,199,707  |
| 1 Venezuela (see: Oil reserves in Venezuela)              | 297,740 <sup>[2]</sup> |
| 2 Saudi Arabia (see: Oil reserves in Saudi Arabia)        | 268,350 <sup>[2]</sup> |
| 3 Canada (see: Oil reserves in Canada)                    | 173,625 - 175,200      |
| 4 Iran (see: Oil reserves in Iran)                        | 157,300 <sup>[3]</sup> |
| 5 Iraq (see: Oil reserves in Iraq)                        | 140,300 <sup>[4]</sup> |
| 6 Kuwait (see: Oil reserves in Kuwait)                    | 104,000 <sup>[2]</sup> |
| 7 UAE (see: Oil reserves in the United Arab Emirates)     | 97,800                 |
| 8 Russia (see: Oil reserves in Russia)                    | 80,000 <sup>[2]</sup>  |
| 9 Libya (see: Oil reserves in Libya)                      | 48,014                 |
| 10 Nigeria (see: Oil reserves in Nigeria)                 | 37,200                 |
| 11 Kazakhstan                                             | 30,002                 |
| 12 United States (see: Oil reserves in the United States) | 26,544 <sup>[5]</sup>  |
| 13 China                                                  | 25,585                 |
| 14 Qatar                                                  | 25,382                 |

Source: [http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_proven\\_oil\\_reserves](http://en.wikipedia.org/wiki/List_of_countries_by_proven_oil_reserves)

As you can see in the relevant Wikipedia link, the above figures are taken from OPEC 2011 figures. These figures should be used as an approximation, because shale rock has been included for some countries i.e. Canada, while it has not been included for some other countries.

A natural question would be why Russia does not mind the countries of the Persian Gulf and the Caspian Sea supplying China with natural gas and oil, while at the same time she prevents them from doing the same thing for Europe? The answer is that the rich in oil and natural gas countries of the Persian Gulf and the Caspian Sea need to sell somewhere their natural gas and oil.

Of course it would be better for Russia if the countries of the Gulf and the Caspian Sea did not exist, or if they were very poor in natural gas and oil reserves. However the countries of the Gulf and the Caspian Sea do exist and they have some of the richest oil and natural gas reserves in the world. Therefore these countries will either sell to Europe or Asia, and for Russia it is much better if they sell to Asian countries than if they sell to the European ones.

Russia faces much less competition in Europe than she faces in Asia. Asian countries have many choices. They are next to the Persian Gulf, next to the Caspian Sea, next to Russia, and next to Australia. Australia is becoming a significant exporter of liquefied natural gas (LNG). Moreover Russia

needs the countries of the former Soviet Union to depend on her for natural gas and oil, in order to be able to exert some geopolitical influence.

To better understand the Middle East, one must also take into account that the level of production is not only a function of the available reserves. There are also technological limitations about how much oil and natural gas can be produced from a given field. For instance there might be a natural gas field of 1 trillion cubic meters, which can only produce 1 billion cubic meters of natural gas per year. Therefore there is not only competition about who is going to control this field in the future, but there is also competition about who is going to buy the 1 billion cubic meters of natural gas this year.

A good example is the Nabucco pipeline, which was supported by the EU and the US, and which was supposed to transfer each year to Europe 30 billion cubic meters of natural gas from Azerbaijan through Turkey. The Nabucco plan was aborted because it was very difficult to find these 30 billion cubic meters of natural gas.

That's the basic story between Russia and China. Russia is trying to block the connection of the Middle East to Europe through Turkey, and that's very useful for the Chinese, since it leaves more resources for China, and less selling options for the countries of the Middle East and the Caspian Sea, and less competition means lower prices for the Chinese. From their part, the Chinese are trying to suck the region's resources, and this is very convenient for the Russians, because these resources will not end up in Europe competing with the Russian oil and natural gas.

However the above does not mean that the Chinese and the Russians do not have conflicting interests too. First of all Russia is a major exporter of oil and natural gas, while China is a major importer. Therefore China, similarly to the US and the EU, who are also importers, wants low oil and natural gas prices, while Russia wants high oil and natural gas prices, and this is something that greatly affects a country's policies.

In addition, the Russians and the Chinese very often compete for the same resources abroad, since both of them want to have access to foreign resources, the Russians in order to have more power as sellers, and the Chinese in order to achieve better deals as buyers. The case of Central Asia i.e. Turkmenistan, Kazakhstan and Uzbekistan is a good example. It is good for Russia that the oil and natural gas of these countries end up in China instead of Europe, but China's influence in these countries is rising, and that's definitely not good for Russia, because Russia used to be the dominant power in Central Asia.

Moreover China and Russia are two neighbouring super powers, both claiming the role of the regional leader. They are united when it comes in reducing the American influence in their neighbourhood, but that does not automatically resolve their own issues. After all it was only in 1969 that the two countries went to a mini war for the last time. On the question of whether China and Russia are friends or enemies, many analysts reply that they are the best “frenemies”. Three very good articles about the thorns in the Sino-Russian relations are the Financial Times article “Russia and China – Friends or ‘frenemies’?”, December 2014, the Economist’s “China and Russia: Best Frenemies”, May 2014, and Huffington Post’s “Russia-China Gas Deal”, May 2014. You can read these articles at following links.

[http://www.huffingtonpost.com/aurelia-condrat/russia-china-gas-deal\\_b\\_5395214.html](http://www.huffingtonpost.com/aurelia-condrat/russia-china-gas-deal_b_5395214.html)

<http://blogs.ft.com/beyond-brics/2014/12/11/guest-post-are-russia-and-china-friends-or-frenemies/>

<http://www.economist.com/news/leaders/21602695-vladimir-putin-pivots-eastward-should-america-be-worried-best-frenemies>

## USA-China

The most interesting duet in the Middle East is by far the USA-China one. USA and Russia do not presently have much room for cooperation, while China and Russia have plenty. However USA and China have room for both cooperation and confrontation. While the global interests of US and China are moving in opposite directions, it is possible that the realities of the Middle East will force the two countries to reach a minimum consensus for cooperation.

As I already said the US is no longer very dependent on the oil of the Middle East, and it will become even less dependent in the future, while exactly the opposite is true for China. As you can read in the following article of the National Public Radio, titled “U.S. Rethinks Security As Mideast Oil Imports Drop”, November 2012, the Americans are facing a great dilemma. On one hand they do not want, and cannot afford, to finance their military presence in the Persian Gulf, in order to safeguard oil that mainly goes to Asia. On the other hand the Americans do not want the Chinese to have total control of a region that is of such strategic importance, as it is the case with the Middle East.

<http://www.npr.org/2012/11/14/165052133/u-s-rethinks-security-as-mideast-oil-imports-drop>

The Americans realize that the Chinese need the region to secure their energy supplies, in the same way the Americans did in the past, and they have no problem with that. What they want from the Chinese though, is to stop backing the Russians all the time, and share with the US a part of the military cost associated with the Middle East. Moreover the Chinese would have to accept the American plan of connecting Middle East to Europe through pipeline networks, something that the Russians do not accept at the moment.

The Chinese have already made a move towards this direction, by abandoning the plans for the Iran-Pakistan pipeline, as you can read in the following article of the Express Tribune, titled “[Gas import: China abandons IP project, eyes TAPI pipeline](#)”, April 2014. As you can read in the article the Chinese are willing to go for the TAPI pipeline (Turkmenistan-Afghanistan-Pakistan-India) instead of the Iran-Pakistan one. The Express Tribune is Pakistan’s only international newspaper, and it cooperates with the international edition of the New York Times.

1<sup>st</sup> Paragraph

*In a strategic move, China has shelved a plan to be part of the Iran-Pakistan (IP) gas pipeline that faces the threat of US sanctions and has come up with an offer to join the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline to meet its growing energy needs.*

5<sup>th</sup> Paragraph

*Earlier, the official added, China had expressed interest in becoming a member of the IP project, but changed its stance later as the future of the venture looked uncertain in the face of influence from a Gulf Arab country and threat of US sanctions.*

<http://tribune.com.pk/story/701979/gas-import-china-abandons-ip-project-eyes-tapi-pipeline/>

If the Iran-Pakistan pipeline is not built, it is much easier for the Americans to send Iranian natural gas to Europe. Moreover there have been some efforts to achieve some minimum cooperation between the navies of the two countries, as you can read in the following Wall Street Journal article, titled “China Pushes Limits to Closer Ties With U.S. Military”, July 2014:

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*China is seeking greater access to U.S. aircraft carriers and guidance on how to operate its own first carrier, the Liaoning, testing the limits of a newly cooperative military relationship the two sides have tried to cultivate in the past year.*

*The latest Chinese request came last week when U.S. Adm. Jonathan W. Greenert, chief of naval operations, visited China to explore new areas of cooperation, despite recent maritime tensions and the presence of an uninvited Chinese spy ship at naval drills off Hawaii.*

<http://www.wsj.com/articles/china-pushes-limits-to-closer-ties-with-u-s-military-1405964884>

In the first three paragraphs of the following Wall Street Journal article, titled “Middle East Oil Fuels Fresh China-U.S. Tensions”, October 2013, you can read that China buys from the Middle East more oil than the United States, and this causes tensions between the two countries, because the Americans feel they are paying to protect oil that ends up in Asian countries, and they are pushing China to back a bit more their foreign policy.

Even though the article does not say so, by “backing the American foreign policy”, it means to adopt a more neutral stance between the US and Russia, and to help with the connection of the Middle East to Europe. Don’t forget that China can influence countries like Iran and Syria, which are beyond



Washington's influence. In the past, China has backed all of Putin's policies, like Qaddafi in Libya, Assad in Syria and Sisi in Egypt.

However China did so in a more diplomatic and a less military way than Russia did. The article also says that China does not have the military means to safeguard the Persian Gulf by herself, and that Zhang Guobao, the former head of the Chinese National Energy Association, said that it is better for the Chinese if the Americans keep safeguarding the Middle East.

1<sup>st</sup> , 2<sup>nd</sup> , 3<sup>rd</sup> Paragraphs

*China is overtaking the U.S. as a buyer of Middle East oil, adding fuel to diplomatic tension between the nations over security in the region.*

*China surpassed the U.S. as importer of Persian Gulf crude several years ago, by some measures. Now it is on track to overtake the U.S. this year as the world's No. 1 buyer of oil from the Organization of the Petroleum Exporting Countries, the largely Middle Eastern energy-exporting bloc.*

*The turnabout has added to tensions because it leaves the U.S. military securing China's growing oil shipments in the region at a time Beijing resists U.S. pressure on it to back American foreign policy in the Middle East.*

4<sup>th</sup> , 5<sup>th</sup> , 6<sup>th</sup> Paragraphs

*For years, China and other oil-consuming nations have benefited as Washington spent billions of dollars a year to police chokepoints like the Strait of Hormuz and other volatile parts of the Middle East to ensure oil flowed around the globe.*

*But the rise of North America's shale oil and gas industry has put the U.S. on track to pass Russia this year as the world's largest combined producer of oil and gas, if it hasn't done so already, according to a recent analysis of global data by The Wall Street Journal.*

*That rise, combined with flat U.S. oil consumption, is making America far less dependent on imported oil, including from the Middle East, even as China's reliance on the region's oil grows.*

15<sup>th</sup> , 16<sup>th</sup> , 17<sup>th</sup> Paragraphs



*Signs of tension are surfacing. Beijing has asked for assurances that Washington will maintain security in the Persian Gulf region, as China doesn't have the military power to do the job itself, according to people familiar with recent discussions between the countries.*

*In meetings since at least last year, Chinese officials have sought to ensure U.S. commitment to the region isn't wavering, particularly as the Obama administration has pledged to rebalance some of its strategic focus toward East Asia, said people familiar with those discussions.*

*In return, U.S. officials have pressed China for greater support on issues such as its foreign policy regarding Syria and Iran. U.S. officials in private discussions have pressed China to lower its crude imports from Iran, for example, according to a person with knowledge of the discussions.*

20<sup>th</sup> Paragraphs

*At an April Brookings Institution conference in Washington, D.C., when the former head of China's National Energy Administration, Zhang Guobao, was asked whether China could assume a greater role in protecting the region's shipping lanes, he responded: "Why don't the Americans do the job for now."*

<http://www.wsj.com/articles/SB10001424127887324755104579073283948517714>

It is not only the economic cost that scares China when it comes to safeguarding the Middle East. China also worries about the geopolitical costs associated with becoming a referee in the regional oil and natural gas wars. Until now the Chinese have been backing Russia, but they did so mainly with diplomatic means. If however they become a major military power in the Gulf, the Chinese will have to pursue a more active policy, and they will lose the advantage of appearing as a peaceful businessman, which is very important in order to work with all the countries of the region. This is an advantage that is not enjoyed by the Americans, the Europeans or the Russians.

