The Coming Conflict

Natural Resources are Fuelling a New Cold War

By Erich Follath

Oil and gas supplies are becoming scarcer and more expensive. The hunt for the world's remaining resources is creating new alliances and the danger of fresh conflicts. China is moving aggressively to satiate its growing appetite for energy, potentially setting up a confrontation with the United States over the dwindling resources of the Middle East and Africa.

Obioku, a village in Nigeria, West Africa. At first glance, this is the end of the world -- and at second glance, even more so. Muggy heat. A miserable set of wooden shacks; ragged children; a muddy hole from which women fetch water. The women use the few fish their husbands have caught to make a thin soup. The biting smell of sulphur lingers in the air. It seems absurd that anyone should fight over this piece of the earth.

But in recent months, hundreds have been killed here in the Niger delta. Rebels fight government troops and even demand the secession of the region from Lagos; they present ultimatums requesting billions from Shell, the Anglo-Dutch petroleum giant. Columns of smoke darken the sky where pipelines have been blown up. It's all about the petroleum that lies under the ground here in vast quantities -- petroleum of an especially light, sweetish, consumer-friendly variety.

The rebels claim they are concerned about the well-being of the residents of Obioku. It's a claim that is shared by Shell and the government. Shell CEOs say that 3 percent of their annual budget goes into local development funds. For their part, Nigerian politicians shrug their shoulders and insist that they are fighting fiercely against every kind of exploitation. Diepreye Alamieyeseigah, the governor of the state of Bayelsa, was arrested on suspicion of money laundering in September. He's now on trial, and said to have diverted hundreds of millions of dollars into his own pockets.
But as long as the oil fields burn, as long as Shell and Italian oil company Agip employees are held hostage and as long as oil platforms are attacked with speedboats, exporting black gold from the country in sub-Saharan Africa that has the largest petroleum reserves will remain an uphill battle. Indeed, the volatility of oil regions like Nigeria are one of the key reasons that oil prices have risen so dramatically worldwide.

**The Caucasian highlands, 70 kilometers (44 miles) southwest of the city of Vladikavkas in the Russian Republic of North Ossetia.** Pipelines lie on the frozen ground in strangely twisted shapes, like modeling clay handled by an angry giant. Saboteurs destroyed the two gas pipelines that run through an almost deserted territory and towards Georgia at the end of January. The people in Georgia, whose energy supply is meager anyhow, suffered the cold for more than a week, cut off from their most important energy source. No lights were turned on in the capital at night; desperate people burned their own furniture to stay warm. Moscow blamed Muslim rebels for the attacks. But Georgian President Mikhail Saakashvili complained that saboteurs controlled by the Kremlin had planted the bombs, and he and accused his Russian colleague of "blackmail." Saakashvili believes Vladimir Putin wanted to teach West-leaning Georgia a lesson by demonstrating how dependent Georgia is on Russian energy.

So Russia is being pilloried once again, a short time after the Kremlin forced the Ukraine to strike a deal by turning off its gas supply. That raises questions about the energy security of the European Union, which is dependent on Russia for natural gas: Hungary gets 85 percent of its natural gas from Russia; **Germany gets a still substantial 40 percent.** This dependency is yet another reason why energy prices are climbing to record levels.

**Fatah, a giant petroleum refinery two hours northwest of Baghdad by car.** After almost 20 major attacks in the past year, Iraq's largest oil production facility was closed for the entire month of December. Then, only three days after the re-opening of the complex in Beiji in January, insurgents attacked a convoy of 60 oil trucks and engaged security forces in a firefight that lasted hours. Meanwhile, the number of attacks on oil installations and pipelines across the country continues to rise.

"We repair the pipelines and they blow them up again, and then the game starts over," says former Iraqi oil minister Ibrahim Bahr al-Ulum. The violence isn't just directed at objects: In January, rebels murdered Ali al-Sudani, the Iraq Oil Ministry's general director. The two German engineers who were kidnapped in Iraq earlier this year (and have since been released) were also working at Baiji.

It was Washington's aim to finance the reconstruction of post-war Iraq from the oil industry's profits. In fact, the Oil Ministry was one of the few buildings in Baghdad US troops guarded from looters after the April 2003 invasion. And the US has spent millions to train an "Oil Protection Force." Unfortunately, however, Iraq's energy industry just isn't getting off the ground. And though its oil reserves are the fourth-largest in the world (after Saudi Arabia and Canada, and almost equal to Iran), Iraq's oil exports barely reach three-quarters of the pre-war level. That's yet another important reason for the nervous state of the markets.
And then there's that uncanny and unpredictable regime in Tehran: Many already consider Iraq's powerful neighbor state the great winner in the crusade for the "democratization of the Middle East" begun by US President George W. Bush and British Prime Minister Tony Blair. Iran's radical government wields great influence over the Shiite ruling elite in southern Iraq, many of whom received their training in the Iranian city of Qom. Southern Iraq is also home to vast petroleum and natural gas fields.

