

Russia calls the shots

The French-brokered truce between Russia and Georgia early today leaves Moscow calling the shots in the energy-rich Black Sea littoral and Caspian Basin. The quick and easy victory exposes the west's lack of leverage over Russia, despite years of American political investment in Georgia.

The impact of Mikheil Saakashvili's rash gamble in storming South Ossetia last week, and of Vladimir Putin's comprehensive rout of the Georgians, will ripple in many directions. In less than a week, Putin has redrawn the geopolitical map of the contested region between Russia, Turkey and Iran.

"We don't look very good," said a former Pentagon official long involved in Georgia. "We've been working on Georgia for four years and we've failed."

While Russia walks tall, Saakashvili will struggle to survive. The Europeans are already divided; Nato splits over Georgia and Ukraine will widen. American policies in the region have been severely set back. Western energy policy is looking flaky.

A main objective for Putin was to destabilise Georgia to invalidate its aim of joining Nato. He may have succeeded.

Guardian 13/8/08

US military to deliver Georgian relief aid

President Bush said the U.S. military will lead a humanitarian aid effort to Georgia and that he expects Russia to withdraw all troops sent into the country since fighting started. U.S. air and naval forces will help to deliver aid, he said.

By using the military to deliver humanitarian relief and dispatching Condoleezza Rice to Tbilisi, Bush is signaling the U.S. is firmly committed to Georgia and to exerting its own influence in the region, said Cliff Kupchan of New York-based Eurasia Group, a political risk consulting firm.

The moves are "a symbolic shot across the bow that enough's enough," Kupchan said. "It's as much pushback with hardware as the U.S. can, or should, muster at this point."

Russian Foreign Ministry spokesman Andrei Nesterenko said sending U.S. navy ships to the region wouldn't be "the best way" to deliver humanitarian aid.

Bloomberg.com 13/8/08

Oil pipeline at centre of Ossetia issue...

The gas and oil pipelines that run through Georgia are of strategic importance to Western Europe because they reduce dependence on Russian supplies and do not cross Russian territory.

Two major pipelines take supplies from the oil and gas fields in the Azeri region of the Caspian Sea through the Georgian capital of Tbilisi. From there they head south, away from the breakaway South Ossetia region and into Turkey, then onwards into the European Union.

The Baku-Tbilisi-Ceyhan pipeline, led by BP, was opened in 2006 and is capable of pumping one million barrels per day of Azeri crude along the 1,040-mile route to the Turkish port of Ceyhan. It is the first pipeline to carry large volumes of crude out of the Caspian without going through Russia. Yesterday Russian war planes dropped bombs near the pipeline, but caused no damage.

Russia's vast natural reserves have allowed it to position itself as a rival to Middle Eastern nations in supplying energy to the West. However, its hostility to BP and Shell, which had supplied investment to begin exploiting its resources, have spurred Europe to look for alternatives.

Daily Telegraph, 9/8/08

...which explains the US stance....

For the United States, the key to the pipeline has been cementing firm relationships with the three states – Turkey, Georgia and Azerbaijan – through which the pipeline passes.

America has given generous aid to all three nations. It turned a blind eye to Turkish raids on Kurdish guerrillas in Iraq, was silent about rigged elections in Azerbaijan, and since 2002 has had US troops in Georgia training the locals. In April it backed Georgia's call to join Nato.

The Scotsman on Sunday, 10/8/08

...and Israeli involvement

"Georgian government officials used to tell me that they wanted to model their army after the Israeli Defence Force," former Israeli ambassador to Georgia Shabtai Zur told Ynet Sunday evening amid the country's bloody feud with Russia over the separatist region of South Ossetia.

The fighting which broke out over the weekend between Russia and Georgia has brought Israel's

intensive involvement in the region into the limelight. This involvement includes the sale of advanced weapons to Georgia and the training of the Georgian army's infantry forces. The former envoy said the ongoing tension between Georgia and the separatist provinces brought Israeli experts to the area.

"The private company of Brig.-Gen. Gal Hirsch (Galilee Division commander during the Second Lebanon War) has been operating in Georgia for some time now and is providing consultation to the Georgian army," he noted.

Ynet, Israel, 10/8/08

From Iraq to Ossetia

Half of Georgia's 2,000 troops in Iraq plan to leave the country by Monday to join the fight against separatists in the breakaway province of South Ossetia, with the rest following as soon as possible, their commander said.

"First of all we need to remove 1,000 guys from here within 96 hours, after that the rest of the guys," Colonel Bondo Maisuradze told *The Times* this morning.

"The US will provide us with the transportation," he added.

Sunday Times, 10/8/08

Ossetia referendum ignored

Georgian President, Mikhail Saakashvili, has set his sights on bringing the two breakaway regions of South Ossetia and Abkhazia back under Georgian control, and tensions have risen since his election in 2004.

In 2006 another referendum on autonomy was held in the region, after South Ossetia failed to get recognition for the results of their first referendum back in 1992. However, despite 99 per cent of those who voted choosing independence, and 34 monitors from several different countries observing proceedings, it has still failed to gain recognition abroad.

Channel 4 News, 11/8/08

Money as a weapon system

A U.S. Army program in which soldiers pay cash to Iraqis to help with expenses, large and small, has spent \$2.8 billion in five years, *The Washington Post* reported Monday.

The *Post* reviewed records of the Commander's Emergency Response Program, which was intended for short-term humanitarian relief and reconstruction.

The field manual laying out the guidelines for the program is called "Money as a Weapon System," pointing up the effectiveness of cold hard cash in winning over the hearts and minds of Iraqi civilians.

The largest sum of CERP money, \$596.8 million, was spent on water and sanitation projects, the *Post* reported. Three other categories each received more than \$300 million: electricity, protective measures (such as fencing and guards), and transportation and roads.

But the Army also spent lesser sums on smaller acts of largesse, including \$48,000 for children's shoes; \$50,000 for 625 sheep; \$100,000 for dolls; and \$500,000 for action figures designed to look like Iraqi security forces, the *Post* reported.

Associated Press, 11/8/08

Iraq oil contracts with west are stalled...

Oil negotiations between a handful of foreign companies and the government here appear stalled, setting back once again efforts to open up Iraqi oil fields to international companies.

A petroleum law that would provide a legal framework for foreign investment has long languished in Parliament. Still, momentum had built up in the spring and early summer for a series of limited so-called technical-service contracts negotiated between a group of major oil companies and the Iraqi Oil Ministry.

The Oil Ministry, which had been championing the deals for months, is now balking. Oil Minister Hussein al-Shahrastani in an interview said that is because the companies are insisting that part of the payment for the consulting work be in oil, and the foreign companies want preferential treatment for future oil-exploration deals.

Political sensitivities in Baghdad also appear to be in play. After wresting control of its oil resources from Western powers decades ago, many Iraqis are still loath to see foreign companies back.

Wall Street Journal, 13/8/08

...as China signs \$1.2billion deal

Iraq and China are set to revive a \$1.2 billion oil deal that was cancelled after the 2003 United States-led invasion, Iraq's Oil Ministry said yesterday. An initial agreement with China is expected to be signed this month to develop the billion-barrel Ahdab oil field south of Baghdad.

"Iraq and China are keen to show their co-operation by finalising an agreement on developing the Ahdab oil field," the ministry said. If the deal is signed it will be the first Saddam Hussein-era oil deal to be honoured by the new Iraqi regime.

New Zealand Herald, 12/8/08