On the other hand the Chinese cannot permanently avoid a significant military presence in the region, because they need to protect their multi billion dollar investments. In the following Financial Times article, titled "China's strategic dilemma in the Middle East", August 2014, you can read that if the Americans stick to their new doctrine of no more American "boots" in the Middle East, the Chinese will not have any other choice than to increase their military presence.

8<sup>th</sup> Paragraph

*The third option is hardly more palatable. That is to recognise that as a trading nation China has a direct stake in the stability of the countries with whom it conducts its trade, especially in key raw materials. If, as seems likely, the US continues to resist the idea of putting American boots back on the ground in the Middle East, the Chinese could find themselves forced, however reluctantly, to become a guarantor of stability for the regimes which matter to them. From that starting point the slippery slope to greater engagement begins. But as the Americans – once the nation most hostile to imperialism – has found over the last century, empires are often created unintentionally, as the cumulative result of immediate responses to one event after another.*

<http://blogs.ft.com/nick-butler/2014/08/17/chinas-strategic-dilemma-in-the-middle-east/>

At the following Forbes article, titled “What Happens When America No Longer Needs Middle East Oil?”, March 2012, you will read that the Americans look like the English did in the 1970’s, when they could no longer finance their military presence in the Middle East, and they left this role to the United States. The article also says that a decreasing American presence in the region will mostly benefit Iran, which will emerge as the strongest regional power, while Saudi Arabia and Israel will be the losers, because they will not have the American protection anymore. The Chinese will also lose because they will have to assume a significant cost for safeguarding the region.

<http://www.forbes.com/sites/lorenthompson/2012/12/03/what-happens-when-america-no-longer-needs-middle-east-oil/>

Many people do not realize that it is very easy for wars to break out in the Middle East, because the regional powers are competing so hard about who is going to sell more oil and natural gas. If there is not a large foreign power in the region, whether that is USA or China, the likelihood of wars will be higher and not lower. Therefore sooner or later China will have to be a big military power in the region irrespective of whether she cooperates or competes with the US.

The US and China will have to decide how they are going to resolve this dilemma. None of them want to assume all the military cost required for safeguarding the Gulf, but at the same time they are the biggest importers of oil in the world, and they have a common interest in keeping oil prices low. The problem is that they are not allies as was the case with the English and the Americans in the 70s, and it is difficult for them to cooperate. In the following article of the CNBC, titled “China's Arab march”, June 2014, you can read that as the US will be decreasing its military presence in the Middle East, China will have to increase hers, in order to protect her multi-billion dollar investments in the region.

6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> Paragraphs

*Unsurprisingly, energy has been a key factor in economic ties with the Arab world. From 2004 to 2013, China's crude oil imports from Arab countries grew by more than 12% annually, on average, reaching 133 million tons per year. And China's "march west" strategy furthers its goal of safeguarding access to these resources. As the director of the State Council's Development Research Center, Li Wei, pointed out in February, at the current rate, China will be consuming 800 million tons of oil annually, and importing 75% of its petroleum, by 2030.*

*In this sense, China's trajectory contrasts sharply with that of the United States, where the rapid growth in output of shale oil and gas, together with energy-saving measures, has brought energy independence closer than ever – a point that President Barack Obama emphasized in his most recent State of the Union address. In fact, according to the US Energy Information Administration, China surpassed the US as the world's largest net oil importer earlier this year.*

*Moreover, the US is gradually disengaging strategically from the greater Middle East, creating a vacuum that China seeks to fill. To succeed, China will need to become more attentive to the region's complex dynamics; find creative ways to participate in conflict-resolution efforts; and respond enthusiastically to Middle Eastern governments' growing desire to connect to Asia.*

<http://www.cnbc.com/id/101792181>

In the following article of Al-Monitor, titled “Navy exercises bring Iran, China closer”, October 2014, you will read that on the 20<sup>th</sup> of September 2014, China sent warships in the Persian Gulf, for a joint exercise with the Iranian Navy, and this was the first time that Chinese warships entered the Persian Gulf.

1<sup>st</sup>, 2<sup>nd</sup> Paragraphs

*On Sept. 20, China dispatched ships to the Persian Gulf for a joint exercise with the [Iranian navy](#) — the first time that Chinese warships have ever sailed in the Gulf. The Chinese missile destroyer Changchun and missile frigate Changzhou of the [17th Naval Fleet](#) took part in a five-day joint training drill, the aim of which was "establishing peace, stability, tranquility and multilateral and mutual cooperation," according to [Adm. Amir Hossein Azad](#), commander of Iran's First Naval Zone.*

<http://www.al-monitor.com/pulse/ru/originals/2014/10/iran-china-navy-persian-gulf-us.html>

At the following article of the National Interest, titled “Time for a U.S.-China Partnership in the Middle East”, September 2014, you will read that while the Americans and the Chinese are globally moving in opposite directions, the Middle East is an exception, and there is room for an American-Chinese cooperation.

2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> Paragraphs

*Under President Xi Jinping, China and the United States have pledged to forge [a new type of great-power relationship](#). To date, this effort has largely focused on strengthening bilateral cooperation in the Asia-Pacific. This is sensible insofar as Asia is the most important region for both the United States and China, and especially for interactions between them. At the same time, it is also the region where their interests are most at odds, and thus where cooperation is most likely to remain elusive.*

*By contrast, America’s and China’s major interests in the Middle East are nearly perfectly aligned. Foremost among these is the free flow of oil. Since at least the 1970s, the free flow of oil in the Persian Gulf has been a core U.S. national interest. Although the United States is becoming [increasingly energy independent](#), its interest in a prosperous global economy makes the free flow of oil a continued priority.*

*Even as America’s dependence on Middle Eastern oil wanes, China’s dependence on it grows. This year China is expected to surpass the United States as the largest petroleum importer, and Beijing [will soon get over 60 percent of its oil supplies](#) abroad. The Middle East will remain the focal point of China’s efforts to secure foreign oil. Already, the region accounts for over half of China’s oil imports. Despite China’s best efforts to diversify its energy sources, Beijing’s spiking demand will force it to rely on the turbulent region for the foreseeable future. Giving China a stake in the region is essential for reducing Beijing’s sense of vulnerability.*

11<sup>th</sup>, 12<sup>th</sup> Paragraphs

*Still, Beijing can complement U.S.-led political and military engagements. For example, China maintains working relationships with a number of important governments in the region that the United States shuns, such as Syria and Iran. The Palestinians also view China as a more impartial actor than the United States, and Beijing’s active involvement in the Middle East peace process could help unfreeze negotiations.*

*Similarly, while China cannot independently support long-term military interventions in the Middle East, it will be increasingly capable of participating in U.S.-led operations in the years ahead. This would not only reduce the burden America bears for these interventions, but would also help to improve mil-to-mil ties between China and the United States.*

<http://nationalinterest.org/feature/time-us-china-partnership-the-middle-east-11318>

The good thing is that USA and China are two of the richest countries in the world in terms of shale rock. The new production technologies allow the production of oil and natural gas from shale rock, which might relieve some of the tensions in the future. The following table shows the richest countries in the world in shale rock as given by Wikipedia.

Image 29

| Rank | Country                                                                                           | Estimated recoverable resources<br>(trillion cubic feet) | Date of Information <sup>[1]</sup> |
|------|---------------------------------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------|
| -    | World total                                                                                       | 7,299                                                    | 2013                               |
| 1    |  China           | 1,115                                                    | 2013                               |
| 2    |  Argentina      | 802                                                      | 2013                               |
| 3    |  Algeria       | 707                                                      | 2013                               |
| 4    |  United States | 665                                                      | 2013                               |
| 5    |  Canada        | 573                                                      | 2013                               |
| 6    |  Mexico        | 545                                                      | 2013                               |
| 7    |  Australia     | 437                                                      | 2013                               |
| 8    |  South Africa  | 390                                                      | 2013                               |
| 9    |  Russia        | 285                                                      | 2013                               |
| 10   |  Brazil        | 245                                                      | 2013                               |
| -    | Rest of the World                                                                                 | 1,535                                                    | 2013                               |

[http://en.wikipedia.org/wiki/List\\_of\\_countries\\_by\\_recoverable\\_shale\\_gas](http://en.wikipedia.org/wiki/List_of_countries_by_recoverable_shale_gas)

I must also say that even though China and the US will be the two big rivals in the 21<sup>st</sup> century, there are also some factors that bring them together. The Americans are a much bigger trading partner than the Russians for China. Moreover, the US and China are major importers of oil, and contrary to Russia they both want low energy prices. Therefore the Americans, the Chinese and the Europeans, want the countries of the Middle East to produce as much oil as possible, while the Russians want the contrary.

In the past the Americans managed to keep oil prices low, through their alliance with Saudi Arabia. Now that the Chinese are the big customer of the region, and they are more popular than the

Americans, they have to use their influence to make sure that as much oil as possible flows from Saudi Arabia, Iraq, Iran and the other countries. However in the same way that an appetite for low oil prices bring the US and China together, an appetite for high oil prices bring Saudi Arabia, Iran, Russia and Qatar together.

The oil and natural gas producing countries have a motive to act as a cartel, in order to reduce production and increase prices. Actually that's the role of OPEC (Organization of the Petroleum Exporting Countries). As you can read in the first two paragraphs of the following Guardian article, titled "Russia, Iran and Qatar announce cartel that will control 60% of world's gas supplies", October 2008, Russia, Iran and Qatar are holding 60% of the global natural gas reserves, and they are making efforts to create a natural gas cartel, similar to what OPEC is for oil.

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*"Western concerns about global energy markets hit new heights last night when Russia, Iran and Qatar said they were forming an Opec-style gas cartel.*

*The move by the three countries, which control 60% of the world's gas reserves, was met with immediate opposition from the European commission, which fears the group could drive up prices".*

<http://www.theguardian.com/business/2008/oct/22/gas-russia-gazprom-iran-qatar>

It is very important to take into account the common interests that the importing and exporting countries have when it comes to prices. Countries that export oil and natural gas compete about their market shares, but at the same time they want high energy prices. Countries that import oil and natural gas compete about who is going to control the rich in oil and natural gas regions, but they all want low energy prices. At the following two CIA tables you can see the biggest importers and exporters of oil in the world.