Never mind the crisis surrounding Tehran's nuclear program -- China and India are aggressively courting Iran as a supplier of natural resources. Beijing closed a gigantic deal worth $70 billion with the Islamic Republic in Fall 2004; Delhi has negotiators in Tehran discussing a strategic pipeline. No state on earth besides Russia has natural gas reserves as large as those of Iran, and Tehran is also the fourth-largest oil exporter in the world. "The West needs us more than we need the West," says Iranian President Mahmoud Ahmadinejad.

The man who wants to "wipe Israel off the map" is threatening to curb Iran's energy exports to the US and Europe. If the UN Security Council were to impose sanctions on Iran because of the country's patent efforts to develop a nuclear weapon, Ahmadinejad might cut off the supply altogether. What else should someone expect from an irrational politician, whose view of the world is obviously informed by an Islamist vision of the apocalypse?

Some good news and bad news

But the natural resource that greases the wheels of the global economy is running out. All oil-producing states are working close to capacity and slacks or stoppages on the part of one of the major producers can't be compensated by the others. Former White House energy advisor Matthew Simmons evokes a genuinely horrific scenario: He calculates that the price of a petroleum barrel may rise to as high as "$200 to $250" in the coming years -- a far cry from today's $73 and July's nominal record of $78.40. Such an extreme price increase would unhinge the entire world economy and spell ruin even for large corporations.

Should the world be trembling in fear? Should everyone be afraid that gas and heating will soon no longer be affordable? Concern over such issues is certainly spreading in Germany, a country whose energy security is good compared to many others. Should we shiver with fear of anticipated bloodshed over resource allocation? The superpower China is hunting these resources especially aggressively. Should we fear the war that comes from the cold?
The good news is that it's improbable, despite all the dangers and bottlenecks, that fossil fuels will become the much cited unaffordable "black gold" overnight, or that they will even no longer be available in sufficient quantities. Besides, human inventiveness has always been able to discover or invent new energy sources.

The bad news is that the age of cheap oil and natural gas is definitely over. At the very latest, the next generation will be bitterly punished for our reckless overconsumption of fossil fuels. Renewable energies and energy efficiency together won't be enough to cover the shortfall, either. In the long-term, even if renewable resources like solar power, wind power and biomass -- which are urgently needed -- are added into the energy mix with oil, natural gas, coal and nuclear energy, they will still only be able to cover one-quarter of the energy needs of industrialized nations. That's the best-case scenario.

Ideological trench fights over secure fuels aside, most reputable scientists agree that the historical "peak" of oil production will be reached in five to 10 years, despite improvements in drilling technology and the expansion of production to include oil shales and oil sands, which are difficult to process. From that point on, oil production will head downhill -- despite increasing worldwide demand.

Earth's population consumed 83 million barrels of oil per day last year. According to calculations by the International Energy Agency (IEA), the Paris-based club of oil-importing states, the number will have climbed to above 90 million by 2010, and it will have reached about 115 million in 2030. The more fiercely fossil fuels blaze in ovens, burn in our engines and power generators, the faster a country can develop. US energy analyst Daniel Yergin has written that "petroleum remains the motive force of industrial society."

Now, at a time when the oil age is irrevocably racing towards its conclusion, more and more people are trying to become a part of it. They are led by emerging nations like China and India -- two countries that know their growth engine will inevitably start to stutter without a constant supply of resources. Petroleum is their elixir for survival.

But there are great unknown variables in every calculation about the future. One of the great fears that troubles CIA experts is the potential for future terrorist attacks in Saudia Arabia, the most vulnerable place in the international energy trade. Even without such a horror scenario, US energy expert Michael T. Klare expects a "new landscape of global conflict" to emerge, a map shaped by the shortage of resources.