Largest Exporters of Oil

Image 30

| RANK | COUNTRY              | (BBL/DAY) | DATE OF INFORMATION |
|------|----------------------|-----------|---------------------|
| 1    | Saudi Arabia         | 6,880,000 | 2011 est.           |
| 2    | Russia               | 4,720,000 | 2013 est.           |
| 3    | Iran                 | 2,445,000 | 2011 est.           |
| 4    | Iran                 | 2,390,000 | 2013 est.           |
| 5    | Nigeria              | 2,341,000 | 2010 est.           |
| 6    | United Arab Emirates | 2,142,000 | 2010 est.           |
| 7    | Angola               | 1,928,000 | 2010 est.           |
| 8    | Venezuela            | 1,645,000 | 2010 est.           |
| 9    | Norway               | 1,602,000 | 2010 est.           |
| 10   | Canada               | 1,576,000 | 2011 est.           |
| 11   | Mexico               | 1,460,000 | 2010 est.           |
| 12   | Kazakhstan           | 1,406,000 | 2010 est.           |
| 13   | Kuwait               | 1,395,000 | 2010 est.           |
| 14   | Qatar                | 1,389,000 | 2012 est.           |
| 15   | Libya                | 1,378,000 | 2010 est.           |

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2242rank.html>

### Largest Importers of Oil

Image 31

| RANK | COUNTRY        | (BBL/DAY) | DATE OF INFORMATION |
|------|----------------|-----------|---------------------|
| 1    | United States  | 9,213,000 | 2010 est.           |
| 2    | China          | 5,664,000 | 2013 est.           |
| 3    | Japan          | 3,472,000 | 2010 est.           |
| 4    | India          | 3,272,000 | 2010 est.           |
| 5    | Korea, South   | 2,590,000 | 2012 est.           |
| 6    | Germany        | 1,876,000 | 2010 est.           |
| 7    | Italy          | 1,591,000 | 2010 est.           |
| 8    | France         | 1,298,000 | 2010 est.           |
| 9    | Netherlands    | 1,202,000 | 2012 est.           |
| 10   | Singapore      | 1,137,000 | 2010 est.           |
| 11   | Spain          | 1,061,000 | 2010 est.           |
| 12   | United Kingdom | 1,053,000 | 2013 est.           |

<https://www.cia.gov/library/publications/the-world-factbook/rankorder/2243rank.html>

Therefore to analyze the Middle East one needs not only to take into account the antagonism between oil and natural gas exporters, but also the common interests between them. And the same is true for the countries that are oil and natural gas importers. At the following Itar-Tass article, titled “Lavrov goes to Saudi Arabia to discuss situation in Syria, Iraq”, June 2014, you can read that Saudi Arabia and Russia were discussing the possibility of cooperation between the two countries in the energy sector, including nuclear energy. Itar-Tass is a news agency that belongs to the Russian Federation.

5<sup>th</sup> Paragraph

*The two countries also develop economic cooperation, including in the energy sphere. On June 18, Russia and Saudi Arabia agreed on a draft intergovernmental framework agreement on cooperation in peaceful uses of nuclear energy and subsequent steps in preparing the agreement for signature.*

<http://itar-tass.com/en/russia/736939>

Saudi Arabia is the country that together with the Americans fought the Soviet Union for decades. And as soon as the Americans are not the best customers and they need the Iranians, the Saudis and the Russians are trying to cooperate against them, while the Iranians who have traditionally been Russian allies, want to sell oil and natural gas to Europe, something that would hurt the Russian interests. That shouldn't surprise anyone, because international relations are about money and not about friendship.

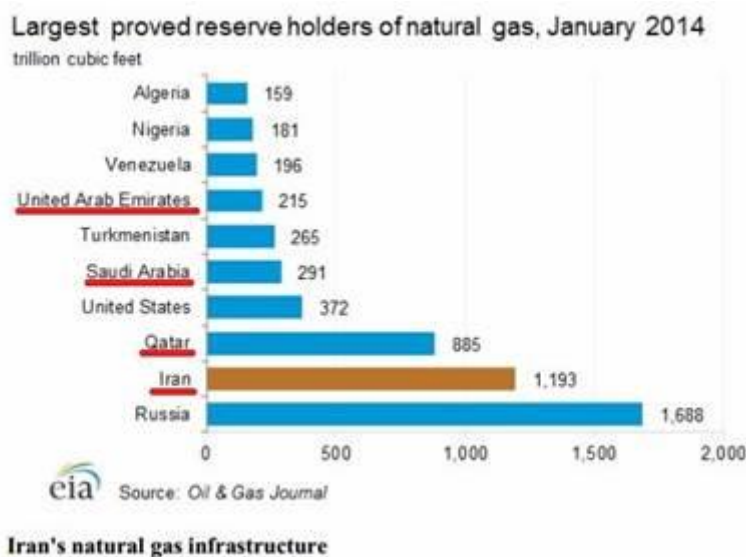


## Regional Powers and the Wars in Iraq

The geopolitical objectives of the US, Russia and China in the Persian Gulf, which I just described, is the first geopolitical axis that should be taken into account in order to understand the Middle East. The second geopolitical axis that must be taken into account are the objectives of the rich in oil and natural gas countries of the region. The very rich countries of the Persian Gulf are Saudi Arabia, Iran, Iraq, Qatar, Kuwait and United Arab Emirates, as you can see in the two following tables of the US Energy Information Administration.

*Richest Countries in Natural Gas Reserves (Page 21 of the following link.*

*Image 32*



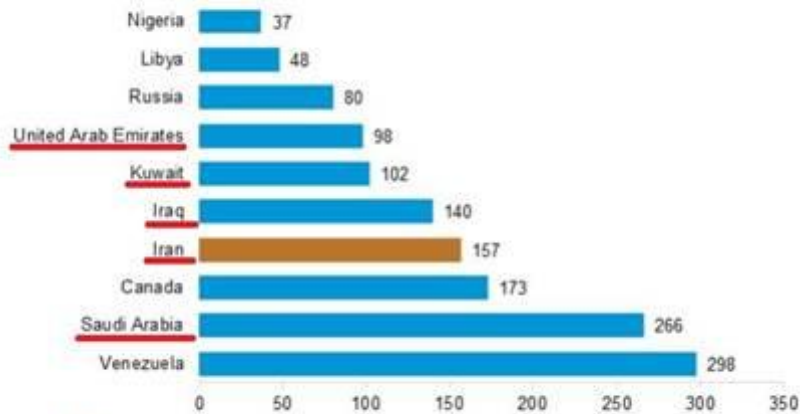
<http://www.eia.gov/countries/analysisbriefs/Iran/iran.pdf>

*Richest Countries in Oil Reserves (page 10 of the following link)*

*Image 33*

### Largest proved reserve holders of crude oil, January 2014

billion barrels



Source: Oil & Gas Journal

<http://www.eia.gov/countries/analysisbriefs/Iran/iran.pdf>

Until about a decade ago, before Saddam Hussein was overthrown, there were three main blocks in the Persian Gulf. The first one was Saudi Arabia with her allies i.e. the United Arab Emirates, Qatar and Kuwait. These countries were participating in the Gulf Cooperation Council, which among other things, was a military doctrine against Iran and Iraq.

The second block was Iraq. In Iraq the majority of the population are Shia Muslims, but Saddam Hussein, the country's former dictator, was a Sunni Muslim. Saddam Hussein did not care too much about religion, because he was a national socialist leader, like Qaddafi in Libya, Assad in Syria, Hosni Mubarak in Egypt and others. National socialists believe in a secular state, contrary to the Islamist leaders of Saudi Arabia, Qatar and Iran, who believe in a religious state and the Islamic law. National Socialism is a combination of nationalism and socialism, while communism, at least in theory, believes in socialism without national borders. National socialists believe in the dominance of a national working class, while communists believe in the dominance of an international working class.

The third main block in the Persian Gulf were the Iranian Islamists, with Syria as their main ally.

Image 34



The Saudis were in very bad terms with Iraq and Saddam Hussein, but Iran was an even greater enemy for them. Saddam Hussein was the Iraqi leader during the brutal Iran-Iraq war of 1980-1988. The Saudis and their allies were funding Saddam Hussein during this war, because they considered Iran as their main enemy. Actually that was the reason that in 1991, during the military operation Desert Storm, after Saddam Hussein invaded Kuwait in 1990, the Americans, the Saudis and their allies, did not overturn Saddam Hussein, literally stopping outside Baghdad.

As you can read at the following CNN article, titled “Massive firestorm targets Iraqi leadership”, March 2003, the Americans and their allies had destroyed the Iraqi army, and needed 2 to 4 days to enter Baghdad. And yet they decided to stop without overturning Saddam.

21<sup>st</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> Paragraphs

*With Iraqi resistance nearing collapse, Bush declared a ceasefire on February 28, ending the Persian Gulf War. According to the peace terms that Hussein subsequently accepted, Iraq would recognize Kuwait’s sovereignty and get rid of all its weapons of mass destruction (including nuclear, biological and chemical weapons). In all, an estimated 8,000 to 10,000 Iraqi forces were killed, in comparison with only 300 coalition troops.*

*Rodgers, who is accompanying the 3rd Squadron of the 7th U.S. Cavalry Regiment, lead element of the 3rd Infantry Division, said the U.S. forces could reach Baghdad in two to four days. ([Slide show](#), [On the scene](#))*

<http://www.cnn.com/2003/WORLD/meast/03/21/sprj.irq.war.main/>

Why did the US and their allies decide not to overturn Saddam Hussein? The reason was that by overturning Saddam Hussein, it would be easier for Iran to gain influence in Iraq, because the majority of the Iraqi population are Shia Muslims, and the same is true for Iran. If Iraq was to fall in the Iranian sphere of influence, the Iranians would reach the Saudi borders, since Iraq and Saudi Arabia are neighbouring countries.

I believe this is also the main reason that Saddam Hussein had the nerve to ignore the U.S., the Saudis and their allies and invade Kuwait. He knew that it would simply make things worse for the Americans and the Saudis to overturn him. He also had a strong army and he decided to take his chances and go for the oil of Kuwait. And Saddam was right. He did not manage to control the oil of Kuwait for more than a year, but his opponents did not overturn him even though he set Kuwait's oil fields on fire before retreating, and even though he spilled tons of oil in the Persian Gulf, in order to burn any American troops that would attempt to invade Iraq from the sea. And yet the Americans and their allies decided not to touch him.

Image 35



As you can read in the following CNN article, titled “Kuwait still recovering from Gulf War fires”, January 2003, Saddam Hussein sent engineers to set Kuwait's oil fields on fire, and it took seven months before these fires were finally extinguished. Over 1 billion barrels of oil were burnt in these

fires. Saddam was accusing Kuwait of producing too much oil in order to keep the price of oil low, which he perceived as an oil war on Iraq.

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*In the waning days of the Persian Gulf War, as Iraqi forces retreated to Baghdad, Saddam Hussein sent a team of engineers into the Kuwaiti oil fields and blew up hundreds of wells.*

*Over the next seven months, more than 1 billion barrels of oil went up in flames, and Kuwait and much of the Persian Gulf was engulfed in a poisonous smoke, creating a large-scale environmental disaster.*

<http://www.cnn.com/2003/WORLD/meast/01/03/sproject.irq.kuwait.oil.fires/>

Even though the United States decided not to overturn Saddam in 1991, they had no problem of doing so in 2003. Why? What was different in 2003? The difference in 2003 was that Saudi Arabia was no longer the ally she used to be for the Americans in 1991. The Americans blame the Saudis for the 9-11 attack on the World Trade Centre. Fifteen out of nineteen terrorists of the 9-11 attack were Saudis as you can read at the last part of the following CNN article, titled “September 11th Hijackers Fast Facts”, September 2014.

<http://www.cnn.com/2013/07/27/us/september-11th-hijackers-fast-facts/>

The Americans are not the good customer they used to be for the Saudis. They do not buy as much oil as they did in the past. At the same time, due to Saudi Arabia’s alliance with US, China has stronger connections with Iran. Iran has been the traditional US rival in the region, and as expected Iran was the country mainly approached by China. This is a very big problem for Saudi Arabia, a country that counts on China for her future sales, and therefore seeks a stronger connection with China. As you can read in the following article from the site of the state owned China Network Television CNTV, titled “Closer military ties between China, Saudi Arabia”, February 2012, the Saudis are looking for closer military ties with the Chinese.

<http://english.cntv.cn/program/newsupdate/20130402/106790.shtml>

As you can read in the following article of the Wall Street Journal, titled “Saudi Arabia, China Sign Nuclear Cooperation Pact”, January 2012, Saudi Arabia wants China to develop her nuclear program. This has very important implications in the American-Saudi relations, since China will be the major rival of the US in the 21<sup>st</sup> century.

<http://www.wsj.com/news/articles/SB10001424052970204468004577164742025285500>

The Saudis and the Chinese have jointly made multi-billion dollar investments in the energy sector, as you can read in the following Bloomberg article, titled “Sinopec Buys Saudi Yanbu Refinery Stake for \$562 Million”, October 2014.