That brings back painful memories of 1973, when the Arab states, aided by the Organization of Petroleum Exporting Countries (OPEC), curbed energy shipments and caused the price of oil to rise fivefold in a brief period of time. At the time, the reason was Washington's unconditional support of Israel's policy of occupation. Costs skyrocketed for political reasons a second time during Ayatollah Khomeini's Iranian revolution in 1979 and the Iran-Iraq war. Even then, Helmut Schmidt, the German chancellor of the time, feared that wars over resources would one day be possible.
The global resource grab

All major states have now realized that petroleum and natural gas are of existential strategic significance. They are the driving force behind the coming conflicts. That's why the world's powerful stake the claims wherever vital reserves of resources can be found -- by force of arms or through aggressive diplomacy.

Even Western politicians, who normally like to present themselves as the defenders of human rights and pioneers of democratic liberties, aren't too fussy about who they do business with. Petroleum and natural gas discoveries draw attention to new international hot spots such as West Africa, Sudan, Venezuela or the region surrounding the Caspian Sea. They also bring unusual, previously unknown political stars onto the stage of world politics -- not all of them angelic, to put it mildly.

Take Azerbaijan's corrupt 44-year-old ruler Ilam Aliyev, for example. Under his rule, demonstrations are brutally put down. But there's not much that can be done without the strong man from Baku. The country he rules is the one where the world's most expensive oil and natural gas pipeline -- the construction costs were $3.6 billion dollars -- starts. The pipeline leads from Azerbaijan through Georgia to the Turkish port of Ceyhan. It was inaugurated with plenty of pomp and circumstance and in the presence of the US energy secretary in May 2005. For political reasons, the great pipeline is one of Washington's pet projects -- it knocks the much-hated Iran and Russia out of the game.

Like the autocrat Aliyev, the bizarre 65-year-old dictator Saparmurad Niyazov -- who rules Turkmenistan, another country rich in resources -- is wooed by Americans, Europeans, Chinese and Russians. The man, who calls himself "Turkmenbash" ("Father of all Turkmen"), is cultivating a bizarre cult of personality -- one that could even make North Korea's notoriously self-obsessed Kim Jong Il envious. He's ordered the erection of golden monuments bearing his likeness all over the country. His writings are taught in school and his people are even quizzed on those writing when they take a driving test.
In the summer of 2005, the tyrant, who has opposition members tortured, organized a stately reception for John Abizaid, a delegate of the US government. Corporations didn't want to be outdone and created a favorable mood by presenting gifts. For example, Daimler Chrysler presented Niyazov with an expensively printed German translation of his political bible "Rushnama" ("Book of the Soul"). Turkmenbashi, who administers 90 percent of the revenue from natural gas exports in a fund that only he can access, gave thanks by handing out lucrative contracts.

Even mercenaries are getting in on the international oil business. In March 2004, a strange set of troops set out to stage a putsch in the West African mini state of Equatorial Guinea -- a state rich in natural resources. The troop had been recruited from former South African elite soldiers from the days of apartheid, Armenian warriors and a few Britons. One of them was Mark Thatcher, the son of the former British prime minister. The conspiracy failed. Corrupt president Teodoro Obiang Nguema remained in power -- and he is still shamelessly helping himself to the funds in the state budget, which is fat with oil money. The Los Angeles Times estimates that he has deposited some $500 million in foreign bank accounts.

**Beijing's insatiable appetite**

Even in states as small as Equatorial Guinea, two powerful opponents are mustering each other suspiciously, doing everything they can to score political points and ensure that their businesses continue to prosper: the US, a current superpower, and the prospective superpower China. India, the other great player, is seldom far behind in this chess match. India has impressive high-tech success to show and it is on its way to leadership in at least one respect: By 2035, there will be more Indians than Chinese; and taken together, the populations of the two countries will be almost four times as high as that of Europe.

Beijing is currently fighting for resources more aggressively than anyone else -- and with even less scruples than the West. The ruling Chinese communists deal with right-wing African dictators, fundamentalist mullahs in the Middle East and obscure left-wing populists in Latin America, without any ideological reservations. The People's Republic was long an oil-exporting nation; during the 1950s, it was even the largest oil exporter in Asia. Scientists had discovered enormous reserves of black gold in the northeast of the country. "Learn from Daqing in industry," was the party slogan at the time. The Maoist model worker "Iron Wang" was its selfless protagonist, prepared to make any sacrifice.

The Middle Kingdom was still self-sufficient in terms of its energy needs until the early 1990s. But the reforms of Deng Xiaoping, which allowed for more and more private enterprise and eventually dovetailed into a kind of Manchester capitalism, caused economic development to explode. An ever greater number of cars, air conditioners and factory facilities turned the Chinese dragon into an insatiable
creature that scoops up oil, natural gas and coal like an addict -- and the need for a fix continues to grow.