<http://www.bloomberg.com/news/2014-10-30/sinopec-to-buy-saudi-yanbu-refinery-stake-from-parent.html>

What I am saying is that since the US is no longer the best customer for Saudi Arabia, and with China’s role as a buyer and as an investor in the region increasing, the Saudi-American relations cannot be what they once were. It should be very natural to expect some members of the Saudi elites to see the US as an obstacle to their relations with the Chinese. Moreover the Saudis always accuse the Americans for not solving the Arab-Israeli conflict, something that the Iranians have always used in order to attack Saudi Arabia as a US ally, thus increasing the Iranian appeal in the Arab and Muslim populations.

Therefore the Americans did not hesitate to take Saddam Hussein out, since they care much less about Saudi Arabia. The American military bases have been moved to Qatar in 2003. By overturning Saddam Hussein, a strong autonomous Iraqi Kurdistan was created in Northern Iraq. Iraqi Kurds are the majority of the population in Northern Iraq, and they are very friendly towards the West. Moreover in the past they have been severely oppressed by Saddam Hussein. Kurdistan lies in four countries, Iraq, Iran, Turkey and Syria (see following map).

Image 36



In addition, an Iraqi Kurdistan not controlled by the Iraqi government, could in the future supply the Nabucco pipeline and Europe with natural gas and oil, reducing the Russian influence in Europe. The region of Iraqi Kurdistan is one of the richest regions in the world in terms of oil and natural gas. As long as Saddam Hussein was in power, the West could not buy Iraqi oil, because Saddam would use the revenues to buy Russian arms. That's the reason the West introduced the "oil for food programs", according to which the West was buying Iraqi oil in exchange for food and medicine, so that Saddam could not use the money to buy Russian arms.

But nobody cares if the Iraqi Kurds use their oil revenues to buy arms, since they are allies of the Western world. Iraqi Kurds are already exporting oil through Turkey, something that infuriates the Iraqi government of the south, as you can read at the following Reuters article, titled "Iraqi Kurds sell third major oil cargo, fourth heads to Croatia", August 2014.

1<sup>st</sup> Paragraph

*Iraqi Kurdistan has delivered its third major cargo of crude oil out of a Turkish port and a fourth is sailing to Croatia, showing the autonomous region is finding more buyers despite legal pressure from Baghdad and setbacks in the United States.*



<http://uk.reuters.com/article/2014/08/15/iraq-security-oil-kurds-idUKL6N0QL31Q20140815>

Moreover the overturn of Saddam Hussein, and his replacement with a pro-Western government, allowed the economic sanctions against Iraq to be abolished, something that greatly increased the Iraqi oil production and kept oil prices low. The Americans had always counted on Saudi Arabia for keeping oil prices low. With the relations between the two countries deteriorating, the Americans could no longer count on the Saudis. An increase in Iraqi oil production would help the cause of low oil prices. One should never forget that Al-Maliki, the Iraqi Prime Minister of the period 2006-2014, was pro-American, even though he was an Iranian ally, and the Saudis were accusing him of being an Iranian agent.

Moreover the increase in Iraqi oil production, reduced competition between USA and China. As you can read in the following article of the New York Times, titled “China Is Reaping Biggest Benefits of Iraq Oil Boom”, June 2013, China has greatly benefited from Saddam’s overturn, since state owned Chinese energy companies are taking 50% of the Iraqi oil production.

<http://www.nytimes.com/2013/06/03/world/middleeast/china-reaps-biggest-benefits-of-iraq-oil-boom.html?pagewanted=all>

At the following article of the Washington Post, titled “Why it’s good news for the U.S. that China is snapping up Iraq’s oil”, June 2013, you will read that even though China is taking the biggest part of the Iraqi oil, the US is still better off, because the Iraqi oil helps in keeping oil prices down, and because the increased oil production reduces competition between USA and China in other rich in oil countries.

<http://www.washingtonpost.com/blogs/worldviews/wp/2013/06/03/why-its-good-news-for-the-u-s-that-china-is-snapping-up-iraqs-oil/>

Therefore the overturn of Saddam Hussein was a very positive thing for the Americans. The only negative consequence was that a large part of Iraq came under Iranian influence, but since the Saudis were not a reliable US ally anymore, that was not a big problem for the Americans. Actually it cannot be a coincidence that it was in 2001, after the 9-11 attack, that the US tried for the first time the Qatari air bases, and in 2003 the Americans moved their headquarters from the Saudi base Prince Sultan to the Al Udeid base in Qatar.



In the 16<sup>th</sup> paragraph of the following New York Times article, titled “U.S. to Move Air Base to Qatar”, April 2003, you can read that the Americans used the Qatari bases for the first time in 2001. The article also says Qatar paid 1 billion dollars built its air bases, in order to lure the US to move its headquarters there.

1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Paragraphs

*The United States is shifting its major air operations center for the Middle East from Saudi Arabia to Qatar, the first step in what is likely to be a significant reduction of American forces in Saudi Arabia and a realignment of American military presence in the region, senior military officials said today.*

*The day-to-day responsibility for overseeing hundreds of air missions in Iraq and the Middle East will be transferred this week from Prince Sultan Air Base near Riyadh, Saudi Arabia, to a backup headquarters the United States built last year at Al Udeid Air base in Qatar, senior officials said.*

*A formal decision about whether to make this arrangement permanent has yet to be made by President Bush and Defense Secretary Donald H. Rumsfeld.*

*But with the war in Iraq winding down and continued unease in Saudi Arabia about a large American military presence in the kingdom, American commanders believe that the time is right to see if the Qatar base can serve as the United States Central Command's air operations center of the future.*

8<sup>th</sup> and 9<sup>th</sup> Paragraphs

*Senior Bush administration officials sought to emphasize that shifting the location of the command center should not be interpreted as an indication that the United States was ending its military relationship with Saudi Arabia, which has involved efforts to train Saudi forces, as well as the use of Saudi air bases.*

*"We are not leaving Saudi Arabia," a senior administration official said today.*

16<sup>th</sup> Paragraphs

*Qatar built Al Udeid Air Base in 1996 at the cost of more than \$1 billion. The nation did not have an air force at the time, but it wanted to encourage the United States military to base its aircraft there.*

*The United States did not begin to use the base until Sept. 29, 2001, when the Air Force needed to get aircraft in position for its war against the Taliban and the Al Qaeda terrorist network in Afghanistan.*

<http://www.nytimes.com/2003/04/28/international/worldspecial/28BASE.html>

In his article, titled “The real target of the war in Iraq was Saudi Arabia”, August 2003, Jeffrey Sacks, a professor at Columbia University, writes that the US secret services take it for granted that behind the 9-11 attack were the Saudis, and they attacked Iraq in order to find new grounds that were friendly to them, in order to overcome their problems with the Saudis. The friendly region to the US could be the Iraqi Kurdistan.

He writes in the first paragraph:

“The crucial question regarding Iraq is not whether the motives for war were disguised, but why. The argument that Iraq posed a grave and imminent threat was absurd to anybody not under the spell of round-the-clock White House and 10 Downing Street spin. But the actual reasons for launching the war remain obscure. The plot thickened with the release last month of the US Congressional investigation into September 11. It seems increasingly likely that Iraq was attacked because Saudi Arabia was deeply implicated in the terrorist attacks”.

And he continues in the 6<sup>th</sup> paragraph:

*“Second, a substitute had to be found for the US military bases in Saudi Arabia. Like Saudi oil, the bases too were now under threat, especially because the US presence in the Saudi kingdom was known to be the principal irritant for al-Qaeda. Iraq would become a new base of US military operations. Paul Wolfowitz, deputy defence secretary, has already explained during an interview with Vanity Fair”.*

[http://www.earth.columbia.edu/sitefiles/file/Sachs%20Writing/2003/FT\\_2003\\_RealTargetWarwithSaudiArabia\\_08\\_13\\_03.PDF](http://www.earth.columbia.edu/sitefiles/file/Sachs%20Writing/2003/FT_2003_RealTargetWarwithSaudiArabia_08_13_03.PDF)

Iraq, after Saddam Hussein, should not be seen as an independent block but as an Iranian ally. However a third block was created and that was Qatar. Qatar is the third richest country in the world in terms of natural gas reserves, and it also has some descent quantities of oil. Once the Americans moved their military bases there, Qatar started following an independent foreign policy without having to consult Saudi Arabia and the United Arab Emirates anymore.

Qatar is in the middle of Saudi Arabia and Iran, both geographically and metaphorically. Qatar and Iran share the richest natural gas field in the world, namely the South Pars/North Field. The Qatari part of

the field is the North Fields, which holds almost all of Qatar's natural gas, and South Pars is the Iranian part, which holds about 2/3 of the Iranian natural gas reserves.

Image 37



As you can read at the following Reuters article, titled "Gas-rich Qatar annoys Arabs with pro-Iran policy", April 2009, the Arab countries are annoyed with Qatar's good relations with Iran. Moreover the article says that due to the geography of the South Pars/ North Field, the Iranians could easily knock out the Qatari economy if they wanted to.

4<sup>th</sup> Paragraph

*With its liquefied natural gas investments now paying dividends, Qatar has the second highest per capita income in the world, although its population has doubled in five years to 1.5 million. Only 250,000 of those are nationals.*

18<sup>th</sup> Paragraph

*"Inviting Ahmadinejad was promotion, not mediation. But you only have to look at the map of the north fields to understand it: the Iranians could knock the economy out for 10 years easily," the diplomat said.*

<http://uk.reuters.com/article/2009/04/01/us-qatar-iran-arabs-idUKTRE53035W20090401>

But we should not see Qatar as an ally of Iran. The two countries have many differences too, as we recently saw with the Qatari funding of the Syrian rebels, in order to overthrow the Syrian dictator Bassar al Assad, the strongest Iranian ally in the Middle East, as you can read in the following Financial Times article, titled “Qatar bankrolls Syrian revolt with cash and arms”, May 2013.

1<sup>st</sup> and 2<sup>nd</sup> Paragraph

*The gas-rich state of [Qatar](#) has spent as much as \$3bn over the past two years supporting the rebellion in [Syria](#), far exceeding any other government, but is now being nudged aside by [Saudi Arabia](#) as the prime source of arms to rebels.*

*The cost of [Qatar's intervention](#), its latest push to back an Arab revolt, amounts to a fraction of its international investment portfolio. But its financial support for the revolution that has turned into a vicious civil war dramatically overshadows western backing for the opposition.*

<http://www.ft.com/intl/cms/s/0/86e3f28e-be3a-11e2-bb35-00144feab7de.html>

Qatar is an Arab country, and has a lot in common with the other Arab countries of the Persian Gulf, but it also shares with Iran the South Pars/North Field. Note that Iran is not an Arab country. The Iranians are Persians.

Qatar is also investing heavily abroad, in order to buy political influence. If you google the words “Qatar Foreign Investments”, or “Qatar Investment Authority”, you will be very impressed about the magnitude of Qatari investments, especially in Europe. Only to host the World Cup of 2022, Qatar promised to invest 200 billion dollars in infrastructure, as you can read in the following Yahoo article, titled “Qatar reportedly spending \$200 billion to build infrastructure necessary for 2022 World Cup”, July 2013. Qatar will be the first Arab country, and the first country of the Middle East, to host the World Cup.

<http://sports.yahoo.com/blogs/soccer-dirty-tackle/qatar-reportedly-spending-200-billion-build-infrastructure-necessary-183809206.html>

Many people believe that what determines the political influence of a country abroad is its military potency. They are very wrong. European socialists do not care about whether Qatar or Iran has a stronger army. What they care about is who is going to invest more in their country and who is going to pay them more. And the champion in foreign investments is Qatar. Qatar has only 300.000 Qatari citizens to support, since the rest of the population are foreigners who simply work there. Moreover

Qatar hosts the largest American military bases in the Middle East, and it does not have to worry too much about its defence. Therefore Qatar has plenty of cash to buy socialists in foreign parliaments and Jihadists in the battlefields.

Therefore the three main blocks of the Middle East today, are Saudi Arabia, Iran and Qatar, instead of Saudi Arabia, Iran and Iraq that used to be the case until 2003. As I already said the relations between the countries of the Persian Gulf are very simple. They are competing with each other about who is going to sell more oil and natural gas. The rich in oil and natural gas countries also compete for influence in the neighbouring countries, not only to sell their oil and natural gas there, but also to use them to construct their pipeline networks.

All these countries want to sell their oil and natural gas to Europe and Asia. Africa is a poor client and it also has its own resources. The Gulf countries are currently selling more oil and gas to the Asian countries, because the Europeans import mainly from Russia. As you can see in the following map, Iran has a great geographical advantage over Saudi Arabia, Qatar and the United Arab Emirates.

Image 38



Syria, Iraq and Lebanon belong to the Iranian sphere of influence, and therefore Iran can construct the Iran-Iraq-Syria pipeline, sending natural gas and oil to the Mediterranean Sea and Europe, avoiding Red Sea and the Straits that increase transport costs. Moreover Iran can send natural gas and oil to Europe through Turkey with pipeline networks. Finally Iran can send natural gas and oil to China through Pakistan and India.

Saudi Arabia, the UAE and Qatar do not have these options, and they can only sell to these regions by using the sea lanes. As long as Iran is in bad terms with the West, this is not a very big problem, because many countries cannot buy from Iran. Moreover the Western oil and natural gas multinationals are not allowed to invest in Iran. Therefore the Iranian production is low, and Iran is also excluded from many markets.

But now all this is changing because Iran is in a process of normalizing its relations with the West, because the US and the EU want to send Iranian oil and natural gas to Europe in order to reduce the Russian influence. This is very dangerous for all Arab countries, but the situation is a bit better for Qatar, since Qatar and Iran can jointly exploit the South Pars/North Field and send its gas to Europe and Asia.

It must also be taken into account how the countries of the Middle East behaved during the Arab Spring. To a large extent, the Arab Spring was financed by Qatar. The major protagonist of the Arab Spring was the Muslim Brotherhood. The Muslim Brotherhood is an organization of Islamists that has supporters in all countries of the Middle East and North Africa, and its main financial supporter is Qatar, while Turkey is its main adviser in military issues.

The Arab Spring and the Muslim Brotherhood attacked the national socialist dictators of the Middle East and North Africa, that were either pro-Russian, as was the case with Qaddafi in Libya and Assad in Syria, or that were controlled by Saudi Arabia as was the case with Mubarak in Egypt. As you can read in the following Times article, titled “Saudis told Obama not to humiliate Mubarak”, February 2011, the Saudis asked Obama to support Mubarak. I do not think that Obama paid much attention to the Saudis’ request.

1<sup>st</sup> and 2<sup>nd</sup> Paragraphs

*Saudi Arabia has threatened to prop up President Mubarak if the White House tries to force a swift change of regime in Egypt.*

*In a testy personal telephone call on January 29, King Abdullah told President Obama not to humiliate Mr Mubarak and warned that he would step in to bankroll Egypt if the US withdrew its aid programme, worth \$1.5 billion annually.*

<http://www.thetimes.co.uk/tto/news/world/middleeast/article2905628.ece>

Islamists and national socialists have many years of clashes in these countries. During the Arab Spring, the Islamists, with Qatari funding, Turkish military training, American tolerance, and the pretext of elections, managed to cause major problems to the local dictators. I refer to the issue of elections as a “pretext”, because it was not about a true democratic reform. Hamas, the Brotherhood’s subsidiary in Gaza, won with Qatari funding the elections in 2006 but never organized elections again. Similarly, the Brotherhood’s candidate in Egypt, Mohamed Morsi, won with Qatari funding the elections in 2012, and then gave himself powers that put him above the country’s judicial system.

The same is true in Turkey, where the Islamists Erdogan and Davutoglu, the Turkish President and Prime Minister, two supporters of the Muslim Brotherhood, are gradually reducing whatever rights and freedoms Turkish people enjoyed under the national socialist regime that existed before Erdogan came to power in 2003.

Even though the Arab Spring made a good start for Qatar and Turkey, it finally went sour. In Libya, even though the pro-Russian dictator Qaddafi was overthrown, the Muslim Brotherhood did not manage to take control of the whole country. In Egypt, even though the Brotherhood’s candidate Mohamed Morsi managed to defeat the Saudi controlled dictator Hosni Mibarak, he was later overturn by General Sisi, who was heavily funded by Saudi Arabia and the United Arab Emirates.

In Syria, Assad is still in power, controlling a part of the country, even though in the beginning it looked like the pro-Russian dictator was going to be overturned. Even though the Americans initially were very enthusiastic about overturning Assad, in the process they have not supported the rebels as much as Qatar, Turkey and Saudi Arabia had hoped for, because they are trying to normalize their relations with Iran, a major ally of Assad. Moreover the Russians really stood for Assad, and some European countries did the same thing, so it was difficult for the Americans to overturn Assad anyway.

Moreover the Arab Spring created a major internal conflict in the Arab world, since Qatar was the only Arab country that supported the Muslim Brotherhood, together with Iran and Turkey. As you can read in the following BBC article, tilted “Gulf ambassadors pulled from Qatar over interference”, March 2014, Saudi Arabia, United Arab Emirates and Bahrain pulled their ambassadors from Qatar.

1<sup>st</sup> Paragraph

*Saudi Arabia, Bahrain and the UAE have withdrawn their ambassadors from Qatar after alleging that it has been meddling in their internal affairs.*

13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> Paragraphs

*Oil- and gas-rich Qatar has been an increasingly vocal diplomatic player. It strongly supported Egypt's now-ousted Islamist President Mohammed Morsi and is a key backer of Islamist rebel groups in Syria.*

*The state is home to the influential al-Jazeera news network, which broadcasts across the world and has been critical of Saudi Arabia and other Gulf states.*

*Anti-Saudi programmes broadcast by al-Jazeera were thought to have been a major reason for Riyadh's decision to withdraw its ambassador to Qatar from 2002 until 2008.*

<http://www.bbc.com/news/world-middle-east-26447914>

In the following CNN article, titled “Muslim Brotherhood leader: Qatar asked us to leave”, September 2014, you can read that Qatar had to finally ask the Muslim Brotherhood leaders to leave the country, in order to normalize its relations with the other Arab countries.

<http://www.cnn.com/2014/09/14/world/meast/muslim-brotherhood-qatar/>

The Muslim Brotherhood members that were expelled from Qatar, found refuge in Turkey, as you can read in the following New York Times article, titled “Turkey Open to Bids for Refuge by Muslim Brotherhood Exiles”, September 2014.

1<sup>st</sup> Paragraph

*President [Recep Tayyip Erdogan](#) of [Turkey](#) said on Monday that several exiled leaders of [Egypt's Muslim Brotherhood](#) who fled to [Qatar](#) but lately have come under pressure to leave that Persian Gulf monarchy could perhaps find a new refuge in his country.*

<http://www.nytimes.com/2014/09/16/world/europe/turkey-open-to-bids-for-refuge-by-muslim-brotherhood-exiles.html>

Another good article about the Arab Spring is the Financial Times' “Fall of Egypt's Mohamed Morsi is blow to Qatari leadership”, June 2013. You can read that Qatar gave Egypt 8 billion dollars, in order to support the Muslim Brotherhood's candidate, Mohamed Morsi, and that his overturn was a major blow to Qatar.

3<sup>rd</sup> Paragraph



*Qatar has poured \$8bn of financial support into Egypt, and has been the main Gulf backer of Mr Morsi's government even if it began its support before he took over.*

<http://www.ft.com/intl/cms/s/0/af5d068a-e3ef-11e2-b35b-00144feabdc0.html>

In the following Telegraph article, titled “Saudi and UAE ready \$20bn boost for Egypt's El-Sisi”, June 2014, you will read that Saudi Arabia and United Arab Emirates were ready to finance with 20 billion dollars General Sisi, the man who overturn the Brotherhood's Mohamed Morsi.

<http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10868522/Saudi-and-UAE-ready-20bn-boost-for-Egypt's-El-Sisi.html>

At the following RT (Russia Today) article, a news agency funded by the Russian government, titled “Arab spring: Western-backed exported Islamist revolution”, January 2012, you will read that the Arab Spring was funded by Qatar and Saudi Arabia, and it was backed by the West, in order to establish pro-Western Islamist governments in the Middle East and Northern Africa. The article mentions both Saudi Arabia and Qatar, because both Saudi Arabia and Qatar attacked the pro-Russian dictators Qaddafi and Assad, even though they funded different rebel groups.

1<sup>st</sup> Paragraph

*The string of uprisings in the Arab world boils down to Saudi Arabia and Qatar using money and influence to hijack public dissent and bring Sunni Islamists to power, says John R. Bradley, British author and expert on the Middle East.*

<http://rt.com/news/arab-spring-islamist-revolution-723/>

At the following Reuters article, titled “Saudi Arabia is playing chicken with its oil”, December 2014, you will read that while Saudi Arabia and Qatar are funding the rebels in Syria, the Iranians and the Russians are arming Assad in order to keep him in power. The article also says that through its late oil war, Saudi Arabia wants to squeeze the American companies that produce shale oil, but also to squeeze Russia and Iran, in order to make it harder for them to support the Syrian dictator, Bassar al Assad.

6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Paragraph

*While Saudi Arabia and Qatar have been arming many of the Syrian rebels, the Iranian regime—and to a lesser extent, Russia—have provided the weapons and funding to keep Assad in power.*

*The kingdom has two targets in its latest oil war: it is trying to squeeze U.S. shale oil—which requires higher prices to remain competitive with conventional production—out of the market. More broadly, the Saudis are also punishing two rivals, Russia and Iran, for their support of Bashar al-Assad’s regime in the Syrian civil war. Since the Syrian uprising began in 2011, regional and world powers have played out a series of proxy battles there.*

*The conflict is now a full-blown proxy war between Iran and Saudi Arabia, which is playing out across the region. Both sides increasingly see their rivalry as a winner-take-all conflict: if the Shi’ite Hezbollah gains an upper hand in Lebanon, then the Sunnis of Lebanon—and by extension, their Saudi patrons—lose a round to Iran. If a Shi’ite-led government solidifies its control of Iraq, then Iran will have won another round.*

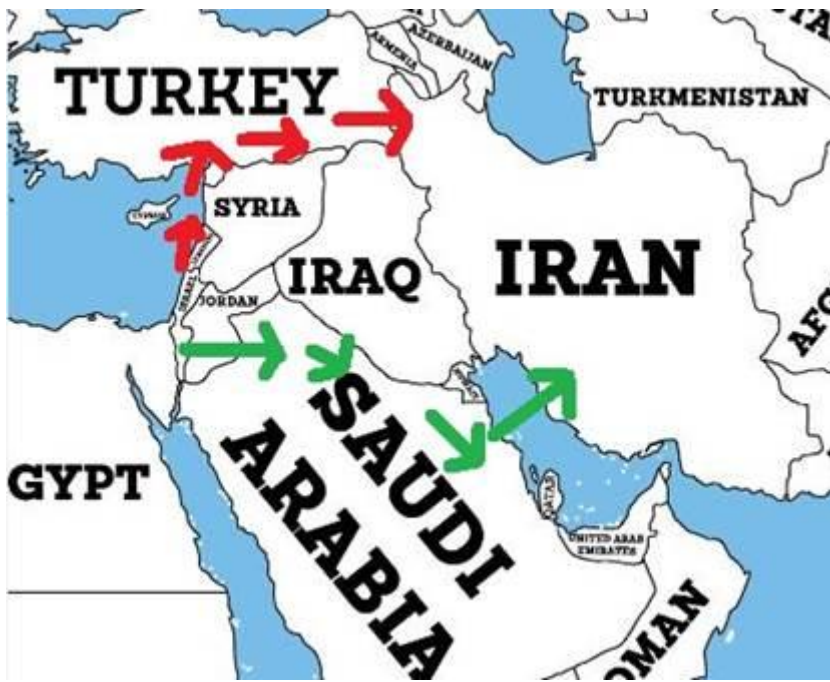
<http://blogs.reuters.com/great-debate/2014/12/15/saudi-arabia-is-playing-chicken-with-its-oil/>

A very good article about why the Saudis are keeping oil prices down is “Why Saudis Decided Not to Prop Up Oil”, December 2014, by Wall Street Journal.