Both the producers behind the economic miracle and the consumers badly need the drug. In 2004, the People's Republic alone was responsible for a full 36 percent of the global rise in petroleum consumption. In 2002, China overtook Japan as the world's second-greatest oil consumer, topped only by the US. According to some estimates, the number of Chinese cars, motorcycles and mopeds will increase fivefold in the next 15 years -- and energy consumption will increase accordingly.

On a global scale, however, the Chinese are comparably moderate in their fuel consumption. If the average Chinese person lived as excessively as a US citizen, he would consume thirteen times as much. The People's Republic would require more than 90 million barrels of petroleum every 24 hours -- more than is produced worldwide in a day at present.

China has no alternative. The Communist Party believes the only chance it has of holding the country together -- and remaining in power -- is by achieving an annual economic growth rate of at least 8 percent. The country had 10.1 percent growth in 2004 and 2005 brought a lower, yet still astounding, 9.9 percent. Through economic growth programs, the party leadership is hoping to contain the threat of protests and demonstrations by Chinese who have been disenfranchised by a lack of jobs. Beijing wants to alleviate the growing rift between the rich and the poor and create at least a rudimentary form of social security for pensioners and ill people.

But production is declining by between three and five percent a year on the oil fields near Daqing. The figures that had been cited by party functionaries were falsified and, in the days of Mao, no investments were made in new extraction facilities -- the state bet on the muscle power of its workers and not new technology. Today, Beijing is extracting the country's coal reserves at record speed and risking ever worse pollution as well as dangerous accidents.

Now Beijing is betting on giant hydroelectric power plants to help meet its energy needs. It is investing in alternative energy sources and will soon play a leading role in this area, along with Germany. In addition, China is building nuclear plants so quickly that by 2050 it will probably be the world leader when it comes to nuclear energy, too. Yet despite these developments, Beijing's leadership sees no other option but to go on an aggressive worldwide shopping spree for energy.

When it comes to the hunt for oil and natural gas, the Communist party leaders have no qualms about locking antlers with Japan and the US. For months now, Beijing has been preventing the imposition of harsh United Nations sanctions against Sudan, even though the regime in Khartoum is inciting militias in the Darfur region to systematically murder thousands of people. The simplest explanation for Beijing's behavior is that the Chinese are exploiting the oil reserves in the southern part of Africa's geographically largest country, with the consent of the fundamentalist Muslim regime. Beijing has even stationed its own security forces there. Five percent of the oil imported by China already comes from Sudan.
A Beijing-Tehran hook-up

Iran -- ruled by a president who aggravates the entire world -- provides even more - - over 13 percent. Under the recently closed deal, which is valid for 30 years, China's dependence on the mullah state will likely increase even further. And vice versa: The state-owned Beijing corporation Sinopec plans to invest in the opening up of the giant Iranian natural gas field Yadavaran.

The Communist Party bosses don't want Iran to build nuclear weapons, but what they want even less is for their partner to be significantly weakened economically. That's why only hopeless optimists can hope that China -- one of the five permanent members of the UN Security Council -- will snub its business partner and endorse the isolation of Iran through sanctions that the West is pushing for. If such a resolution should be passed, a Chinese veto is highly likely.

Washington and Beijing seem to be on a collision course - - two giant oil tankers approaching each other at full speed, without either one of them being willing to make even minimal changes to his direction, or even to his speed.

The White House is outraged because Beijing continues to help the aggressive Iranian President Ahamdinejad develop his missile production facilities. The Chinese leadership speaks of an entirely legal business transaction between two independent states and is highly upset that the US government imposed sanctions on five state-owned Chinese corporations in December for doing business with Iran. One of the corporations that the US punished is Catic, one of China's largest weapons producers.

The Chinese leadership surrounding President Hu Jintao and Prime Minister Wen Jiabao is accusing the US administration of hypocrisy, and even of arbitrarily limiting the free trade whose praises the US is always singing. Last year, a planned takeover of the US oil company Unocal by China's CNOOC failed even though CNOOC's bid of $18.5 billion was the highest. Washington prevented the takeover, citing "national strategic interests."

Beijing is now trying to hit the Americans where it hurts -- mainly in the US's trade with the White House's traditional allies. China has signed long-term contracts on the shipment of natural gas and iron ore with Canberra and has surpassed the US to become Australia's second-largest export market. Asia's expansionist enthusiasts have bought themselves into energy projects in Canada as well, spending billions.