<http://www.wsj.com/articles/why-saudis-decided-not-to-prop-up-oil-1419219182>

Another alliance in the Middle East that is very important is the one between Saudi Arabia and Israel. Israel and Saudi Arabia are deeply hurt by the West rapprochement with Iran. Iran is the deadliest enemy for both countries. Israel has a much stronger air force than Iran, and Iran has a much stronger navy than Israel. As long as Israel and Turkey were allies, Israel could use Turkey in order to attack Iran with its superior air force. But Turkey is now one of Israel’s toughest enemies, and the Israelis can no longer use Turkey in order to reach Iran. However Israel could attack Iran through Saudi Arabia, as you can see in the following map.

Image 39



Actually Saudi Arabia is the only possible route for Israel, since Syria and Iraq belong to the Iranian sphere of influence, and Turkey is a very hostile to Israel country. As you can read in the following RT (Russia Today) article, titled “Israel working with Saudi Arabia on Iran’s nuclear contingency plan”, November 2013, the Saudis would be willing to help Israel attack the Iranian nuclear facilities.

3<sup>rd</sup> Paragraph

*It was also revealed that the Saudis were willing to assist an Israeli attack by cooperating with the use of drones, rescue helicopters, and tanker planes. “Once the Geneva agreement is signed, the military option will be back on the table. The Saudis are furious and are willing to give Israel all the help it needs,” an unnamed diplomatic source told the paper.*

<http://rt.com/news/israel-saudi-iran-nuclear-846/>

Keep in mind that Jordan, which lies between Israel and Saudi Arabia, is a Saudi ally, and is not in the sphere of influence of Iran or Qatar. Qatar tried to take control of Jordan by supporting the Muslim Brotherhood, but the Brotherhood leader in Jordan was finally arrested, as you can read in the following New York Times article, titled “Brotherhood Leader’s Arrest in Jordan Is Seen as Warning From Monarchy”, December 2014, the Brotherhood leader in Jordan was arrested.

[http://www.nytimes.com/2014/12/08/world/brotherhood-leaders-arrest-in-jordan-is-seen-as-warning-from-monarchy.html?\\_r=0](http://www.nytimes.com/2014/12/08/world/brotherhood-leaders-arrest-in-jordan-is-seen-as-warning-from-monarchy.html?_r=0)

Moreover, if the Iran-Iraq-Syria pipeline is ever built, in order to carry Iranian and Iraqi oil to the Mediterranean Sea, the Saudis could use a pipeline that would run from Saudi Arabia to Israel through Jordan, in order to sell their own oil to the Mediterranean Sea too (see the following map). For the Saudis the good thing about the Israelis is that they will never be under Iranian influence.

Image 40



As you can read in the following i24news article, titled “As oil prices dive, Saudi Arabia looks to Israel for new market”, December 2014, the Saudis are thinking about selling oil to Israel. If they finally decide to sell oil to Israel, what would stop them from using Israel to export their oil too? Note that i24news is a 24 hour Israeli TV network that broadcasts in three languages. I have to say that the Saudis have never recognized Israel as a country until now, and all these cannot happen tomorrow. But the geopolitical shifts in the Middle East are huge, and things are changing very quickly.

<http://www.i24news.tv/en/news/international/middle-east/53031-141201-as-oil-prices-dive-saudi-arabia-looks-to-israel-for-new-market>

I must say that neither Israel nor Saudi Arabia is afraid that the Americans will turn against them. They are afraid that by normalizing their relations with Iran, the Americans will adopt a more neutral stance and therefore Israel and Saudi Arabia will not enjoy the same level of protection that they used to.

Another big problem for the Israelis is that if the West’s economic sanctions against Iran are dropped, the big Western oil multinationals will be able to invest in the Iranian energy sector, and this will

dramatically increase the Iranian production and revenues. Therefore the Iranians will be able to buy and develop better arms, and also supply Hamas in Gaza and Hezbollah in Lebanon with more and better guns.

For the Israelis it is a big deal to make an alliance with Saudi Arabia against Iran, otherwise they cannot reach the Iranian borders. On the contrary, Iran can reach Israel through Syria, a major Iranian ally, but also through Lebanon, since Hezbollah, the terrorist organization that runs Lebanon, is an Iranian subsidiary. Moreover Iran has very good relations with Hamas, the terrorist organization that controls Gaza and is mainly funded by Qatar. Therefore Iran can reach Israel through Syria, Lebanon and Gaza, while the only possibility for the Israelis to reach Iran is through Saudi Arabia.

Image 41



As you can read in the following article of USA Today, titled “Two powers, Qatar and Iran, try to sway Hamas”, November 2012, Qatar and Iran were competing about who was going to control Hamas. Iran was supplying Hamas with rockets and Qatar with money. In the end Hamas became a Qatari subsidiary, but it was also in very good terms with Iran, until the moment Hamas supported the rebels that were fighting Assad in Syria.

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Paragraphs

*The courtship of Hamas between rivals Iran and Qatar has been one of the Middle East's intriguing subplots of the Arab Spring. The bloodshed in Gaza has now sharpened their competition for influence with the Palestinian militant group and the direction it takes in the future.*

*Qatar has sought to use its vast wealth to win over Hamas with investments and humanitarian aid and encouraging Arab partners to do the same — part of the hyper-rich U.S. allied nation's broader campaign to bring under its wing Islamist movements that have risen to power in the region the past two years. Qatar's influence with Hamas could edge it away from armed action toward diplomacy.*

*Iran, meanwhile, is invigorating its longtime role as the builder of the rocket arsenal for Hamas' military wing.*

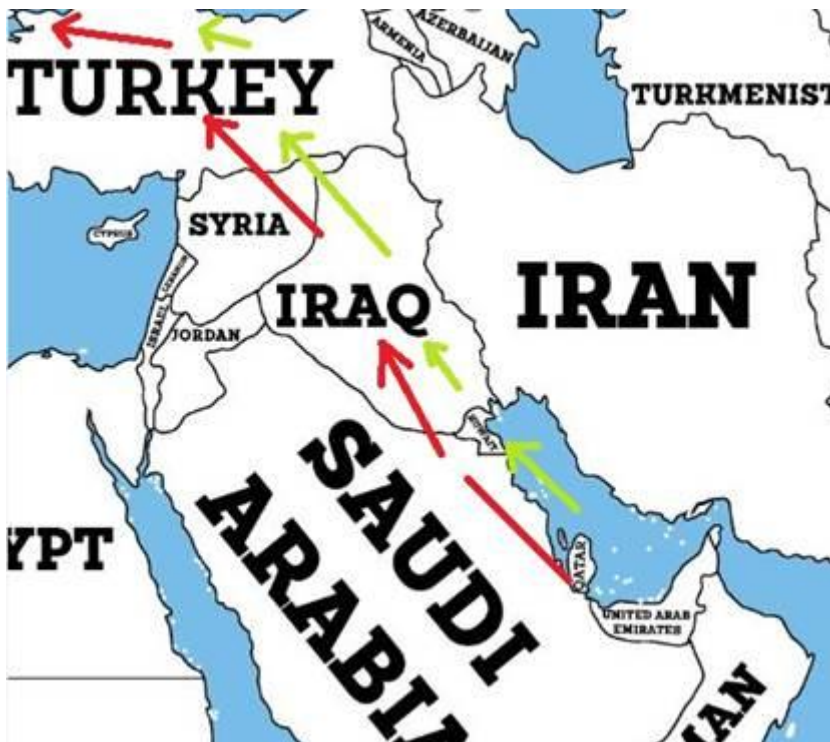
<http://www.usatoday.com/story/news/world/2012/11/23/qatar-iran-hamas/1723165/>

## Foreign and Regional Powers in the Middle East

The last geopolitical axis that must be taken into account is the interaction between the great powers and the regional players. The Russians want to block the connection of the Middle East to Europe, and they can do so in two ways. The first one is by blocking pipelines not controlled by the Russian government, and the second one is by controlling the pipelines that send oil and natural gas from the Middle East to Europe, in order to control supply and prices.

An example of a pipeline that was blocked by the Russians was the Qatar-Turkey pipeline, which would carry Qatari natural gas to Europe through Turkey, following the route Qatar - Saudi Arabia – Iraq – Syria -Turkey or Qatar – Kuwait – Iraq – Syria - Turkey (see following map).

Image 42



At the following Guardian article, titled “Syria intervention plan fuelled by oil interests, not chemical weapon concern”, August 2013, you can read that the Syrian dictator Assad refused to allow the Qatar-Turkey pipeline to pass through Syria, because as he said it would hurt the Russian interests in Europe.

17<sup>th</sup> Paragraph



*These strategic concerns, motivated by fear of expanding Iranian influence, impacted Syria primarily in relation to pipeline geopolitics. In 2009 - the same year former French foreign minister Dumas alleges the British began planning operations in Syria - Assad [refused to sign](#) a proposed agreement with Qatar that would [run a pipeline from the latter's North field](#), contiguous with Iran's South Pars field, through Saudi Arabia, Jordan, Syria and on to Turkey, with a view to supply European markets - albeit crucially bypassing Russia. Assad's rationale was "to protect the interests of [his] Russian ally, which is Europe's top supplier of natural gas."*

<http://www.theguardian.com/environment/earth-insight/2013/aug/30/syria-chemical-attack-war-intervention-oil-gas-energy-pipelines>

An example where the Russians tried to take control of a pipeline themselves was the Iran-Iraq-Syria pipeline. As you can read at the following CNBC article, titled "How Vladimir Putin and Russia Hope to Win Big in Syria, February 2013, Gazprom would construct and manage the Iran-Iraq-Syria pipeline. CNBC is one of the largest American TV networks, and this article has a great analysis of the cold war between Russia and United States in the Middle East and North Africa, and I suggest that you read the whole thing.

2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> Paragraphs

*The Soviet Union acquired the Tardus Naval Port in Syria in 1971 without any real purpose for it. With their ships welcomed in Algeria, Cuba or Vietnam, Tardus was too insignificant to be developed. After the collapse of the Soviet Union, Russia lacked the funds to spend on the base and no reason to invest in it.*

*The Russian return to the Middle East brought them first to where the Soviet Union had had its closest ties. Libya had been a major buyer of arms and many of the military officers had studied in the Soviet Union. Russia was no longer a global power, but it could be used by the Libyans as a counter force to block domination by the United States and Europeans.*

*When Gaddafi fell, Tardus became Russia's only presence in the region. That and the discovery of vast gas deposits just offshore have transformed the once insignificant port into a strategic necessity.*

*Earlier at the United Nations, Russia had failed to realize that Security Council Resolution 1973 that was to implement a new policy of "responsibility to protect" cloaked a hidden agenda. It was to be turned from a no-fly zone into a free-fire zone for NATO. That strategic blunder of not vetoing the*

*resolution led to the destruction of Gaddafi's regime and cost Russia construction contracts and its investments in Libyan gas and oil to the tune of 10 billion dollars.*

8<sup>th</sup> and 9<sup>th</sup> Paragraphs

*“What Russia lost through the anti-Al-Assad alliance was the possibility to control the natural gas market across Europe and the means to shape events on the continent. In July 2011, Iran, Iraq, and Syria agreed to build a gas pipeline from the South Pars gas field in Iran to Lebanon and across the Mediterranean to Europe. The pipeline that would have been managed by Gazprom would have carried 110 million cubic meters of gas. About a quarter of the gas would be consumed by the transit countries, leaving seventy or so million cubic meters to be sold to Europe”.*

*Violence in Iraq and the Syrian civil war has ended any hope that the pipeline will be built, but not all hope is lost.*

<http://www.cnbc.com/id/100496808#>

For the Qatar-Turkey and the Iran-Iraq-Syria pipelines, you can also read the article of the Russian news agency RT (Russia Today), titled “Energy ballet-2: Syria, Ukraine & Pipelineistan”, August 2014. You can read in the article that the Emir of Qatar visited Syria in 2009, in order to convince Assad to allow the Qatar-Turkey pipeline to pass through Syria, but Assad refused, because the pipeline would hurt Russian and Syrian interests. Moreover the article says that the Iran-Iraq-Syria pipeline had already been agreed.