Almost 40 percent of Chinese direct investment is funnelled to Latin America -- and a lot of it goes to Africa too. President Hu and Prime Minister Wen have visited dozens of African states in recent years, closing business deals with many of them and trumping Washington in the process. According to Mikkal Herberg, a US specialist on economic development, a confrontation between the US and China over energy is inevitable.
In pursuing their relentless strategy of expansion, the self-confident Chinese are taking on Japan too. Maritime gas reserves that both countries stake a claim to are central to the conflict. The Chinese Communist Party's mouthpiece, the *People's Daily* newspaper, published a chauvinistic editorial that described the tensions between the two countries as a mere "prelude" to "more dire" conflicts. And Japan's government has revised its security strategy -- on the basis of the assumption that "conflicts over resources can develop into wars."

Tokyo is pinning its hopes on nuclear energy produced inside the country as well as on the huge energy reserves "outside its front door" -- in vast Siberia. But as much as the Russians need a powerful ally to help them access the enormous amounts of natural resources there, the Japanese aren't necessarily Putin's first choice.

The leader of the Kremlin hesitated for a long time before finally awarding Toyko a contract for the construction of a 3,800 kilometer (2,361 mile) pipeline from Angarsk on the southern edge of Lake Baikal to the port of Nakhodka -- a port from which petroleum could easily be shipped to the Japanese coast. The Chinese had proposed an alternative project from Siberia to the Chinese city of Daqing, a center of the Chinese oil industry. A Chinese "branch connection" will now likely be added to the Japanese pipeline. But when he visited Beijing last March, Putin refused to offer the Chinese an exact date for the realization of the project and merely agreed to two enormous natural gas shipments -- a commitment that gave rise to the fear, in Western Europe, that there could be a shortage of natural gas supplies for Germany and France.

As radical as Beijing's rhetoric towards Tokyo may be, and as hard-nosed as the Chinese act in their dealings with Washington -- when they're dealing with India, they become more gentle. On the official level, there is much talk of "common interests." Behind the scenes, however, Beijing is asserting its energy interests against those of Delhi as toughly as against anyone else.

Last summer, the China National Petroleum Corporation acquired the PetroKazakhstan corporation, based in Calgary. The total volume of the business transaction was more than $4 billion. An Indian consortium also made a bid for the corporation, which has access to resources in central Asia. Delhi also lost out on a deal signed early this year: the Beijing-based CNOOC bought $2.3 billion worth of shares in a private Nigerian oil company.

The state-owned Indian company Oil & Natural Gas had already won the bid in the West African state, but the government in Delhi prevented the deal from being closed. The property rights within the Nigerian company were too non-transparent for the Indian cabinet. The story is not without irony: India's democratically elected government, which is supported by the Indian Communist Party, is skeptical, whereas China's Communist Party leadership, which has never undergone popular ratification and probably will never do so, proceeds regardless whether it is with dubious business partners.
In the short term the authoritarian state, with its system of state capitalism, is leading two to zero. State capitalism allows Beijing to advance its ambitions of economic expansion -- a guideline issued by the Ministry of Trade lists almost 70 countries and regions for China's economic actors to play a privileged economic role in. Naturally, companies that invest and take over other, local companies in accordance with this guideline receive generous aid from China's state banks. In the long term, however, India's democratic approach may well turn out to have advantages that China's market-oriented Leninism lacks: It provides legal security for investors and, perhaps more importantly, an opportunity for the Indian people to express themselves through elections on all levels -- an important corrective for negative developments.

The revolutionary nature of India's new way of orienting itself on the world stage is expressed in the country's relationship to the US, which is improving at a dramatic pace. Washington even wants to supply India with the most up-to-date nuclear technology that can be used for civilian purposes. Visiting Delhi in early March, US President George W. Bush agreed to provide India with nuclear fuel -- despite the fact that India is not a member of the Nuclear Non-Proliferation Treaty. All Indian Prime Minister Manmohan Singh had to commit to in return was placing 14 of his country's 22 nuclear reactors under international supervision. Following Bush's visit, a visibly pleased Indian government spokesman announced that India had succeeded in maintaining its weapons programs while simultaneously improving its energy security.

Nuclear power notwithstanding, India's population -- which is a billion citizens strong -- remains dependent on oil, and that dependence will continue to grow. Already, India must cover 70 percent of the country's oil consumption and 50 percent of its natural gas consumption through imports. With an economic growth of 7.5 percent in 2005, India is booming, despite its often extravagant bureaucracy. The economic expansion is taking place mainly in the software sector, but also in biotechnology and the especially energy-intensive manufacture consumer goods industry -- from refrigerators to air conditioners.

India's most important oil supplier is Saudi Arabia. India also entertains an intensive resource trade with Iran. And deal was closed with Myanmar for the construction of a pipeline. All three of the states that India is doing business with have extremely undemocratic governments. But the Singh administration seems willing to set aside old grievances with other states when it comes to resources. Serious talks about a natural gas pipeline through Pakistan are ongoing. Delhi's oil minister, Mani Shankar Aiyer, is even dreaming of an Asia-wide network of pipelines. In pursuing this project, he is striving for cooperation with India's great rival China.

Speaking in Beijing, the Indian politician warned against endangering India's and China's "mutual security" through the run on natural resources. He referred to a proposal prepared by both countries for a natural gas field in Syria, as "exemplary." The relationship between the two giants looks a lot like a love fest: In January, Aiyer and his Chinese counterpart signed an agreement on cooperation in the energy sector. The purpose of the agreement is to prevent a ruthless bidding war over petroleum resources.

Within a few hours, the Indians had learned how difficult it can be to cooperate trustingly with China on energy issues. The ink on the agreement had barely dried
when it transpired that Beijing had secretly secured for itself the exclusive rights to lucrative natural gas reserves in Myanmar -- notwithstanding the fact that two Indian companies are formal co-proprietors of those reserves. In the eyes of the dragon, the elephant is a junior partner.

**America sobers up**

Will the US intervene directly in the competition between the aspirant superpowers China and India? Will Washington help Japan gain access to new energy sources? Will it take serious action to curb Russia's attempts to use oil and natural as instruments for exerting political pressure?

Everyone is looking in the US's direction -- and seeing a nation that is beginning to sober up after decades of wasteful energy consumption. It would have been inconceivable just a short time ago, but for several months now, the Bush government has been advising its citizens to conserve heating oil. The oil corporation Chevron has published an ad campaign reminding customers that "black gold" is only available in finite quantities, and that saving energy is therefor important. Consumers are changing too; they're developing an interest in small cars, scared by oil and gasoline prices, which have increased by about 90 percent since early 2004 (which still makes them only about half as high as prices in Germany and much of Europe).

When Bush first came into office in 2001, his administration didn't need to explain the importance of oil to anyone. Before becoming a politician, the president himself had made a career for himself in the management of the Texas oil company Harken - - thanks to connections made by his father, a man well-versed in the energy business with close ties to Saudi Arabia. Vice President Richard Cheney was once in charge of another Texas oil company, Halliburton. National Security Advisor Condoleezza Rice, who became Secretary of State following Bush's re-election in 2004, once sat on the board of directors of the multinational oil corporation Chevron. Professionals like these know that most oil fields in Texas will never again yield as much oil as they once did, just as they know that the US's total oil production has sunk to the levels of the 1940s.

**Invading Iraq**

A strategy paper commissioned by the Bush administration and issued in May 2001 paints a sombre picture of the global energy situation, warning of the prospects for serious US energy deficits and energy dependence. The conclusion drawn is that questions related to "American energy supply security" should be given a high "priority" in US foreign policy. Soon after the paper was issued, Cheney formulated the same message in more precise terms: He warned that Saddam Hussein was striving for hegemony in the Gulf region and might succeed in bringing a substantial part of the world's energy reserves under his control. The terrorist attacks of 9/11 and the almost 3,000 victims who died in New York's World Trade Center and in the Pentagon then dramatically revealed the US's vulnerability.

Shortly before the US invasion of Iraq, Lawrence Lindsey, one of Bush's leading economic advisors, said that "the key issue is oil" and that "a regime change in Iraq would facilitate an increase in world oil." By and large, however, US politicians avoided making the obvious connection between a pre-emptive strike and resources.
Other motives may have played a role as well: the fear of Saddam Hussein's weapons of mass destruction (a fear either imagined or rhetorically induced), or the desire to create a counterbalance to other authoritarian governments in the region -- a kind of beachhead of democracy in the Middle East. But most of all, the US had what former CIA strategist Kenneth Pollack has called a "vital interest" in guaranteeing its energy supply and avoiding "possible blackmail" from hostile countries in the Persian Gulf. According to Pollack, only an idiot would fail to understand why Bush and company are in Iraq: "It's the oil, stupid!"