3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> Paragraphs

*The Obama administration's Syria master plan was 'Assad must go'; regime change would yield a US-supported Muslim Brotherhood entity, and a key plank of Pipelineistan - the \$10 billion Iran-Iraq-Syria [gas pipeline](#) - would be forever ditched.*

*The Emir of Qatar himself had taken the road to Damascus in 2009 to negotiate a Qatar-Syria-Turkey gas pipeline. Bashar al-Assad though, said no; his excuse was his unwillingness to jeopardize Syria's energy deals with Russia.*

*And yet, in 2001, an agreement went ahead for a rival Iran-Iraq-Syria project. So the writing was on the wall – or on the (steel) pipes arriving one day in the Eastern Mediterranean. The gas for*

*prospective European customers would in fact come from Iran's South Pars field, contiguous to Qatar's North Dome; together, they form the largest gas field on the planet.*

#### 7<sup>th</sup> Paragraphs

*Thus the key economic rationale for the whole 'Assad must go' disaster; a war OF terror largely financed by Qatar and Saudi Arabia, with logistical support from Turkey, with Ankara, the CIA and the GCC (Gulf Cooperation Council) gang running a 'secret' weaponizing airlift of so-called 'good' jihadists using Saudi, Qatari and Jordanian military cargo planes since 2012.*

#### 23<sup>rd</sup> Paragraphs

*Nabucco's idea was to bring gas to the EU via Turkey, Bulgaria, Romania, Hungary and Austria. But where from? Turkmenistan and Kazakhstan were finally ruled out. It could be Azerbaijani gas, but that requires a fortune in extra investment. The Iraqi industry won't be ready anytime soon. And Iran will be finally in play only if a nuclear deal is clinched till the end of 2014, and sanctions lifted in 2015 (all this a major 'if').*

<http://rt.com/op-edge/182816-energy-wars-ukraine-syria/>

Now let's turn to the Americans. The Americans want to connect Middle East to Europe through Turkey, in order to reduce Russian influence in Europe. This can be done if the Jihadists of Qatar and Turkey win in Syria and Iraq, so that the Qatar-Turkey pipeline can be built, or if the Iraqi Kurds send natural gas and oil to Europe through Turkey, or finally if the Americans manage to reach an agreement with Iran, which I think would be the most convenient way for the Americans to supply Europe with natural gas and oil. They could also use a combination of all the above.

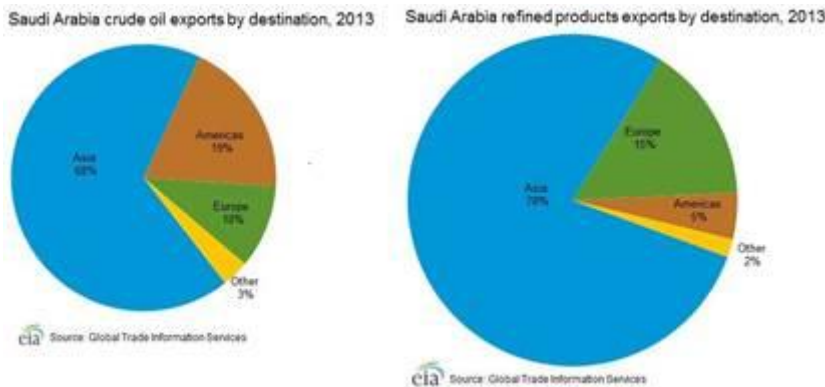
The Arab Spring was very convenient for the Americans, because it would bring to power in the countries of the Middle East and North Africa Islamist leaders controlled by their allies, Qatar and Turkey, and therefore the Russians would not be able to control the pipelines connecting Middle East and North Africa to Europe.

Finally China is trying to ensure its energy security by investing billions of dollars in all countries of the Middle East. China has heavily invested in Saudi Arabia, Iran, Qatar, Iraq and United Arab Emirates. However the traditional ally of China in the Middle East is Iran, because Iran has been a traditional American enemy. It is Saudi Arabia, United Arab Emirates and Qatar that are under

pressure, in order to convince China to move away from Iran and towards them, because they all desperately need to sell oil and natural gas to China.

What I am going to say now is irrelevant to the subject but it is important in order to combat socialist propaganda. According to socialist propaganda, the Arab countries do not have an independent foreign policy, and they do as they are told by the Americans. You should examine the foreign policy of the Arabs in relation to China, which is a geopolitical rival of the US, but a great customer for the Arabs, and not the Arab foreign policy in relation to Russia, which is a geopolitical rival of the US, but a great competitor of the Arabs too. At the following pie charts you can see the best clients of Saudi Arabia.

Image 43



<http://www.eia.gov/countries/cab.cfm?fips=SA>

Therefore whenever a socialist tells you that the Arab countries do as they are told by the Americans, you should talk to him about the Arab foreign policy towards China, which is a rival for the US and a customer for the Arabs, and also explain to him that when it comes to Russia, the Arab countries are behind the Americans because Russia is a great competitor for them in the oil and natural gas markets. I say so because above all this booklet aims in combating Communist and Nazi propaganda, and the only way this can be done is by explaining to the people what is really going on.

The way Saudi Arabia and Iran are approaching the US and China is actually very interesting. The Saudis are mainly selling to Asia, and therefore they want to turn away from the US. The US is no longer their best customer, and the Americans are not even willing to intervene in the Saudi-Iranian conflicts in the same way they used to do in the past, because they want to normalize their relations with the Iranians. Therefore the Saudis want to turn towards the best client, which is China. For the Saudis China would be the perfect customer and patron.

The problem for the Saudis is that even though China has invested billions in Saudi Arabia, she has much stronger ties with Iran than she has with Saudi Arabia. Therefore it is not easy for Saudi Arabia to completely abandon the US and turn to China. At the following analysis of the Wilson Centre, one of the major American think tanks, titled “Iran’s Rouhani Puts U.S.- Saudi Ties to the Test”, October 2013, you can read that two former Saudi foreign ministers, Prince Bandar bin Sultan and Turki al-Faisal, said that whether the Saudis like it or not, they cannot abandon the Americans completely. As I just said the problem for the Saudis is that China has stronger bonds with Iran than Saudi Arabia, and Russia, the other big player, is a major competitor of Saudi Arabia in the oil markets. Moreover the Americans are still buying Saudi oil.

#### 5<sup>th</sup> Paragraph

*In fact, the Saudi view of the U.S. track record in the Middle East since President George W. Bush’s “freedom agenda” to promote democracy and then his 2003 decision to invade Iraq amounts to a long indictment of American missteps and misjudgments for which Saudi Arabia has paid the cost and Iran collected the dividends. The U.S. invasion of Iraq resulted, in the words of Saudi Foreign Minister Saud al-Faisal, in a pro-Iranian Shiite government that “handed Iraq to Iran on a silver platter.”*

#### 7<sup>th</sup> and 8<sup>th</sup> Paragraphs

*Then came the 2011 “Arab Spring” in the name of democracy, which the Obama administration tried awkwardly to embrace along with the Muslim Brotherhood and similar Islamic groups that won elections in Egypt, Tunisia, and Morocco. Worst yet, it touched off unresolved civil wars in Yemen and Syria. The Saudis have never forgotten, or forgiven, that the Brotherhood backed Iraqi President Saddam Hussein during the 1990-91 Gulf War after the Saudis had offered thousands of Brotherhood members a place of refuge from persecution in Egypt and Syria.*

*The bitter Syrian civil war has become the latest bone of contention in the fraying U.S.-Saudi relationship. Since Iran and its Lebanese ally, Hezbollah, are backing Syrian President Bashar al-Assad and Saudi Arabia is backing his overthrow, Syria has become another test of American fidelity*

#### 12<sup>th</sup> and 13<sup>th</sup> Paragraphs

*The problem now for Saudi Arabia is how to protect itself from the fallout of a U.S.-Iranian thaw and possible long-term rapprochement. In the mid-2000s, King Abdullah sought to diversify the kingdom’s foreign friends away from Washington, taking his first trip abroad as king to China in January 2006.*

*The Chinese had provided Saudi Arabia with medium-range DF-3 missiles, capable even of carrying nuclear warhead to protect it from Iran in the late 1980s. The IHS Jane's Intelligence Review reported in July 2013 that China has sent more missiles and helped the Saudis built a second launching site with its Chinese missiles aimed at both Iran and Israel.*

*The Saudis know, however, that China is no substitute for the United States when it comes to ability, or political readiness, to project military power in the Middle East. So, the kingdom is in the process of purchasing \$60 billion worth of all kinds of U.S. weaponry, including 84 more F-15s and an updated missile defense system. This has locked Saudi Arabia into the American security umbrella for decades to come.*

15<sup>th</sup> and 16<sup>th</sup> Paragraphs

*Two former American-educated Saudi ambassadors to Washington, Princes Bandar bin Sultan and Turki al-Faisal, both came to the same conclusion after decades of dealing with Saudi foreign policy: like it or not, "the only game in town" for the Saudis was the United States. Whether this attitude will survive a U.S.-Iranian opening remains to be seen. The Saudi leadership has become used to coping with serious differences with Washington over the years. Its strategy has been to isolate and prevent them from upending the overall close security relationship.*

[http://www.wilsoncenter.org/sites/default/files/iran\\_rouhani\\_puts\\_us\\_saudi\\_ties\\_test\\_ottaway.pdf](http://www.wilsoncenter.org/sites/default/files/iran_rouhani_puts_us_saudi_ties_test_ottaway.pdf)

On the other side, Iran wants to sell its oil and natural gas to Europe, which is the best client, but it is afraid that this might cause problems to its relations with China and Russia. And maybe destroying its alliance with Russia is not a big deal for Iran, but it is when it comes to China, because China is a major buyer of Iranian oil.

Qatar is trying to lure China too. As you can read in the 4<sup>th</sup> paragraph of the following Al Arabiya article, titled "Qatar looks East: Growing importance of China's LNG market", November 2014, China is Qatar's fourth largest client, following Japan, India, and South Korea. In the 8<sup>th</sup> paragraph of the following article you can read that when it comes to liquefied natural gas, Qatar is the world's largest exporter. That is if natural gas sold by pipelines is not taken into account. When all natural gas sales are taken into account, Russia is the world's largest exporter.

<http://english.alarabiya.net/en/views/business/2014/11/24/Qatar-looks-East-Growing-importance-of-China-s-LNG-market.html>

At the following Reuters article, titled “Qatar to become first Middle East clearing hub for China's yuan”, November 2014, you will read that China created in Qatar her first hub for clearing transactions in Chinese Yuan, in order to reduce her dependency on the dollar.

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Paragraphs

*“Qatar will become the Middle East's first hub for clearing transactions in the Chinese yuan, in a step that could over the long run help Gulf oil exporting countries reduce their dependence on the U.S. dollar.*

*Industrial and Commercial Bank of China's Doha branch has been appointed as the clearing bank for yuan deals in Qatar, China's central bank said on Tuesday.*

*"The signing of the MoU and the appointment of the renminbi clearing bank will increase the strong ties between China and Qatar and position Qatar as the regional centre for renminbi clearing and settlement," the Qatari central bank said”.*

11<sup>th</sup> Paragraph

*Qatar, which has some \$43 billion in net foreign currency reserves and an estimated \$170 billion in its sovereign wealth fund, is the biggest supplier of liquefied natural gas to China.*

<http://www.reuters.com/article/2014/11/04/china-offshore-yuan-idUSL4N0SU3KV20141104>

At the following Reuters article, titled “China's CNPC, Qatar Petroleum planning JV in China”, January 2011, you can read about the joint investments that the state owned China National Petroleum Corporation CNPC, and the state owned Qatar Petroleum are planning in Qatar and China.