The US went on to suffer bitter setbacks in Iraq. And now the country is facing a possible confrontation with Iran, one in which its options don't look particularly promising. Add to that a possible long-term confrontation with China and the picture that emerges is far from pretty, at least from the White House's perspective. Despite Republican majorities in both the Senate and the Congress, Bush hasn't even been able to push through plans for oil extraction in the Arctic National Wildlife Refuge in Alaska.

Then, of course, there's that new troublemaker in the neighborhood, just four hours from Texas by plane, in South America, the US's backyard. He's making a name for himself as George W. Bush's opponent, and the control he wields over substantial amounts of oil permits him to subject the US president to more than the occasional pinprick. *Forbes* magazine recently described Hugo Chavez, the 51-year-old president of Venezuela as "Oil's New Mr. Big."

Chavez *provokes whenever and whereever he can*. Speaking at the Caracas counter-summit he organized to coincide with the World Economic Forum Davos, at the end of January, Chavez pulled no punches, calling George W. Bush "the greatest terrorist on earth" and the Bush administration "the most perverse, murderous and immoral government in history." He's even threatening to boycott the US by cutting off Venezuela's oil shipments to that country.

That's one reality. The other can be studied in Punto Fijo off the Caribbean coast. Punto Fijo is Venezuela's main oil port, where large vessels are filled up with the precious substance after it has been extracted from nearby Lake Maracaibo. Half a dozen oil tankers glisten in the bluish-green water, devouring 36,000 barrels every hour -- each complete cargo load is worth $50 million. The most frequent destinations of these ships are Port Everglades, Baltimore and Boston. And when they have arrived and been cleared of their cargo, they immediately head back -- every minute counts for big business.

The US is the main importer of Venezuelan oil; business is going smoothly; and the volume of business transactions is increasing. But the mutual dependence of Venezuela and the US is increasing too. Left-wing populist Chavez is dependent on billions in revenues from Venezuela's petroleum company PDVSA, which was nationalized in 1976, prior to Chavez coming to power. More than half of Venezuela's natural resources go to its large northern neighbor, and Chavez's Venezuela is one of the US's main oil suppliers, along with Canada, Mexico and Saudi Arabia.
Chavez uses the petrodollars from his dealings with the abhorred "Gringoland" to finance his army as well as the social welfare programs he has introduced for the neediest of his compatriots. The teacher's son sees himself as a latter-day Simon Bolivar, as a liberator from colonialism. And in his view, the US of today has taken the place of the Spaniards of the 19th century. Chavez has taken it upon himself to unify the entire continent. In many parts of Latin America he has, in fact, succeeded his friend and advisor, Cuban revolutionary hero Fidel Castro, as the "hero of the street."

A new wind is blowing through Latin America -- it's coming from the left and lashing at the US president's face. The pro-American governments of Brazil, Argentina and Uruguay were already toppled two or three years ago. An Indio and a champion of common people, Evo Morales, won the elections in Bolivia last December -- his election campaign was largely financed by Chavez. Venezuela's President was immediately visited by his new ally following the latter's his electoral triumph. Chavez promised Morales oil supplies at generously low prices -- in the manner of a feudal lord, without any parliamentary debates, even of the purely formal variety.

Large parts of the Latin American population are displaying a marked willingness to orient themselves in a new way. Latin Americans may have freed themselves from their brutal dictators during the 1980s and 1990s, but the increase in personal liberties and the democratic form of government didn't improve their material circumstances. On the contrary, the "structural adjustment" prescribed by Washington led to high unemployment and a growing split between the rich and the poor -- fertile ground for change.

Chavez even interrupted an OPEC meeting to receive an Iranian delegation. And he told a specially arrived economic delegation from Beijing: "We have produced and exported petroleum for more than a century. But that century was dominated by the USA: Today we're free -- and we're happy to make our petroleum available to the great Chinese nation." Chavez has paid his respects to African potentates too.

The enemy to the south has started to worry US politicians. The Senate Committee for Foreign Affairs has commissioned an urgent Emergency Plan to deal with the possibility that no more petroleum arrives from Venezuela. The USA have built up sufficient reserves to deal with such a scenario. But they would still be hard hit if their main supplier were to leave them in the lurch. There are barely any reserves on the global petroleum market that the USA could fall back on. If Venezuela cut off its oil supplies to the USA, oil prices would rise by at least 15 percent and cause considerable unrest, according to Washington's unofficial parliamentary report predicted in mid-June.

The rise and fall of nations will involve considerable power shifts during the coming years. The USA aren't likely to be the winners of the coming conflicts over natural resources. While many factors remain uncertain, some general trends can be discerned:

- Despite the far-sightedness of its energy strategy -- and the ruthlessness with which it implements that strategy -- China is having serious difficulties
securing the resources it needs. For this reason alone, it is far from certain that the much-quoted "Chinese century" will really happen. The same is true of China's aspiring rival India -- and of Japan, which has to import 80 percent of its resources.

- Given the diminishing oil supply in the North Sea, the European Union will have to think seriously about its energy security during the coming decades -- and may still end up being one of the global winners. The EU's coordinated political approach provides it with all the possibilities it needs in order to overcome its present dependence on Russia. It could reduce Russia's status to one of a number of suppliers, albeit a big one. Europe's proximity to oil fields in North Africa (Liberia, Nigeria) and around the Persian Gulf serve as an advantage for the EU.

- Given the wealth of its energy resources, Russia will likely be among the global winners of the future -- provided it masters its domestic problems, including rampant corruption and social inequality.

- Brazil has everything it needs for a future free of energy-related concerns. The South American country maintains giant sugar cane plantations and extracts large quantities of ethanol from the harvest. It also disposes of sufficient fossil fuel resources to make imports unnecessary. A few thousand kilometers farther north, Sweden is experimenting with biofuel won from wheat and wood in order to achieve energy autonomy -- and be able to function economically without petroleum by 2020.

"Good government" -- fair distribution of wealth by proper government -- will play an important role in the rise of the smaller states. Libya, a country that disposes of large amounts of natural resources, and one whose favor everyone is currently striving for, has the possibility of assuming a more prominent political and economic position on the world stage. That is, if General Moammar Gadhafi chooses to really do something for his 6 million citizens. States such as Kazakhstan in central Asia or Angola in West Africa dispose of enormous natural gas and petroleum reserves; their political leaders could provide the populations of these two countries -- some 15 million people in each -- with a high standard of living. That's even more true of the emirate Qatar. The tiny state in the Middle East -- which has a population of 860,000 -- disposes not only of plenty of petroleum, but also of the third-largest natural gas reserves in the world.

Yet for most people living in countries with an abundance of natural resources, the underground treasures have not been much of a blessing in the past. The standard of living has declined for most of the population in corrupt states such as Nigeria, Algeria and Gabun, for example. Experts speak of a "resource curse."

A scenario for the future

The world in January 2012: More than a decade has passed since the 9/11 attacks on the World Trade Center and the Pentagon. The US had to exit Baghdad a long time ago. Iraq is being governed by a Shiite dictator following an Iraq war that the US lost in embarrassment. Iran has become a nuclear power. And the royal family has just been toppled in Saudia Arabia -- the fanatics who organized the putsch are calling the fundamentalist state "Islamajah."
Kuwait and the Gulf emirates still take a sympathetic stance towards the West, and at least some of the petroleum continues to be shipped. But the terrorist advocates of global jihad are already working to devastate the embassies and cultural centers of the US and the EU -- from Doha in Qatar to Manama in Bahrain -- with acts of violence.

Then intelligence experts in London and Washington discover that the People's Republic of China is constructing a secret missile facility in the desert of the former Saudi kingdom. Beijing is obviously out to secure access to the oil fields and refineries for itself. The hawks in Washington have been waiting for just this type of escalation. They plan to use the ultimate weapon in order to decide the struggle for the world's most important resource reserves. It's 2012 and the world is heading for nuclear war.

It's a frighteningly good plot that unfolds in the new thriller "The Scorpion's Gate." What makes the book politically explosive, however, is its author: Richard Clarke worked as an advisor for the White House and the Pentagon for more than three decades. During the hours following the 9/11 attacks, Clarke was in charge of President Bush's crisis management team. In March 2003, the anti-terrorism expert resigned and became one of the harshest critics of the current US president and of the ideology of pre-emptive strikes proffered by Cheney and Rumsfeld.

Clark has said that the Middle East scenario in his novel fairly accurately reflects scenarios of future developments that have been played out in the CIA. He adds that the part about the dangerous and determined warmongers in Washington is his personal prediction, but a realistic one. Clarke says the scenario doesn't have to come true, but it very well could.

A terrorist attack carried out in eastern Saudi Arabia in February shows how closely fact and fiction already resemble each other. Terrorists attempted to attack the world's largest oil processing facility near Abkaik, only a few kilometers away from Ras Tanura. Two cars filled with explosives tried to break through the security perimeter. The guards opened fire on the cars, which caught fire. The terrorists were killed. Al-Qaeda claimed responsibility for the attack -- and promised further attacks on "the world's gas station."