1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> Paragraph

*China and Qatar will strengthen cooperation in the oil and gas industries and the top oil companies of the two countries plan joint venture projects in China, the government said on Thursday.*

*During a meeting between visiting Qatar Oil Minister Abdullah al-Attiyah and Wang Yong, the head of state-owned Assets Supervision and Administration Commission (SASAC), the two sides vowed more communication and joint development.*

*"Both sides talked about planned joint venture projects in China between China National Petroleum Corp (CNPC) and Qatar Petroleum (QP)," the SASAC said on its website www.sasac.gov.cn.*

<http://in.reuters.com/article/2011/01/13/china-energy-qatar-idINTOE70C06920110113>

However Qatar would not want to see the American army leaving the country, because that would make Qatar very vulnerable to Saudi Arabia and Iran. Qatar would stop being an independent player if it stopped hosting the American military bases. When it comes to buying political power abroad Qatar is the number one country, but in military terms Qatar is very weak when compared to the Saudis and the Iranians. It is one thing to buy socialists in foreign parliaments, and another to face the Saudi and the Iranian armies. The first one requires money and the second one requires guns.



## **The Wrong Explanations of the Wars in the Middle East**

All the wars in the Middle East are about oil and natural gas. Divisions between Sunni and Shia Muslims, Muslims and Jews, Arabs and Jews, Islamists and secularists, Arabs and Persians (Iranians), and so on, are of only secondary importance to these wars, and I want to give some examples to demonstrate that this is so.

The first example is the Kurdish people who are both Sunni and Shia Muslims, but they are united because they consider their Kurdish identity as more important than their religious identity.

The second example is that Erdogan's Sunni Turkey had very good relations with Syria, which is governed by Assad, an Allawite Muslim, until Assad agreed with Iran and Iraq to construct the Iran-Iraq-Syria pipeline. From that moment on Erdogan started treating Assad as a great enemy, constantly pressing for his overturn. Allawites are an offshoot of Shia Islam. However this did not bother and did not stop Erdogan from having very good relations with Assad, until the latter agreed to the construction of the Iran-Iraq-Syria Pipeline, which would bypass Turkey as an energy hub.

The third example is the Iraqi elections of 2010. In these elections, Saudi Arabia, which is a predominantly Sunni and a theocratic country, supported Ayad Allawi, a Shia Muslim and a secular nationalist. The Sunni Saudis, decided to support a secular Shia Muslim, in a country that has a Sunni population of around 35%. They did so because the majority of the population in Iraq are Shia Muslims, and they thought they had better chances to gain influence in Iraq by supporting a Shia candidate. Moreover Ayad Allawi was not in good terms with Iran, and Iraq would not fall in the Iranian sphere of influence if he was to become the next president. However he did not win the elections.

The fourth example is Iran, Qatar and Hamas. The Iranians, who are Shia Muslims, had very good relations with Hamas, the Sunni terrorist organisation that controls Gaza, which is mainly funded by Sunni Qatar. Even though Sunni Qatar and Shia Iran disagree on many issues, they are both very rich in natural gas, and they are united against Israel which started selling natural gas, harming the interests of both Qatar and Iran. At the following map you can see how Qatar and Iran, that are both very rich in natural gas, can cooperate in order to attack Israel, Qatar by using Hamas, its subsidiary in Gaza, and Iran by using Hezbollah, its subsidiary in Lebanon.

Image 44



Qatar and Turkey are the main allies of Hamas, as you can read in the following Time article, titled “Hamas Still Has Some Friends Left”, July 2014:

4<sup>th</sup> Paragraph

*Hamas has two clear allies, according to Middle East experts: Qatar and Turkey. Both have given Hamas their public support and financial assistance estimated to be in the hundreds of millions of dollars.*

<http://time.com/3033681/hamas-gaza-palestine-israel-egypt/>

For Iran and Hezbollah you can read the following BBC article, titled “Who are Hezbollah”, July 2010

### **1<sup>st</sup>, 2<sup>nd</sup> Paragraphs**

*Hezbollah - or the Party of God - is a powerful political and military organisation in Lebanon made up mainly of Shia Muslims.*

*It emerged with financial backing from Iran in the early 1980s and began a struggle to drive Israeli troops from Lebanon.*

### **23<sup>rd</sup> Paragraphs**

*The party was long supported by Iran, which provided it with arms and money.*

[http://news.bbc.co.uk/2/hi/middle\\_east/4314423.stm](http://news.bbc.co.uk/2/hi/middle_east/4314423.stm)

The fifth example is Sunni Saudi Arabia and the Sunni organization of Muslim Brotherhood. Saudi Arabia recently designated the Muslim Brotherhood as a terrorist organisation as you can read in the following Reuters article, titled “Saudi Arabia designates Muslim Brotherhood terrorist group”, March 2014

<http://www.reuters.com/article/2014/03/07/us-saudi-security-idUSBREA260SM20140307>

However in the past, Saudi Arabia used to give shelter to the members of the Muslim Brotherhood that were exiled from their countries. But now that the Muslim Brotherhood is funded by Qatar and has good relations with Iran, and it went against Mubarak in Egypt, the Saudis designated it as a terrorist organization.

Moreover the Muslim Brotherhood accuses Saudi Arabia for its relations with the Americans, and at the same time the Brotherhood is mainly funded by Qatar, which hosts the largest American military bases in the Middle East.

The sixth example is the Gaza war of July 2014. Saudi Arabia, United Arab Emirates and Bahrain, which are all Sunni Muslim countries, blamed the Sunni Muslims of Hamas and not the Israeli Jews. The reason is that Hamas is a subsidiary of the Muslim Brotherhood and it also has strong ties with Iran. You can read the following New York Times article, titled “Arab Leaders, Viewing Hamas as Worse Than Israel, Stay Silent”, July 2014.

<http://www.nytimes.com/2014/07/31/world/middleeast/fighting-political-islam-arab-states-find-themselves-allied-with-israel.html>

Therefore Middle East wars are, and have always been, energy wars. That does not mean that the Sunnis love the Shias, or that the Arabs love the Jews, or that Islamists love secularists and so on. It simply means that Middle East countries do not go to painful and expensive wars for such reasons. They go to wars for oil and natural gas, and they do not hesitate to form alliances with groups of any nationality, religion or ideology in order to prevail in these energy wars. All countries of the Middle East use religion, nationality and ideology as tools, in order to prevail in the oil and natural gas wars. I want to give the example of Iran and Israel.

Iran has used the war against Israel in order to gain influence in the Sunni Arab world, at the expense of Saudi Arabia. Saudi Arabia was a US ally, and the Americans were protecting Israel. The Iranians are not even Arabs, they are Persians. They are also Shia Muslims in a Muslim world that is predominantly Sunni. Sunni Muslims are 85%-90% of all Muslims, as you can read at the following BBC article, titled "Sunnis and Shia in the Middle East", December 2013.

3<sup>rd</sup> Paragraph

*The majority of Muslims are Sunnis - estimates suggest the figure is somewhere between 85% and 90%.*

<http://www.bbc.com/news/world-middle-east-25434060>

Therefore the Iranians had a great disadvantage over the Saudis, because they are Shia and Persians. By fighting Israel, the Iranian prestige in the Sunni Arab world was greatly enhanced at the expense of Saudi Arabia. If both the Iranians and the Saudis were in good terms with the Americans, and Israel was not blocking about 1/3 of their exit to the Mediterranean Sea, who would really care about Israel? As you can see on the following map, Israel is blocking a large part of the Saudi, Iraqi, Qatari and Iranian exit to the Mediterranean Sea.

Image 45



If Israel was located where I have made the red circle on the above map, and both the Saudis and the Iranians were in good terms with the Americans nobody would care about Israel.

Another recent example about how the Muslims are using Israel to achieve their geopolitical goals is what the Turkish President Recep Erdogan did. Erdogan had very good relations with Israel, but as soon as the Israelis recognized the Cypriot exclusive economic zone, in order to jointly exploit their natural gas with the Cypriots, Erdogan has become one of Israel's outspoken enemies.

Image 46



After the Israelis recognized the Cypriot exclusive economic zone, Erdogan sent the Gaza Freedom Flotilla with Mavi Marmara, which caused the diplomatic relations between Israel and Turkey to collapse. By fighting Israel Erdogan became a hero in the Arab and Muslim world. Israel also put forward the issue of the East Med pipeline, a natural gas pipeline that would run from Israel to Europe, through Cyprus and Greece, bypassing Turkey as an energy hub.

Image 47



For the East Med pipeline you can read at the following Reuters article, titled “Greece, Cyprus and Israel to explain Med pipeline vision to EU”, December 2014.

<http://www.reuters.com/article/2014/12/02/eastmed-natgas-europe-idUSL6N0TM47J20141202>

You can also read the following Natural Gas Europe article, titled “EC Grants Conditional Support to East Med Pipeline”, December 2014

[http://www.naturalgaseurope.com/ec-grants-conditional-support-east-mediterranean-pipeline?utm\\_source=Natural+Gas+Europe+Newsletter&utm\\_campaign=f7158b98b2-RSS\\_EMAIL\\_CAMPAIGN&utm\\_medium=email&utm\\_term=0\\_c95c702d4c-f7158b98b2-307785513](http://www.naturalgaseurope.com/ec-grants-conditional-support-east-mediterranean-pipeline?utm_source=Natural+Gas+Europe+Newsletter&utm_campaign=f7158b98b2-RSS_EMAIL_CAMPAIGN&utm_medium=email&utm_term=0_c95c702d4c-f7158b98b2-307785513)

The problem for the Israelis is that after they decide to exploit their natural gas reserves, it is no longer only the US enemies that are attacking them, but also the US allies, as it is the case with Turkey and Qatar. In the past the US allies used to tolerate Israel, even if they didn’t like it. But now Israel is an economic rival for both Qatar and Turkey, and they use their organization in Gaza to attack it.

Moreover the Israelis are true economic competitors for the Iranians. In the past the Iranians simply used Israel to increase their appeal in the Sunni Arab world against Saudi Arabia. But now things are different. Israel is a true economic competitor for Iran. Maybe the Israeli gas reserves are peanuts when compared to the Iranian and Qatari ones, but the two deals that the Israelis signed with the Egyptians and the Jordanians involved 45 billion dollars, and that’s a lot of money.

For the natural gas agreement between Israel, Egypt and Jordan, see the following FT article, titled “Israel gas supply deals to Egypt and Jordan draw closer”, May 2014.

<http://www.ft.com/intl/cms/s/0/02ea38aa-e0e2-11e3-a934-00144feabdc0.html?siteedition=intl>

See also my essay “The Israel-Egypt-Jordan Natural Gas Agreement and the July 2014 War in Gaza”. Saudi Arabia is mainly concerned about oil and not about natural gas, and she could use Israel to sell her oil to the Mediterranean Sea, and she is much softer on Israel as I said.



## A Reader's Manual

This booklet should not be used as a tool to understand the Middle East, because everyday new alliances are formed, and new conflicts appear. As I write this document in December 2014, Qatar has declared its support to the Egyptian president Al-Sisi, in order to normalize its relations with the other Arab countries, as you can read at the following Yahoo article, titled “Qatar gives 'full support' to Sisi's Egypt”, December 2014.

<http://news.yahoo.com/qatar-gives-full-support-sisis-egypt-181059129.html>

At the same time the Saudis have met with the Iranian Foreign Minister, in an effort to normalize the relations between the two countries, as you can read in the following article of the Times of Iran, titled “Saudi Arabia invites Zarif to come and talk peace”, December 2014.

<http://iran-times.com/saudi-arabia-invites-zarif-to-come-and-talk-peace/>

Maybe there are many other changes that I am not aware of. What I am trying to say is that alliances and conflicts in the Middle East change every day. What remains constant is oil and natural gas. Therefore what a person reading this booklet should keep in mind, is that the Middle East should always be examined under the prism of oil and natural gas. All other information is only important for someone who wants to become a specialist in the Middle East or an academic. For all of us who simply want to understand the wars in the Middle East, oil and natural gas will do the job.